

Analysis of Microenterprise Business Segment in Colorado

December 2004

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EXECUTIVE SUMMARY

Entrepreneurial and small business activity is a critical part of the Colorado economy, yet it is often the least understood. Almost two-thirds of all jobs in the state are with firms that employ fewer than 100 employees; and these firms account for more than 95% of all firms in Colorado. Microenterprises, defined as firms with fewer than 5 employees, account for about 21% of total employment. Additionally, many individuals operate enterprises on a part-time basis—either as the first step in establishing an emerging business or as a means of supplementing household earnings. This directly and indirectly generates jobs and income.

The purpose of this study is to provide a historical review and baseline analysis of the microenterprise business segment in Colorado. In order to achieve a comprehensive examination, the study defines the microenterprise business segment and analyzes employment by industry. In addition, it evaluates the needs of, and issues facing, these firms and microenterprise development practitioners.

There are a variety of microenterprise definitions, most of which state that these firms employ a maximum of 5 to 10 workers and have limited access to capital. This study uses the definition provided by the Colorado State Legislature in Colorado House Bill 1354, the Microenterprise Development Act. The bill states that a microenterprise is “a sole proprietorship, partnership, limited liability company, or corporation that has fewer than five employees and generally lacks access to conventional loans, equity, or other banking services.”

Microenterprises are important to both rural and urban parts of Colorado. About 78% of the state’s microenterprises are located in the 12 counties with Metropolitan Statistical Areas (MSAs). At the same time, there are 37 counties, most of them rural, in which microenterprises provide more than 30% of the total jobs in the county.

In rank order, the industries with the largest number of microenterprises are Professional, Scientific, and Technical Services; Construction; Retail Trade; Consumer and Personal (Other) Services; and Real Estate and Rental and Leasing. The industries with the highest concentration or percentage of microenterprise (i.e., microenterprises account for the highest percentage of total industry employment) are Real Estate and Rental and Leasing; Consumer and Personal (Other) Services; Professional, Scientific, and Technical Services; Agriculture; and Construction.

From 1998-2001 the number of microenterprises in Colorado grew at a compound annual growth rate (CAGR) of 2.9%, a rate slightly higher than that for companies of all sizes. The highest growth rates were in the Information and the Real Estate and Rental and Leasing Sectors. Since 2001, growth appears to have occurred primarily in the Professional, Scientific, and Technical Services Sector, along with Finance and Insurance, Construction, Real Estate and Rental and Leasing, and Health Care and Social Assistance. Research conducted as part of this study suggests that during the economic

downturn of 2001-2003 the microenterprise business segment was experiencing growth, while most other areas of the economy were struggling.

Colorado microenterprises were surveyed as a means of better understanding their concerns and issues. A majority of Colorado microenterprises are self-funded. Their most difficult challenges relate to cost management, and government taxes and regulations. A review of national studies shows that the challenges identified by local microentrepreneurs are similar to those identified by other micro-entrepreneurs across the country.

The survey also measured the perceptions of microenterprises about business plan training/assistance, technical assistance, management assistance, and access to capital. While a majority of the respondents understood the importance of these services, responses varied widely. Generally speaking, a majority of the respondents felt that these services are not readily available, and they were not satisfied with the services they received. While these results may be an accurate reflection of their feelings, they may not necessarily be an accurate perception of the services actually provided.

Microenterprise development practitioners were also surveyed in an effort to better understand the scope of their services and to identify the issues and challenges they face. While practitioners expressed enthusiasm for working with this segment of companies, they reported difficulty in accurately answering survey questions because they seldom tracked the services they provide by firm size. When asked about certain factors related to microenterprises in the state, respondents were most satisfied with the quality of business plan training, availability of support services, and quality of management assistance. They were least satisfied with the public's knowledge of the impact of microenterprise firms on the economy and these firms' knowledge of funding processes.

Service providers were also asked to rate the resources available to them for providing services to microenterprises. They indicated the most important items were information on various microenterprise development funding sources, networking with policy or decision makers or lenders, and information on microenterprise development funding processes. Items of least importance were public policy advocacy for microenterprise development, performance data or statistics, and best practices research. The practitioners reported they were most satisfied with information on various microenterprise development funding sources, best practices research, and information on microenterprise development funding processes. They were least satisfied with public policy advocacy for microenterprise development, networking with policy or decision makers or lenders, and performance data or statistics.

Finally, practitioners were asked to estimate the impacts of their services. They indicated that the greatest impact on company success rates occurred in the areas of technical assistance and access to capital. They felt they had less impact in terms of client success rates for services provided in the areas of management assistance and business plan assistance.

While this project was not intended to be an in-depth study of best practices, results from the surveys provide insight into innovative practices that are being used by Colorado practitioners to more effectively provide assistance in preparing business plans, providing technical or management assistance, and improving access to capital.

Traditional business plan assistance is often provided through general courses, step-by-step assistance, and a review of draft versions. Colorado service providers are modifying traditional approaches with ideas such as creating peer boards to review business plans, utilizing both community and business leaders to assist in developing and evaluating plans, e-counseling with entrepreneurs throughout the state, linking mentor programs with existing business leaders, and using a team of local experts to produce business assessments reports with recommendations for business action plans.

Similarly, state and local providers are creatively building on traditional management assistance delivery systems by providing these services through peer boards and alliances. In this way, emerging and small business owners can discuss issues with one another. New firm owners can learn from others' experiences, and thereby anticipate and perhaps avoid potential business pitfalls. Another approach is to link volunteer subject experts to an entrepreneur with a specific problem. Several Colorado assistance providers have also focused on organizing training and assistance services either in small group workshops (with 5 to 10 entrepreneurs) or in one-on-one settings. At the same time, general assistance programs that include Spanish language training and simple translation services have become more prevalent. Providers have recognized that one of the frustrations of a business owner is meeting the conflicting time demands of running a business and researching answers to business and operation questions.

One approach that has become popular in recent years for dealing with technical issues is to encourage industry specific trade groups to assist microenterprises with technical and operational concerns. Microenterprise development providers also pre-screen questions and act as a referral service for more technical problems.

Access to capital is listed as a major concern by both microenterprise businesses and service providers. Limited public funds for loan programs and other financial assistance have been more difficult to access in the recent recession. Colorado microenterprise development providers have been innovative in dealing with these funding issues by using methods that help streamline decision making for loan funds, and monitor and troubleshoot client loan applications; holding investor forums; linking entrepreneurs with insufficient collateral with "angel" loan guarantees, assisting in creating pool or team businesses for single loan applications; and identifying critical community service needs and obtaining special financing for entrepreneurs in those businesses.

Both surveys asked whether microenterprise businesses and service providers would support efforts to establish a state microenterprise intermediary. About three-fourths of the responding firms and two-thirds of the practitioners indicated support for the concept. Despite this strong support, both groups expressed concern about adding another layer of bureaucracy, increasing business costs, and duplicating services.

Microenterprise development faces many challenges because the numerous definitions complicate the measuring and tracking of this business segment. Microenterprise firms have missions ranging from starting the next Microsoft to supplementing a household's income by knitting scarves to be sold at craft shows. This disparity makes it difficult to identify companies and provide services. Similarly, many of these firms are highly volatile, poorly funded, and sometimes mismanaged, which also makes it challenging to provide assistance.

While microenterprise firms are often in need of business services, they may not fully appreciate the value of these services or know where to find them. Sometimes the independent, "do-it-yourself" spirit of microentrepreneurs prevents them from seeking much-needed assistance. Nevertheless, a wide range of anecdotal evidence suggests that the services provided by practitioners are available to many microenterprises and can be very valuable.

Currently, it is difficult to measure many of the impacts of microenterprises and microenterprise development because of these challenges. Practitioners are optimistic that with increased support and awareness of this business segment, microenterprises can play an even greater role in economic and social development.

PURPOSE OF STUDY

This study was commissioned by the Microenterprise Development Advisory Council pursuant to the Colorado Microenterprise Development Act. The purpose of this study is to provide a historical review and baseline analysis of the microenterprise business segment in Colorado. This comprehensive examination will:

- Define and describe the microenterprise industry by business sector,
- Define and describe the microenterprise development industry,
- Review best practices for microenterprise development, and
- Review the resources available for microenterprise development.

DEFINITION OF MICROENTERPRISE

To analyze Colorado's microenterprise business segment, it is first necessary to define the term *microenterprise*. Currently, a number of different definitions are used by various organizations and studies. In general, the common elements of these definitions are business size (very small) and limited access to capital and financing. The exact size requirements for a microenterprise vary from definition to definition. A few examples follow.

- According to Wells Fargo, “a microenterprise is a business with five or fewer employees and little working capital.” (Wells Fargo 2004)
- The Global Development Resource Center states that the term microenterprise is “a synonym for small-scale enterprise: a business, often family-based or a cooperative that usually employs fewer than ten people and may operate ‘informally.’” (Global Development Resource Center 2004)
- The U.S. Department for Housing and Urban Development (HUD) defines a microenterprise as “a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise.” (HUD 2004)
- A recent edition of the textbook *Business Essentials* defines microenterprise as “an enterprise that the owner operates part-time from the home while continuing regular employment elsewhere.” (Ebert et al. 2004)
- US AID uses the following definition: “Microenterprises are very small, informally organized, non-agricultural businesses that often employ a third or more of the labor force in lower-income countries. Many microenterprises employ just one person, the owner-operator or ‘microentrepreneur’. Some microenterprises include unpaid family workers, and others may have one or several hired employees. Although no single characteristic distinguishes microenterprises from small enterprises, USAID has adopted a threshold of ten employees, including the owner-operator and any family workers, as the upper bound for an enterprise to be considered ‘micro.’” (USAID 1995)
- The California Association of Microenterprise Opportunity defines microenterprise as “a strategy that enables individuals to achieve economic self-sufficiency by starting and growing their own businesses. Usually started with less than \$35,000 and employing five or fewer people, these small businesses are actually the greatest job generator during all business cycles. Many of them start as part-time or home-based businesses. (CAMEO 2004)
- The World Bank Group uses this criteria : up to 10 employees, total assets of up to \$100,000 and total annual sales of up to \$100,000. (The World Bank Group 2004)

- The Association for Enterprise Opportunity (AEO) defines microenterprises as “a business with five or less employees, that is small enough to benefit from loans under \$25,000, and generally too small to access traditional commercial banking sector.” (AEO 2004)

For the purpose of this study, microenterprises are defined as they are defined in Colorado House Bill 1354, the Microenterprise Development Act. While differences in opinion may exist about whether this definition provides the best description of microenterprises, the state legislature has deemed this to be the appropriate definition for Colorado.

The act, which passed in June 2003, states that a microenterprise is “a sole proprietorship, partnership, limited liability company, or corporation that has fewer than five employees and generally lacks access to conventional loans, equity, or other banking services.” While the first criterion is straightforward, the second leaves room for interpretation. For that reason, any company with fewer than five employees will generally be considered a microenterprise when examining employment, wage, and revenue data.

HISTORY OF MICROENTERPRISE BUSINESS SEGMENT

Small businesses and microenterprises have been a major part of the U.S. economy since the country's inception. Larger companies began to play a greater role as the economy evolved from an agrarian society to manufacturing economy. As the dynamics of the U.S. and global economies change, small business and microenterprises are being redefined.

Globally, the development of microenterprises has proven an important part of economic and social development. The work of the Grameen Bank in Bangladesh to improve the country's economy by working among the poor is one such global example. In the United States, microenterprise development has been driven by a similar need, to reduce poverty. In addition, it has become part of an economic development strategy that is holistic in its approach (i.e., it recognizes the role that small and large firms play in the business cycle, which includes the birth, death, relocation, acquisition, and merger of firms).

From an antipoverty perspective, microenterprise development has its roots in the War on Poverty programs implemented during the 1960s. At that time, efforts were designed to revitalize poor neighborhoods, and included small business development and support in the form of social services. These programs highlighted some of the values of microenterprises as economic development tools as they provided people living in poverty with opportunities to become self sufficient.

During the 1980s the women's movement and increased in-migration from foreign countries drew attention to the possibilities of self-employment. In addition, assistance began to be provided in the rural areas of the United States during this period (AEO 2004b). Working for oneself gave women the opportunity to work in a flexible environment. In some cases, income generated through self-employment supplemented low wages. For immigrants who were forced into minimum wage jobs because of language barriers, self-employment also provided them with an opportunity to generate supplemental income or income above minimum wages. In the process they created successful enterprises.

As various support mechanisms have evolved over the past 40 years, it has become evident that most microenterprises face many of the same issues. It has also been demonstrated that small businesses and microenterprises can provide great benefits, both social and economic, to a local community. Consequently, a need exists for formal organizations to assist these businesses.

Most of the organized support for microenterprises has developed within the past 15 years. According to the AEO, microentrepreneurs numbered approximately two million in the United States in 2000. At that time, about 700 organizations provided these individuals with support, compared to roughly 100 organizations a decade earlier (FIELD and AEO 2000).

As might be expected, these support programs have many different focuses. Some programs target markets based on income, location, ethnicity, gender, or industry, while others focus on job training or skill building. Programs may emphasize potential for job growth, or family income, self-sufficiency, and the elimination of poverty. Some programs are long term; still others are created to address a particular situation or need. An example of this latter type of program is when the Rocky Flats nuclear production facility was remissioned from a manufacturing facility to an environmental site. The Department of Defense allocated a significant amount of money to the local area to provide services to employees who wanted to start their own business. The program also offered support to small companies in certain technology areas that could hire workers who were affected by the lay offs.

POLICIES AND ISSUES FACING THE MICROENTERPRISE BUSINESS SEGMENT

According to the *2004 Small Business Problems and Priorities*, the sixth annual study conducted by the NFIB Research Foundation and Wells Fargo, many of the most serious problems facing small-business owners are policy generated, rather than brought about by free-market competition. The study, which surveyed small businesses owners from around the country, asked respondents to rate the severity of 75 potential business problems. The responses were grouped by a variety of variables, including size. The report clearly identifies health insurance, liability insurance, and workers' compensation as the top three problems for America's small-business owners. The study results reveal the following as the most significant problems for small businesses in the 1-4 employees category, which is essentially the microenterprise category (As will be seen later, these are similar to results of a survey conducted in Colorado for this study):

1. Cost of Health Insurance
2. Cost and Availability of Liability Insurance
3. Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil
4. Federal Taxes on Business Income
5. Cash Flow
6. Property Taxes (Real, Personal, or Inventory)
7. State Taxes on Business Income
8. Electricity Costs (Rates)
9. Poor Earnings
10. Telephone Costs and Service
11. Unreasonable Government Regulations
12. FICA (Social Security Taxes)
13. Cost of Supplies/Inventories
14. Frequent Changes in Federal Tax Laws and Rules
15. State/Local Paperwork
16. Competition from Large Businesses
17. Ability to Cost-Effectively Advertise
18. Federal Paperwork
19. Fixed Costs Too High
20. Highly Variable Earnings (Profits)
21. Dealing with IRS/State Tax Agencies

Another major obstacle facing microenterprises is the lack of access to institutional financial services, especially capital. Microentrepreneurs typically lack real assets to guarantee loans. Many have poor credit as well. For these reasons, the risk of default on loans to microenterprises can be very high. Consequently, banks and other financial institutions are often leery of lending to microentrepreneurs. Moreover, most microenterprises do not offer the huge growth potential that attracts venture capitalists.

With these two avenues inaccessible to most microentrepreneurs, these individuals typically fund their companies with money from friends and family, or from their own personal savings. It is not uncommon for owners to run their microenterprise on their credit cards for several years.

Insight into the issues facing microenterprises in Colorado can be found in the survey results section later in this report.

NATIONAL PROGRAMS AND ENTITIES THAT SUPPORT MICROENTERPRISES

A number of national agencies and organizations are devoted to supporting the microenterprise business segment. A few of the major ones are discussed in the paragraphs that follow.

Association for Enterprise Opportunity (AEO)

Founded in 1991, the Association for Enterprise Opportunity (AEO) is a national, member-based association dedicated to microenterprise development. AEO provides members, which include practitioners, advocates, public agencies, funders, and others, with a forum, information, and a voice to promote enterprise opportunity for people and communities with limited access to economic resources. AEO also represents the U.S. microenterprise agenda in the growing international community. Visit the AEO web site for more information: <http://www.microenterpriseworks.org/>

Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD)

Created in 1998, the Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD) is a program of the Aspen Institute. FIELD's mission is to identify, develop, and disseminate best practices in the field of microenterprise, and to publicize the value of microenterprise as an antipoverty intervention. For more information, visit the FIELD web site: <http://fieldus.org/home/index.html>

Small Business Administration (SBA)

The U.S. Small Business Administration was created in 1953 by the Small Business Act. The mission of the SBA is to “maintain and strengthen the nation’s economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from national disasters.” SBA offers a variety of programs aimed at providing technical assistance, training and counseling, and financial assistance to small businesses. It has a number of programs directed exclusively at microenterprises. The Microloan Program offers very small loans to microenterprises, and the Service Corps of Retired Executives (SCORE) program provides small businesses with free business consulting from experienced business executives. The SBA also administers the Program for Investment in Microenterprise (PRIME), which is a microenterprise technical assistance and capacity building program. It is the first federal program to focus on providing training and business assistance to low- and very low-income entrepreneurs, regardless of whether they seek loan capital. PRIME funds can be used by qualifying nonprofit organizations to provide training and technical assistance to low income and disadvantaged entrepreneurs interested in starting or expanding their own business, or to engage in capacity building activities targeted to microenterprise development organizations that serve low income and disadvantaged entrepreneurs. For more information, visit the SBA web site: <http://www.sba.gov/>

The Microenterprise Journal

The *MicroEnterprise Journal* is a weekly business news periodical covering political, economic, and market issues effecting microbusinesses. Originally published as *WAHM & Mompreneur Webzine*, and then as *Wahmpreneur News Magazine*, the *MicroEnterprise Journal* has been in publication continuously since September 1999. Wahmpreneur Publishing, Inc. exists to further the interests of microenterprise owners, and to aid and encourage microenterprises at every stage of their evolution. For more information, visit their web site: <http://www.microenterprisejournal.com/>

U.S. Agency for International Development (USAID)

Office of Microenterprise Development - the United States Agency for International Development has been working over the past three decades to expand opportunities for hundreds of millions of people who rely on microenterprises in the informal sector for their livelihoods. USAID has invested in hundreds of private microenterprise development organizations around the world. The organization's microenterprise development strategy seeks to address two pressing challenges: (1) to link microenterprises to greater opportunities for growth, which includes integrating them on more favorable terms into the formal economies of their countries and connecting them to expanded information and resource networks; and (2) to bring the benefits of microfinance and business development services to poorer people ("reaching down"), ensuring that the positive impacts of microenterprise development programs reach those with the greatest need. USAID works in partnership with private voluntary organizations, local nongovernmental organizations, and others to extend much-needed services to an expanding circle of underserved clients—especially women, the rural poor, and smallholder farm families. For more information, visit USAID's web site: http://www.usaid.gov/our_work/economic_growth_and_trade/poverty_reduction/microenterprise_development.html

ACCION

ACCION USA is a private nonprofit organization that provides credit and business training to microentrepreneurs. It was launched in 1991 by ACCION International, a world pioneer in microlending that now serves more than 1.1 million active borrowers in 21 countries in Latin America, the Caribbean, and sub-Saharan Africa. ACCION USA's goal is to make access to credit a permanent resource to the millions of owners of small businesses in the United States. At the heart of this vision is the recognition that microlending institutions must be financially sustainable, not perennially dependent on donations or government aid. For this reason, ACCION's microlending programs seek to become financially self-sufficient. For more information, visit their web site: <http://www.accionusa.org/default.asp>

National Community Capital Association

National Community Capital is a network of more than 150 private-sector community development financial institutions (CDFIs). CDFIs are specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. They provide a wide range of financial products and services, including mortgage financing for first-time home-buyers, financing for community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and financial services to low-income households and local businesses. In addition, these institutions provide services that help ensure that credit is used effectively, such as technical assistance to small businesses and credit counseling to consumers. CDFIs are funded in part by the U.S. Treasury Department's CDFI Fund, and include community development banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds, among others. For more information, visit the NCCA web site: <http://www.communitycapital.org/> or the CDFI Fund web site: <http://www.cdfifund.gov/index.asp>

STATE PROGRAMS AND ENTITIES THAT SUPPORT MICROENTERPRISES

Historically, small business has been a major component of Colorado's economy. Concurrent with a national realization of the economic and social impact of microenterprises nationally, Colorado business and government leaders established organizations to support and develop this important business segment.

In recent years, partnership and consolidation have been the major trend in microenterprise development in Colorado. In 1999, the Colorado Alliance of Microenterprise Initiatives (CAMI) was formed to create and support a network of microenterprise resources in Colorado (CAMI 2004). Colorado Capital Initiatives and Colorado Microcredit merged in 2002 to form the MicroBusiness Development Corporation (MicroBusiness Development Corporation 2004). In June of 2003, Governor Owens approved House Bill 03-1354, establishing the Microenterprise Development Advisory Council. This council was formed in an effort to foster microenterprise throughout the state. Administrative and financial assistance for the council are provided by CAMI (CAMI 2004).

All of these organizations also work on a local level with the network of small business development centers and chambers of commerce in Colorado. Through this consolidation and partnership, microenterprise business owners are ultimately provided with more accessible, more convenient, and more comprehensive assistance.

Brief descriptions of some of the major state organizations that provide assistance to microenterprises follow. In addition to these organizations, it should be noted that a number of additional resources for microenterprises are available throughout the state, ranging from private consulting firms to banks and credit unions and venture capitalists.

Colorado Alliance for Microenterprise Initiatives (CAMI)

1625 Broadway, Suite 950
Denver, CO 80202
Phone: 303-592-4064
Fax: 303-592-4061
info@coloradoalliance.org
John Chin, Executive Director

CAMI is an organization dedicated to creating a sustainable network of microenterprise resources, assisting microentrepreneurs, and local communities, to promote self-sufficiency, alleviate poverty, and create jobs through business development in Colorado.

Colorado Enterprise Fund (CEF)

1888 Sherman Street, Suite 530
Denver, CO 80203
Phone: 303-860-0242, ext. 16
Fax: 303-860-0409
microloans@coloradoenterprisefund.org
Ceyl Prinster, Executive Director

CEF is a nonprofit community development financial institution founded in 1976 to help small businesses. It provides small business loans up to \$150,000 to entrepreneurs who are unable to obtain financing from traditional sources and provide access to management consulting and business training.

Community Economic Development Company of Colorado/Small Business Finance Corporation (CEDCO-SBFC)

1175 Osage Street, Suite 110
Denver, CO 80204
Phone: 303-893-8989
Fax: 303-892-8398
Email: sean@cedco.org

Created in 1978, CEDCO-sbfc is a private, nonprofit Certified Development Company licensed by the U.S. Small Business Administration as Colorado's statewide source of SBA 504 fixed asset loans.

Mi Casa Resource Center for Women

360 Acoma Street
Denver CO 80223
Phone: 303-573-1302
Fax: 303-595-0422
info@micasadenver.org

The Mi Casa Resource Center for Women, a nonprofit organization with branches in Denver, Pueblo, and Colorado Springs, provides entrepreneurial training and business assistance and resources to microentrepreneurs, and offers microlending programs.

MicroBusiness Development Corporation

3003 Arapahoe Street, Suite 112A
Denver, CO 80205
Phone: 303-308-8121
Fax: 303-308-8120
info@microbusiness.org
Kersten M. Hostetter, Executive Director

The MicroBusiness Development Corporation provides microenterprise support services, including access to capital, business training and development, and technical assistance, to Colorado entrepreneurs. The mission of the MicroBusiness Development Corporation is to stimulate and support microenterprises by creating economic opportunity and business growth. It provides access to knowledge, resources, and business capital to underserved populations.

Microenterprise Development Advisory Council (MDAC)

1625 Broadway, Suite 950

Denver, CO 80202

Phone: 303-592-4064

Fax: 303-592-4061

Kersten M. Hostetter and Ceyl Prinster, Co-Chairs

As part of the Microenterprise Development Act of 2003, the state legislature formed the Microenterprise Development Advisory Council (MDAC). The council was created to coordinate state efforts in the development of the microenterprise business segment.

Small Business Development Center Network, Lead Center

Colorado Office of Economic Development

1625 Broadway, Suite 1700

Denver, CO 80202

Phone: 303-892-3840

Fax: 303-892-3848

Kelly Manning, SBDC State Director

Small Business Development Centers (SBDCs) are a resource available to microenterprises at the local level. The network of roughly 20 local centers throughout the state is dedicated to helping small businesses achieve their goals of growth, expansion, innovation, increased productivity, management improvement, and, ultimately, success. SBDCs combine information and resources from federal, state, and local governments with those from the educational system and the private sector to meet the specialized and complex needs of the small business community. Regulatory, management, financial, and marketing experts work in partnership to provide entrepreneurs with information, consulting, and assistance. The SBDC partnership includes the State of Colorado, the U.S. Small Business Administration, Colorado's institutions of higher education, local economic development organizations, and local chambers of commerce.

NATIONAL EMPLOYMENT ANALYSIS

As a method of gauging the size and importance of the microenterprise business sector, the AEO developed the microenterprise employment statistics (MEES) data series. This series combines data from the nonemployers series prepared by the U.S. Census Bureau with a data series from the Bureau of Labor Statistics that tracks employment by size categories. Obviously, this study focuses on data for companies with 1-4 employees. Compilation of the original data sources used to compute the MEES totals significantly lags most other employment data. As a result, the most recent data available for this report is for 2001.

Microenterprise Establishment by Major Industry

In 2001, there were nearly 20.8 million microenterprises in the United States. Table 1 shows the number of microenterprise establishments and the number of microenterprise employees by major industry. These businesses employed roughly 27.3 million people, or approximately 19% of the total 2001 labor force.

The MEES data series allows for an examination of the microenterprise business segment by industry sector. The industry classifications used are defined by the North American Industrial Classification System (NAICS).

The largest concentration of companies, about 14.2%, is in the Professional, Scientific, and Technical Services Sector. This is followed by Other Services (commonly referred to as Consumer and Personal Services), a diverse sector that includes repair and maintenance and personal services. The Construction, Retail Trade, and Real Estate and Rental and Leasing Sectors also have a large number of microenterprises. These five sectors account for 60.5% of microenterprises and 59.3% of total microenterprise employment.

TABLE 1 – MICROENTERPRISE ESTABLISHMENTS AND EMPLOYEES BY MAJOR INDUSTRY 2001

Industry	NAICS	Establishments		Employment	
		Number (000s)	% of total	Number (000s)	% of total
Agriculture	11	238.3	1.1%	265.5	1.0%
Mining	21	100.4	0.5	121.5	0.4
Utilities	22	20.8	0.1	34.9	0.1
Construction	23	2,508.0	12.1	3,222.9	11.8
Manufacturing	31	401.6	1.9	626.5	2.3
Wholesale Trade	42	608.7	2.9	1,012.8	3.7
Retail Trade	44	2,251.3	10.8	3,225.2	11.8
Transportation and Warehousing	48	872.7	4.2	1,040.8	3.8
Information	51	310.4	1.5	419.5	1.5
Finance and Insurance	52	954.7	4.6	1,394.6	5.1
Real Estate & Rental & Leasing	53	2,003.5	9.6	2,348.8	8.6
Professional, Scientific, & Technical Services	54	2,948.3	14.2	3,723.7	13.6
Management of Companies	55	17.5	0.1	47.9	0.2
Admin & Waste Services	56	1,282.6	6.2	1,602.8	5.9
Educational Services	61	338.4	1.6	390.6	1.4
Health Care & Social Assistance	62	1,696.1	8.2	2,296.5	8.4
Arts, Entertainment, and Rec	71	865.9	4.2	949.0	3.5
Accomm and Food Services	72	426.4	2.1	750.6	2.7
Other Services	81	2,873.8	13.8	3,697.5	13.5
Total*		20,797.4		27,319.7	

Note: *Includes Nonclassified

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

Microenterprise Employment

In an effort to demonstrate the size of the microenterprise business sector, Table 2 shows the percentage of employees in the United States who were employed at microenterprises in 2001. In total, microenterprises provided roughly 19.4% of employment in 2001.

These firms supplied more than 42% of total employment in the Real Estate, and Rental and Leasing Sector, and over 41% of total employment in Consumer and Personal (Other) Services. Microenterprises accounted for roughly 35.1% of total employment in the Professional, Scientific, and Technical Services Sector and 32.7% of total Construction Sector employment. Other sectors with high concentrations of microenterprise employment were Arts, Entertainment, and Recreation, and Agriculture.

TABLE 2 – MICROENTERPRISE EMPLOYMENT COMPARED TO TOTAL US EMPLOYMENT 2001

Industry	NAICS	Microenterprise Employment (000s)	Total Employment (000s)	% of total
Agriculture	11	265.5	1,028.3	25.8%
Mining	21	121.5	810.4	15.0
Utilities	22	34.9	628.2	5.6
Construction	23	3,222.9	9,849.6	32.7
Manufacturing	31	626.5	16,984.4	3.7
Wholesale Trade	42	1,012.8	6,276.3	16.1
Retail Trade	44	3,225.2	18,549.5	17.4
Transportation and Warehousing	48	1,040.8	5,474.8	19.0
Information	51	419.5	4,029.7	10.4
Finance and Insurance	52	1,394.6	7,811.5	17.9
Real Estate & Rental & Leasing	53	2,348.8	5,551.0	42.3
Professional, Scientific and Technical Services	54	3,723.7	10,602.4	35.1
Management of Companies	55	47.9	1,791.1	2.7
Admin & Waste Services	56	1,602.8	9,629.0	16.6
Educational Services	61	390.6	3,036.2	12.9
Health Care & Social Assistance	62	2,296.5	15,620.2	14.7
Arts, Entertainment, and Rec	71	949.0	3,242.1	29.3
Accomm and Food Services	72	750.6	10,827.0	6.9
Other Services	81	3,697.5	8,994.5	41.1
Total (private nonfarm)		27,319.7	140,736.2	19.4%

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

COLORADO EMPLOYMENT ANALYSIS

The sections that follow provide an in-depth analysis of the microenterprise business segment in Colorado.

The first section examines the microenterprise business segment, based on the MEES methodology developed by the AEO and described in the previous section. It examines the number of establishments and employment in 2001, and looks at both of these in terms of type of industry, and county or region.

The next section examines the microenterprise business segment from a historical perspective, reviewing the MEES data from 1998-2001.

The final section provides a more current view of the business segment by using employment at companies with 1-4 employees as a rough approximation of the microenterprise segment as a whole. This section looks at number of establishments, employment, and wages in each of the major industry sectors from 2001-2004.

This analysis can be used in a number of ways. First, it illustrates the importance of microenterprise in the Colorado economy, as well as in local regions of the state. Second, the data indicate the geographical area and industry sector concentrations of microenterprises. This can be valuable to microenterprise developers and service providers. For example, an area of the state with a high concentration of microenterprises may lack resources for microentrepreneurs. This deficiency could then be dealt with by an expansion of services. Similarly, there may be an industry with a high concentration of microenterprises, but little technical expertise or assistance available for those types of businesses. Again, this need could be addressed. Finally, the data indicate where growth has been occurring in the microenterprise business segment and where future growth could take place, which may be helpful to service providers and developers targeting potential markets.

Major points from the data analysis are summarized in the following bullets.

- Microenterprises account for slightly more than 20% of total state employment.
- The structure of the microenterprise business segment is somewhat different from the structure of the state economy as a whole. The industries with the largest number of microenterprises are Professional, Scientific, and Technical Services; Construction; Retail Trade; Consumer and Personal (Other) Services; and Real Estate and Rental and Leasing. Traditionally, many of the microenterprise firms in these industries are not considered microenterprises as they do not have the same capital access restraints included in most definitions of the business segment. However, only the employee size criteria for microenterprise was used in this section to maintain objectivity as the “lack of access to traditional sources of capital” criteria is impossible to measure with any existing data series.

- The industries with the highest concentration of microenterprises (i.e., the highest percentage of total industry employment from microenterprises) are Real Estate and Rental and Leasing; Consumer and Personal (Other) Services; Professional, Scientific, and Technical Services; Agriculture; and Construction.
- Microenterprises are spread throughout the state. Although the majority of these firms located in Colorado's population centers (i.e., metro areas), microenterprises may often account for a much larger portion of the local economy in less populated counties.
- From 1998-2001 the number of microenterprises in Colorado grew at a CAGR of 2.9%, which is slightly higher than that for companies of all sizes. The highest growth rates were in the Information and the Real Estate Sectors.
- Since 2001, growth appears to have occurred primarily in the Professional, Scientific, and Technical Services Sector, along with Finance and Insurance, Construction, Real Estate and Rental and Leasing, and Health Care and Social Assistance.
- Some data suggest that during the economic downturn of 2001-2003 the microenterprise business segment experienced growth while most other areas of the economy struggled.

2001 Colorado Microenterprise Employment Statistics

Employment by Industry

Using the same MEES methodology discussed in the prior section, microenterprise establishment and employment statistics for the state were calculated. In total, microenterprises numbered 421,300 in Colorado in 2001. This represents just over 2% of the total number of microenterprises in the United States. Microenterprises in the state employed more than 549,000 workers, or about 22% of the total state employment base. This compares to roughly 19.5% nationally.

Table 3 shows the breakdown of microenterprise establishments and employment by industry. The Professional, Scientific, and Technical Sector has the highest number of microenterprises, followed by Construction; Retail Trade, Consumer and Personal (Other) Services, and Real Estate and Rental and Leasing. These five sectors account for 64.4% of microenterprise companies and 51.6% of total microenterprise employment. The same sectors dominate employment and establishment concentrations in the U.S. microenterprise business segment.

TABLE 3 – MICROENTERPRISE ESTABLISHMENTS AND EMPLOYEES BY MAJOR INDUSTRY 2001 - COLORADO

Industry	NAICS	Establishments		Employment	
		Number (000s)	% of total	Number (000s)	% of total
Agriculture	11	3.1	0.6%	3.4	0.6%
Mining	21	2.8	0.5	3.7	0.7
Utilities	22	0.4	0.1	0.7	0.1
Construction	23	56.9	13.4	74.1	13.5
Manufacturing	31	8.2	1.9	12.6	2.3
Wholesale Trade	42	10.6	2.5	17.4	3.2
Retail Trade	44	41.3	11.8	57.5	10.5
Transportation and Warehousing	48	11.7	2.7	14.4	2.6
Information	51	7.4	1.4	10.3	1.9
Finance and Insurance	52	22.5	5.3	31.8	5.8
Real Estate & Rental & Leasing	53	48.6	11.4	57.2	10.4
Professional, Scientific and Technical Services	54	69.3	16.3	87.9	16.0
Management of Companies	55	0.3	0.1	0.9	0.2
Admin & Waste Services	56	24.3	5.7	30.9	5.6
Educational Services	61	7.4	1.7	8.7	1.6
Health Care & Social Assistance	62	31.6	7.4	42.1	7.7
Arts, Entertainment, and Rec	71	17.5	4.1	19.1	3.5
Accomm and Food Services	72	6.9	1.6	12.1	2.2
Other Services	81	48.8	11.5	61.7	11.2
Total		421.3		549.3	

Note: *includes nonclassified

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

Table 4 demonstrates the importance of the microenterprise business segment to the Colorado state economy. In total, approximately 21.7% of nonfarm private employment is derived from microenterprises, and in certain sectors of the economy (Real Estate; Professional, Scientific, and Technical Services; Consumer and Personal (Other) Services; and Construction) that percentage is in the 30-40% range.

TABLE 4 – MICROENTERPRISE EMPLOYMENT COMPARED TO TOTAL COLORADO EMPLOYMENT 2001

Industry	NAICS	Microenterprise Employment (000s)	Total Nonfarm Employment (000s)	% of total
Agriculture	11	3.4	10.5	32.4%
Mining	21	3.7	23.2	15.9
Utilities	22	0.7	8.6	8.1
Construction	23	74.1	235.8	31.4
Manufacturing	31	12.6	192.6	6.5
Wholesale Trade	42	17.4	110.0	15.8
Retail Trade	44	57.5	311.6	18.5
Transportation and Warehousing	48	14.4	83.7	17.2
Information	51	10.3	118.4	8.7
Finance and Insurance	52	31.8	154.9	20.5
Real Estate & Rental & Leasing	53	57.2	135.6	42.2
Professional, Scientific and Technical Services	54	87.9	236.5	37.2
Management of Companies	55	0.9	19.8	4.5
Admin & Waste Services	56	30.9	175.3	17.6
Educational Services	61	8.7	39.4	22.1
Health Care & Social Assistance	62	42.1	227.7	18.5
Arts, Entertainment, and Rec	71	19.1	74.1	25.8
Accomm and Food Services	72	12.1	217.7	5.6
Other Services	81	61.7	151.3	40.8
Total (Private Nonfarm)*		549.3	2,526.6	21.7%

Note: *includes nonclassified.

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

Employment by Region and County

The following section examines the geographic dispersion of microenterprises. See Table 5. The regions used in this section are the state’s 14 planning regions.

TABLE 5 – STATE PLANNING REGIONS

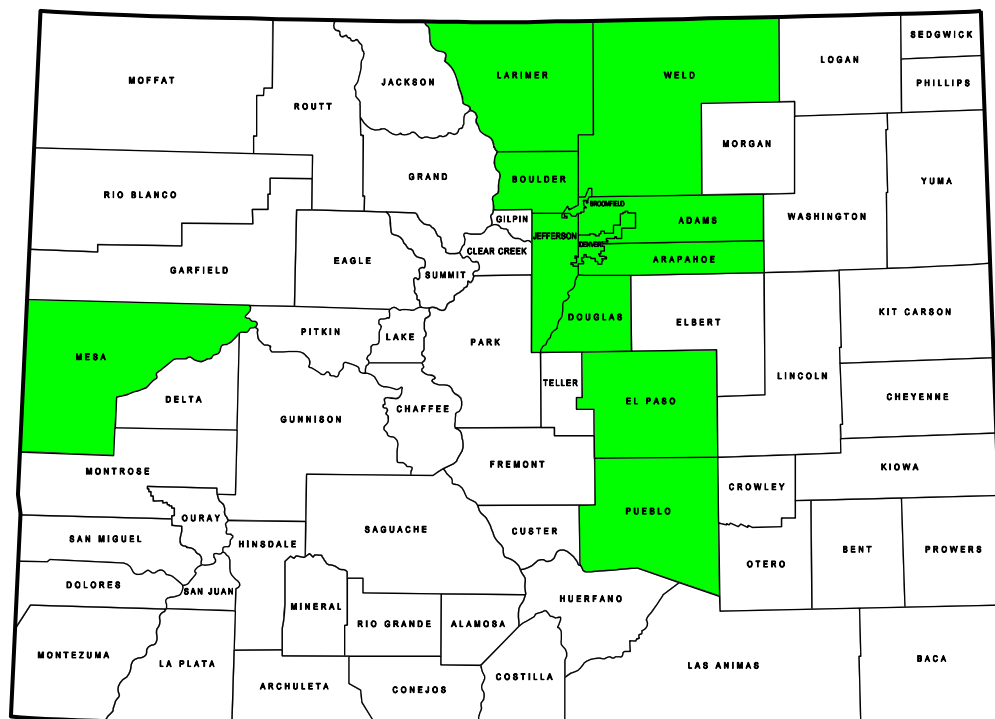
Region	Counties
1	Logan, Morgan, Phillips, Sedgwick, Washington, Yuma
2	Larimer, Weld
3	Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, Gilpin, Jefferson
4	El Paso, Park, Teller
5	Cheyenne, Elbert, Kit Carson, Lincoln
6	Baca, Bent, Crowley, Kiowa, Otero, Prowers
7	Pueblo
8	Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache
9	Archuleta, Dolores, La Plata, Montezuma, San Juan
10	Delta, Gunnison, Hinsdale, Montrose, Ouray, San Miguel
11	Garfield, Mesa, Moffat, Rio Blanco, Routt
12	Eagle, Grand, Jackson, Pitkin, Summit
13	Chaffee, Custer, Fremont, Lake
14	Huerfano, Las Animas

While microenterprise firms are dispersed throughout the state, the majority are located in metro areas. Table 6 and the map on the next page show the regional breakdown of microenterprise establishments and employment in Colorado. More than 50% of the state's microenterprises are located in Region 3, which includes the Denver Metro Area. Region 2 (Fort Collins and Greeley) and Region 4 (Colorado Springs) also have high numbers of microenterprises.

TABLE 6 – MICROENTERPRISE ESTABLISHMENTS AND EMPLOYEES BY REGION 2001 - COLORADO

Region	Establishments		Employment	
	Number (000s)	% of total	Number (000s)	% of total
1	5.6	1.3%	7.5	1.4%
2	41.1	9.8	52.4	9.5
3	232.8	55.3	303.4	55.2
4	47.1	11.2	60.7	11.1
5	3.7	0.9	4.7	0.8
6	3.7	0.9	4.8	0.9
7	8.9	2.1	11.6	2.1
8	4.2	1.0	5.4	1.0
9	10.7	2.5	14.1	2.6
10	12.0	2.8	15.7	2.9
11	25.1	6.0	32.9	6.0
12	17.7	4.2	24.9	4.5
13	6.7	1.6	8.7	1.6
14	2.0	0.5	2.5	0.5
Total	421.3		549.3	

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.



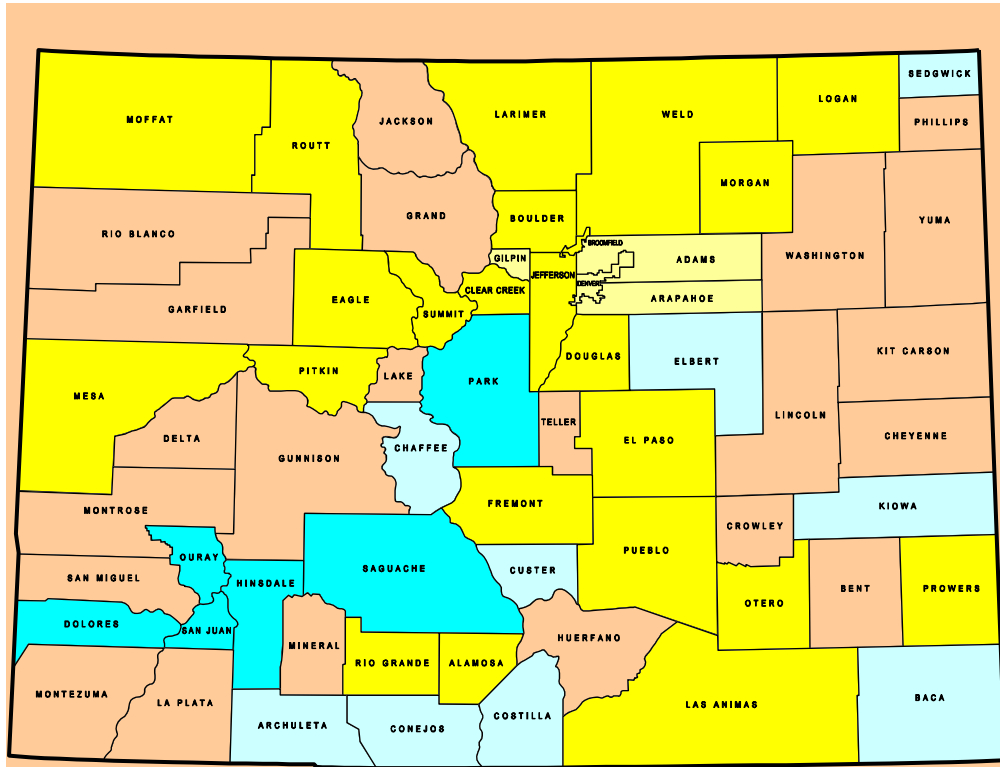
The state's 12 metro area counties are highlighted. Approximately 80% of the state's microenterprises are located in these 12 counties.

While the state's rural areas may have fewer microenterprises in number, the importance of microbusiness to these economies is typically much greater than for metro areas. Table 7 lists the state's top 15 counties in terms of importance of microenterprise employment. Park County is in the number one position, with 58.6% of private nonfarm employment derived from microenterprises. Microbusiness is also of great importance in San Juan, Hinsdale, Saguache, Ouray, and Dolores Counties, where more than 50% of employees work at microenterprises. All 15 of the counties in the table are well over the state average of 21.7%. Moreover, it should be noted that 56 of the state's 63 counties (Broomfield is not included as it was not a county in 2001) were above the state average. Boulder County's percentage was the same as the state average, and the only counties with less than 21.7% of their employment from microenterprises were El Paso (20.2%), Pueblo (20.0%), Arapahoe (16.8%), Adams (16.2%), Denver (15.1%), and Gilpin (7.2%).

County	Microenterprise Employment	Private Nonfarm Employment	% of total
Park	2,479	4,228	58.6%
San Juan	217	372	58.3
Hinsdale	299	548	54.6
Saguache	766	1,406	54.5
Ouray	1,132	2,195	51.6
Dolores	276	540	51.1
Baca	620	1,242	49.9
Custer	776	1,557	49.8
Kiowa	232	474	48.9
Elbert	2,639	5,449	48.4
Archuleta	2,478	5,332	46.5
Costilla	328	750	43.7
Conejos	791	1,867	42.4
Sedgwick	377	901	41.8
Chaffee	3,103	7,704	40.3
State Total	549,335	2,526,600	21.7%

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

The following map is a graphical representation of the concentration of microenterprise throughout the state. The counties highlighted in light yellow, which are the metro Denver counties, derive less than 20% of their employment from microenterprises. Microenterprise firms generate between 20 and 30% of total employment for the counties highlighted in darker yellow. For the counties in tan, 30-40% of total employment is provided by microenterprise companies. Microenterprises provide between 40 and 50% of employment in the light blue counties, and more than 50% of county employment for the counties in dark blue. It should be noted that counties in these last two categories are generally in rural areas with lower population bases.



Colorado Microenterprise Employment Statistics 1998-2001

Table 8 shows the change in the number of microenterprise establishments during the 1998-2001 period. Overall, the number of microenterprise establishments grew at a CAGR of 2.9%, compared to 2.2% for all establishments. The industry that experienced the largest rate of growth in number of microenterprises was Information. Educational Services; Real Estate and Rental and Leasing; Transportation and Warehousing; Administrative Support Services; Construction; Arts, Entertainment, and Recreation; and Consumer and Personal (Other) Services all had growth rates for microenterprises above the state average. The other 11 sectors grew at a rate below the state average. The number of microenterprises in Wholesale Trade, Utilities, Manufacturing, and Mining decreased over this time period.

For establishments of all sizes, the sectors with rates of growth above the state average were Information; Utilities; Agriculture; Real Estate and Rental and Leasing; Professional, Scientific, and Technical Services; Educational Services; Transportation and Warehousing; Finance and Insurance; and Construction. The remaining 10 sectors grew at a rate less than the state average.

It is interesting to note that the number of microenterprises in Administrative Support Services; Arts, Entertainment, and Recreation; and Consumer and Personal (Other)

Services grew at a faster than average pace, but the sectors as a whole grew at a below average rate. On the other hand, the Utilities; Agriculture; Professional, Scientific, and Technical; and Finance and Insurance Sectors experienced higher than average growth at the overall level, but not at the microenterprise level.

TABLE 8 – MICROENTERPRISE ESTABLISHMENTS 1998-2001

Industry	1998	1999	2000	2001	CAGR 98-01	CAGR for businesses of all size
Agriculture	3,092	3,158	3,127	3,134	0.5%	4.5%
Mining	2,767	2,571	2,678	2,762	-0.1	0.5
Utilities	436	461	455	420	-1.2	5.2
Construction	49,511	53,052	55,365	56,879	4.7	3.1
Manufacturing	8,520	8,347	8,253	8,238	-1.1	-0.4
Wholesale Trade	11,266	11,102	10,839	10,596	-2.0	-0.7
Retail Trade	41,268	41,550	41,612	41,295	0.0	1.2
Transportation and Warehousing	10,018	11,086	11,680	11,716	5.4	3.2
Information	5,892	6,672	7,421	7,435	8.1	6.4
Finance and Insurance	21,781	21,166	21,714	22,535	1.1	3.2
Real Estate & Rental & Leasing	40,860	45,452	45,924	48,613	6.0	4.4
Professional, Scientific and Technical Services	65,686	66,252	68,277	69,326	1.8	3.8
Management of Companies	318	354	352	322	0.4	-2.0
Admin & Waste Services	21,003	22,383	23,117	24,344	5.0	1.8
Educational Services	5,964	6,455	7,052	7,375	7.3	3.5
Health Care & Social Assistance	30,173	30,575	31,168	31,634	1.6	1.9
Arts, Entertainment, and Rec	15,287	16,153	16,914	17,479	4.6	1.7
Accomm and Food Services	6,542	6,733	6,838	6,928	1.9	0.4
Other Services	45,233	46,822	48,053	48,803	2.6	1.2
Total (Private Nonfarm)*	386,592	402,254	412,798	421,300	2.9%	2.2%

Note: *includes nonclassified.

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

Table 9 shows employment in the microenterprise business segment in Colorado during the 1998-2001 period. Overall, the number of employees at microenterprises grew at a CAGR of 3.2%, compared to 4.2% for total employment growth. These growth rates are not surprising. Due to the definition of a microenterprise, a small firm with three employees can add only one new job to still be considered a microenterprise. Obviously, no real growth limits exist for microenterprises, but from a data tracking standpoint, any growth beyond four employees would put the company into the next firm size category, and therefore the firm would no longer be considered a microenterprise.

The fastest microenterprise employment growth occurred in the Information Sector. Other sectors with growth rates greater than the 3.2% average are Educational Services; Transportation and Warehousing, and Real Estate and Rental and Leasing, Construction; Arts, Entertainment, and Recreation; and Administrative Support. The remaining 12 sectors experienced growth rates below the average for all microenterprises. The number

of employees at manufacturing and wholesale trade microenterprises declined during this period.

TABLE 9 – MICROENTERPRISE EMPLOYMENT 1998-2001

Industry	1998	1999	2000	2001	CAGR 98-01	CAGR for businesses of all size
Agriculture	3,343	3,441	3,403	3,445	1.0%	2.4%
Mining	3,689	3,458	3,604	3,738	0.4	2.7
Utilities	674	784	797	736	3.0	-9.9
Construction	63,661	69,447	72,201	74,106	5.2	6.7
Manufacturing	12,966	12,728	12,611	12,605	-0.9	-2.2
Wholesale Trade	18,769	18,140	17,872	17,409	-2.5	2.2
Retail Trade	57,168	57,524	57,505	57,549	0.2	3.9
Transportation and Warehousing	11,967	13,460	14,189	14,388	6.3	5.1
Information	7,664	8,994	9,862	10,321	10.4	12.6
Finance and Insurance	29,323	29,927	30,629	31,781	2.7	2.7
Real Estate & Rental & Leasing	47,684	53,371	54,191	57,156	6.2	5.8
Professional, Scientific and Technical Services	81,756	83,893	86,301	87,856	2.4	8.3
Management of Companies	865	931	935	911	1.8	1.6
Admin & Waste Services	27,377	28,596	29,394	30,909	4.1	7.2
Educational Services	7,023	7,648	8,292	8,666	7.3	8.1
Health Care & Social Assistance	40,181	40,619	41,307	42,112	1.6	2.8
Arts, Entertainment, and Rec	16,772	17,663	18,419	19,094	4.4	4.1
Accomm and Food Services	11,884	12,131	11,935	12,122	0.7	2.3
Other Services	57,534	59,542	61,008	61,731	2.4	2.9
Total (Private Nonfarm)*	499,898	525,143	537,834	549,178	3.2%	4.2%

Note: *includes nonclassified.

Source: Bureau of the Census – Nonemployer Statistics and County Business Patterns, Bureau of Economic Analysis – Regional Economic Accounts.

Trends in Microenterprises—2001-2004

In the past three years the economy was drastically altered by a series of shocks. Certainly, the microenterprise business segment also experienced changes. Unfortunately, as a result of time-series delays with both nonemployer and county business pattern data, the most recent MEES statistics available are for the year 2001.

However, a rough approximation of the microenterprise business segment can be made using the Colorado Department of Labor and Employment’s ES202 size class reports, which are more timely than the MEES statistics. The data series includes only companies with 1-4 employees; nonemployers are not included. These companies make up approximately 17% of microenterprise establishments and slightly more than 25% of microenterprise employment. The remainder comes from nonemployer businesses. While this data series is a relatively small sample of the microenterprise business

segment as a whole, it is reasonable to assume that many of the same trends for companies with 1-4 employees also apply to nonemployers. Thus, the data series can be valuable in terms of understanding recent trends in the microenterprise business segment.

A detailed comparison of businesses with 1-4 employees and businesses of all sizes in terms of establishments, employment, wages, and average weekly wages is provided for each industry sector in Colorado. The section that follows first provides a snapshot of the industry as of Q1 2004, and then examines growth trends during the 2001-2004 period. Additional analysis is available in Appendix A.

Number of Establishments

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Professional, Scientific and Technical Services	22,830	143,729	\$2,185.3	\$1,170
Construction	20,471	142,653	1,349.7	728
Retail Trade	18,291	235,604	1,428.9	467
Wholesale Trade	12,084	91,204	1,267.9	1,069
Other Services	11,986	64,636	437.9	521
Health Care & Social Assistance	11,388	190,988	1,687.5	680
Accomm and Food Services	11,283	205,411	743.5	278
Finance and Insurance	10,284	103,608	1,710.7	1,270
Real Estate & Rental & Leasing	9,032	45,979	411.8	689
Admin & Waste Services	8,874	123,468	879.7	548
Manufacturing	5,893	152,860	2,034.7	1,024
Information	3,556	82,604	1,466.4	1,366
Transportation & Warehousing	3,446	60,010	556.7	714
Arts, Entertainment, and Rec	2,373	44,265	284.3	494
Educational Services	1,784	23,408	171.3	563
Agriculture	1,294	12,717	70.4	426
Management of Companies	1,090	22,127	526.9	1,832
Mining	945	13,445	251.0	1,436
Utilities	<u>317</u>	<u>7,872</u>	<u>169.3</u>	1,654
Colorado Total	157,480	1,766,884	\$17,637.9	\$768

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

For firms of all sizes, the top five NAICS sectors in terms of number of establishments are:

- Professional, Scientific, and Technical Services
- Construction
- Retail Trade
- Wholesale Trade
- Consumer and Personal (Other) Services

These sectors represent 54.4% of the state’s total firms, 38.4% of the state’s employees, and 37.8% of the state’s wages.

For firms with 1-4 employees, the top five NAICS sectors in terms of the number of establishments are:

- Professional, Scientific, and Technical Services
- Construction
- Wholesale Trade
- Consumer and Personal (Other) Services
- Retail Trade

These are the same sectors as those for all firms, although the order is slightly different. These sectors represent 58.5% of the state’s 1-4 employee firms, 57.5% of employees, and 56.8% of wages.

TABLE 11 – WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS WITH 1-4 EMPLOYEES (Q1 2004) Ranked by Number of Establishments

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Professional, Scientific and Technical Services	13,484	23,322	\$254.0	\$838
Construction	9,643	19,080	127.6	514
Wholesale Trade	6,853	12,048	186.1	1,189
Other Services	6,835	12,686	75.1	455
Retail Trade	6,680	15,695	84.2	413
Finance and Insurance	5,476	10,838	137.8	978
Real Estate & Rental & Leasing	5,199	9,529	69.1	558
Health Care & Social Assistance	4,846	10,199	93.2	703
Admin & Waste Services	3,902	7,618	57.0	576
Accomm and Food Services	2,290	5,526	19.1	265
Manufacturing	2,154	4,773	34.4	554
Information	1,585	2,985	40.9	1,055
Transportation & Warehousing	1,534	2,952	22.1	575
Arts, Entertainment, and Rec	870	1,654	10.1	469
Educational Services	801	1,418	11.0	595
Agriculture	549	1,207	7.2	457
Management of Companies	510	955	30.6	2,467
Mining	455	878	13.3	1,165
Utilities	<u>143</u>	<u>321</u>	<u>3.2</u>	771
Colorado Total	73,962	143,937	\$1,279.2	\$684

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Number of Employees

For firms of all sizes, the top five NAICS sectors in terms of number of employees are:

- Retail Trade
- Accommodations and Food Services
- Health Care and Social Assistance
- Manufacturing
- Professional, Scientific, and Technical Services

These sectors represent 44.3% of the state's total firms, 52.6% of employees, and 45.8% of wages.

**TABLE 12 – WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS OF ALL SIZES
(Q1 2004) Ranked by Number of Employees**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Retail Trade	18,291	235,604	\$1,428.9	\$467
Accomm and Food Services	11,283	205,411	743.5	278
Health Care & Social Assistance	11,388	190,988	1,687.5	680
Manufacturing	5,893	152,860	2,034.7	1,024
Professional, Scientific and Technical Services	22,830	143,729	2,185.3	1,170
Construction	20,471	142,653	1,349.7	728
Admin & Waste Services	8,874	123,468	879.7	548
Finance and Insurance	10,284	103,608	1,710.7	1,270
Wholesale Trade	12,084	91,204	1,267.9	1,069
Information	3,556	82,604	1,466.4	1,366
Other Services	11,986	64,636	437.9	521
Transportation & Warehousing	3,446	60,010	556.7	714
Real Estate & Rental & Leasing	9,032	45,979	411.8	689
Arts, Entertainment, and Rec	2,373	44,265	284.3	494
Educational Services	1,784	23,408	171.3	563
Management of Companies	1,090	22,127	526.9	1,832
Mining	945	13,445	251.0	1,436
Agriculture	1,294	12,717	70.4	426
Utilities	317	7,872	169.3	1,654
Colorado Total	157,480	1,766,884	\$17,637.9	\$768

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

For firms with 1-4 employees, the top five NAICS sectors in terms of number of employees are:

- Professional, Scientific, and Technical Services
- Construction
- Retail Trade
- Consumer and Personal (Other) Services
- Wholesale Trade

This list is significantly different from the list for all firms. Only Professional, Scientific, and Technical Services and Retail Trade are in the top five for both groups.

These sectors represent a combined 58.8% of the state's 1-4 employee firms, 57.5% of employees, and 56.8% of wages.

**TABLE 13 – WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS WITH 1-4 EMPLOYEES
(Q1 2004) Ranked by Number of Employees**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Professional, Scientific and Technical Services	13,484	23,322	\$254.0	\$838
Construction	9,643	19,080	127.6	514
Retail Trade	6,680	15,695	84.2	413
Other Services	6,835	12,686	75.1	455
Wholesale Trade	6,853	12,048	186.1	1,189
Finance and Insurance	5,476	10,838	137.8	978
Health Care & Social Assistance	4,846	10,199	93.2	703
Real Estate & Rental & Leasing	5,199	9,529	69.1	558
Admin & Waste Services	3,902	7,618	57.0	576
Accomm and Food Services	2,290	5,526	19.1	265
Manufacturing	2,154	4,773	34.4	554
Information	1,585	2,985	40.9	1,055
Transportation & Warehousing	1,534	2,952	22.1	575
Arts, Entertainment, and Rec	870	1,654	10.1	469
Educational Services	801	1,418	11.0	595
Agriculture	549	1,207	7.2	457
Management of Companies	510	955	30.6	2,467
Mining	455	878	13.3	1,165
Utilities	143	321	3.2	771
Colorado Total	73,962	143,937	\$1,279.2	\$684

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Total Wages

For firms of all sizes, the top five NAICS sectors in terms of total wages are:

- Professional, Scientific, and Technical Services
- Manufacturing
- Finance and Insurance
- Health Care and Social Assistance
- Information

These sectors represent 34.3% of the state's total firms, 38.1% of employees, and 51.5% wages.

**TABLE 14- WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS OF ALL SIZES
(Q1 2004) Ranked by Total Wages**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Professional, Scientific and Technical Services	22,830	143,729	\$2,185.3	\$1,170
Manufacturing	5,893	152,860	2,034.7	1,024
Finance and Insurance	10,284	103,608	1,710.7	1,270
Health Care & Social Assistance	11,388	190,988	1,687.5	680
Information	3,556	82,604	1,466.4	1,366
Retail Trade	18,291	235,604	1,428.9	467
Construction	20,471	142,653	1,349.7	728
Wholesale Trade	12,084	91,204	1,267.9	1,069
Admin & Waste Services	8,874	123,468	879.7	548
Accomm and Food Services	11,283	205,411	743.5	278
Transportation & Warehousing	3,446	60,010	556.7	714
Management of Companies	1,090	22,127	526.9	1,832
Other Services	11,986	64,636	437.9	521
Real Estate & Rental & Leasing	9,032	45,979	411.8	689
Arts, Entertainment, and Rec	2,373	44,265	284.3	494
Mining	945	13,445	251.0	1,436
Educational Services	1,784	23,408	171.3	563
Utilities	317	7,872	169.3	1,654
Agriculture	1,294	12,717	70.4	426
Colorado Total	157,480	1,766,884	\$17,637.9	\$768

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

For firms with 1-4 employees, the top five NAICS sectors in terms of total wages are:

- Professional, Scientific, and Technical Services
- Wholesale Trade
- Finance and Insurance
- Construction
- Health Care and Social Assistance

Professional, Scientific, and Technical Services, Finance and Insurance, and Health Care and Social Assistance are in the top five rankings for both the 1-4 employee category and all firms.

These sectors represent 55.5% of all 1-4 employee firms, 52.4% of employees, and 62.4% of wages.

**TABLE 15- WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS WITH 1-4 EMPLOYEES
(Q1 2004) Ranked by Total Wages**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Professional, Scientific and Technical Services	13,484	23,322	\$254.0	\$838
Wholesale Trade	6,853	12,048	186.1	1,189
Finance and Insurance	5,476	10,838	137.8	978
Construction	9,643	19,080	127.6	514
Health Care & Social Assistance	4,846	10,199	93.2	703
Retail Trade	6,680	15,695	84.2	413
Other Services	6,835	12,686	75.1	455
Real Estate & Rental & Leasing	5,199	9,529	69.1	558
Admin & Waste Services	3,902	7,618	57.0	576
Information	1,585	2,985	40.9	1,055
Manufacturing	2,154	4,773	34.4	554
Management of Companies	510	955	30.6	2,467
Transportation & Warehousing	1,534	2,952	22.1	575
Accomm and Food Services	2,290	5,526	19.1	265
Mining	455	878	13.3	1,165
Educational Services	801	1,418	11.0	595
Arts, Entertainment, and Rec	870	1,654	10.1	469
Agriculture	549	1,207	7.2	457
Utilities	<u>143</u>	<u>321</u>	<u>3.2</u>	771
Colorado Total	73,962	143,937	\$1,279.2	\$684

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Average Weekly Wages

For firms of all sizes, the highest average wages occur in some of the small sectors of the economy. The top five NAICS sectors in terms of average weekly wages are:

- Management of Companies and Enterprises
- Utilities
- Mining
- Information
- Finance and Insurance

These sectors represent 10.3% of the state's total firms, 13.0% of employees, and 23.4% of wages.

**TABLE 16- WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS OF ALL SIZES
(Q1 2004) Ranked by Average Weekly Wages**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Management of Companies	1,090	22,127	\$526.9	\$1,832
Utilities	317	7,872	169.3	1,654
Mining	945	13,445	251.0	1,436
Information	3,556	82,604	1,466.4	1,366
Finance and Insurance	10,284	103,608	1,710.7	1,270
Professional, Scientific and Technical Services	22,830	143,729	2,185.3	1,170
Wholesale Trade	12,084	91,204	1,267.9	1,069
Manufacturing	5,893	152,860	2,034.7	1,024
Construction	20,471	142,653	1,349.7	728
Transportation & Warehousing	3,446	60,010	556.7	714
Real Estate & Rental & Leasing	9,032	45,979	411.8	689
Health Care & Social Assistance	11,388	190,988	1,687.5	680
Educational Services	1,784	23,408	171.3	563
Admin & Waste Services	8,874	123,468	879.7	548
Other Services	11,986	64,636	437.9	521
Arts, Entertainment, and Rec	2,373	44,265	284.3	494
Retail Trade	18,291	235,604	1,428.9	467
Agriculture	1,294	12,717	70.4	426
Accomm and Food Services	<u>11,283</u>	<u>205,411</u>	<u>743.5</u>	278
Colorado Total	157,480	1,766,884	\$17,637.9	\$768

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Similarly, the sectors with the highest average wages in the 1-4 employee size category are some of the small sectors of the economy. The top five NAICS sectors in terms of average weekly wages are:

- Management of Companies and Enterprises
- Wholesale Trade
- Mining
- Information
- Finance and Insurance

With one exception (Wholesale Trade), these sectors are the same as the top five for all firms. They represent 20.1% of the state's firms with 1-4 employees, 19.2% of employees, and 32.0% of wages.

In general, wages paid by small companies fall below those paid by large firms. Overall, average weekly wages for the state as a whole are \$768, compared to \$684 for firms in the 1-4 employee category.

**TABLE 17 - WAGE AND EMPLOYMENT DATA FOR COLORADO ESTABLISHMENTS WITH 1-4 EMPLOYEES
(Q1 2004) Ranked by Average Weekly Wages**

Industry Sector	Establishments	Employees	Wages	Avg Weekly Wages
Management of Companies	510	955	\$30.6	\$2,467
Wholesale Trade	6,853	12,048	186.1	1,189
Mining	455	878	13.3	1,165
Information	1,585	2,985	40.9	1,055
Finance and Insurance	5,476	10,838	137.8	978
Professional, Scientific and Technical Services	13,484	23,322	254.0	838
Utilities	143	321	3.2	771
Health Care & Social Assistance	4,846	10,199	93.2	703
Educational Services	801	1,418	11.0	595
Admin & Waste Services	3,902	7,618	57.0	576
Transportation & Warehousing	1,534	2,952	22.1	575
Real Estate & Rental & Leasing	5,199	9,529	69.1	558
Manufacturing	2,154	4,773	34.4	554
Construction	9,643	19,080	127.6	514
Arts, Entertainment, and Rec	870	1,654	10.1	469
Agriculture	549	1,207	7.2	457
Other Services	6,835	12,686	75.1	455
Retail Trade	6,680	15,695	84.2	413
Accomm and Food Services	<u>2,290</u>	<u>5,526</u>	<u>19.1</u>	265
Colorado Total	73,962	143,937	\$1,279.2	\$684

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Growth

When general economic performance is weak, the microenterprise business segment can still experience growth. Intuitively, when large businesses are struggling and laying off workers, a portion of those workers will start their own business. Downsizing at smaller firms can also lead to an increase in the number of microenterprises; if a company with eight employees lays off four workers, the company has suddenly joined the ranks of microenterprises. In order to prove an inverse correlation between general economic performance and growth in the number of microenterprises, a more extensive analysis would be needed. However, data in the following section does suggest that during the most recent downturn in 2001, microenterprises have fared better than most firms.

Between Q1 2001 and Q1 2004 Colorado had a net gain of 8,441 firms. About 56.5% of these firms were added in the 1-4 employee category. On the down side, there was a net decrease of 649 information firms and 325 manufacturers across the state. The five strongest areas of growth in the 1-4 employee category were:

- Professional, Scientific, and Technical Services
- Finance and Insurance
- Construction
- Real Estate and Rental and Leasing
- Health Care

TABLE 18 - GROWTH OF FIRMS BY INDUSTRY 2001-2004
Ranked by Net Change in Number of Establishments

Industry Sector	Establishments with 1-4 employees (Q1 2004)				Net Change in # of 1-4 Estab	Net Change in # of All Sizes Estab
	Estab	Emp	Wages	Avg Weekly Wages		
Professional, Scientific and Technical Services	13,484	23,322	\$254.0	\$838	1,376	1,744
Finance and Insurance	5,476	10,838	137.8	978	617	1,376
Construction	9,643	19,080	127.6	514	594	1,206
Real Estate & Rental & Leasing	5,199	9,529	69.1	558	539	919
Health Care & Social Assistance	4,846	10,199	93.2	703	483	1,157
Admin & Waste Services	3,902	7,618	57.0	576	384	497
Wholesale Trade	6,853	12,048	186.1	1,189	188	160
Retail Trade	6,680	15,695	84.2	413	179	245
Other Services	6,835	12,686	75.1	455	158	426
Management of Companies	510	955	30.6	2,467	136	218
Accomm and Food Services	2,290	5,526	19.1	265	133	821
Educational Services	801	1,418	11.0	595	101	193
Arts, Entertainment, and Rec	870	1,654	10.1	469	74	281
Agriculture	549	1,207	7.2	457	42	55
Transportation & Warehousing	1,534	2,952	22.1	575	37	86
Utilities	143	321	3.2	771	9	-6
Mining	455	878	13.3	1,165	-2	-8
Manufacturing	2,154	4,773	34.4	554	-54	-325
Information	1,585	2,985	40.9	1,055	-262	-649
Colorado Total	73,962	143,937	\$1,279.2	\$684	4,770	8,441

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Between Q1 2001 and Q1 2004, the Colorado economy lost about 112,238 employees. Jobs were lost in 12 of the 19 sectors. However, in the 1-4 employee category, a total of 7,089 jobs were added, with decreases in only 4 of the 19 sectors.

TABLE 19 - GROWTH OF EMPLOYMENT BY INDUSTRY 2001-2004
Ranked by Net Change in Number of Employees

Industry Sector	Establishments with 1-4 employees (Q1 2004)				Net Change in # of 1-4 Employees	Net Change in # of All Sizes Employees
	Estab	Emp	Wages	Avg Weekly Wages		
Professional, Scientific and Technical Services	13,484	23,322	\$254.0	\$838	1,945	-12,591
Finance and Insurance	5,476	10,838	137.8	978	1,293	1,429
Construction	9,643	19,080	127.6	514	781	-20,454
Real Estate & Rental & Leasing	5,199	9,529	69.1	558	755	-774
Admin & Waste Services	3,902	7,618	57.0	576	701	-14,164
Health Care & Social Assistance	4,846	10,199	93.2	703	629	16,083
Retail Trade	6,680	15,695	84.2	413	461	-7,151
Other Services	6,835	12,686	75.1	455	289	-1,332
Management of Companies	510	955	30.6	2,467	252	4,068
Accomm and Food Services	2,290	5,526	19.1	265	184	-238
Educational Services	801	1,418	11.0	595	123	1,809
Arts, Entertainment, and Rec	870	1,654	10.1	469	96	-1,279
Agriculture	549	1,207	7.2	457	82	110
Transportation & Warehousing	1,534	2,952	22.1	575	36	-5,465
Utilities	143	321	3.2	771	35	31
Mining	455	878	13.3	1,165	-7	1,226
Manufacturing	2,154	4,773	34.4	554	-60	-34,445
Wholesale Trade	6,853	12,048	186.1	1,189	-86	-9,830
Information	1,585	2,985	40.9	1,055	-518	-29,395
Colorado Total	73,962	143,937	\$1,279.2	\$684	7,089	-112,238

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Between Q1 2001 and Q1 2004, total wages in all sectors fell by \$733 million, with decreases occurring in 10 of the 19 categories. However, total wages increased by \$73.6 million in the 1-4 employee category, and wages dropped in only 6 of the 19 sectors.

TABLE 19 - GROWTH OF TOTAL WAGES BY INDUSTRY 2001-2004
Ranked by Net Change in Wages

Industry Sector	Establishments with 1-4 Employees (Q1 2004)				Net Change in 1-4 Emp Wages	Net Change in Total Wages
	Estab	Emp	Wages	Avg Weekly Wages		
Finance and Insurance	5,476	10,838	\$137.8	\$978	\$27.3	\$75.6
Professional, Scientific and Technical Services	13,484	23,322	254.0	838	21.8	-123.4
Health Care & Social Assistance	4,846	10,199	93.2	703	10.2	317.6
Other Services	6,835	12,686	75.1	455	6.7	30.9
Real Estate & Rental & Leasing	5,199	9,529	69.1	558	6.6	30.7
Admin & Waste Services	3,902	7,618	57.0	576	5.2	-23.1
Wholesale Trade	6,853	12,048	186.1	1,189	4.6	-91.0
Construction	9,643	19,080	127.6	514	4.3	-170.7
Retail Trade	6,680	15,695	84.2	413	3.6	-0.5
Management of Companies	510	955	30.6	2,467	3.5	98.2
Agriculture	549	1,207	7.2	457	1.6	2.3
Accomm and Food Services	2,290	5,526	19.1	265	1.5	47.7
Arts, Entertainment, and Rec	870	1,654	10.1	469	0.5	-8.5
Utilities	143	321	3.2	771	-0.5	22.9
Educational Services	801	1,418	11.0	595	-0.6	17.4
Manufacturing	2,154	4,773	34.4	554	-2.0	-261.6
Mining	455	878	13.3	1,165	-2.2	30.8
Transportation & Warehousing	1,534	2,952	22.1	575	-4.0	-48.6
Information	1,585	2,985	40.9	1,055	-14.7	-680.8
Colorado Total	73,962	143,937	\$1,279.2	\$684	\$73.6	-\$733.0

Source: Colorado Department of Labor and Employment, Employment and Wage Data (ES202)

Hot Sectors

There are many ways to measure growth. For example, growth can be measured in terms of the number of firms created, jobs created, or jobs retained. The AEO identified the following areas as having potential growth in the microenterprises business segment: specialty foods; jewelry, arts, crafts, and gifts; clothing and textiles; furniture; computer technology; daycare; and environmental products and services.

The first four top growth segments identified by AEO are classified by NAICS as subsectors within the manufacturing sector; however, it is not possible to determine with ES202 data whether growth has occurred in these segments in Colorado. While the low entry and exit barriers make these segments conducive to growth, it should be noted that overall employment in the Colorado manufacturing sector has sharply declined over the past five years.

The fifth AEO growth segment, computer technology, is included in the Professional, Scientific, and Technical Services NAICS sector. This is an area that has considerable

potential for growth in Colorado, although training and equipment costs may present barriers. Computer technology shows promise for a number of reasons. First, Colorado has well-formed clusters of software and data storage firms, primarily in the metro areas. In addition, each of Colorado's 64 counties is wired through the Multi-Use Network, which makes it possible to work in this field in both rural and urban settings. Furthermore, there appears to be significant pent-up demand in this area. Many companies have not upgraded their computer technology since Y2K due to the recent recession.

The sixth AEO growth segment, environmental products and services, is an area that has received a great deal of attention recently and appears to be poised for growth. However, microenterprises face a number of potential barriers to entry, such as education and regulations.

Daycare, the final AEO growth segment, shows excellent potential for growth, although substantial insurance and regulatory issues exist.

RESULTS OF SURVEY OF COLORADO MICROENTERPRISES

Executive Summary

A survey was conducted to gain a better understanding of funding sources used by Colorado microenterprises, some of the problems they face, and their perception of the importance and availability of assistance to microenterprises in Colorado. A final aspect of the survey was to determine whether there might be a need for a state microenterprise intermediary.

Although a reasonable survey rate was ultimately reached, the steps that were taken point out a difficulty in working with microenterprises. They are not easy to identify, and they change rapidly.

Respondents were asked to identify critical problems facing Colorado microenterprises. Eight of the top 10 items related to management of costs and taxes. The remaining two items included federal paperwork and the ability to control their time. Ironically, many people are drawn to self-employment because they can be their own boss and have control of their time.

The microenterprises were asked to discuss issues relating to four areas of business assistance: access to capital, technical assistance, management assistance, and business plan training/assistance. Slightly over half of the survey respondents identified access to capital as being important, while less than half identified other forms of assistance as being important. Only about 40% of respondents indicated that these forms of business assistance were readily available. Less than half of the respondents indicated that they were satisfied with business assistance they had received.

The BRD has gone to great lengths to ensure the accuracy of the calculation of these survey responses; however, anecdotal evidence compiled from years of work with companies of all sizes and various Colorado public and private service providers suggests that the services provided to microentrepreneurs are more important than the companies may recognize and that they are typically provided in a manner that is valuable to the firms.

Despite concerns expressed by the microenterprises about the availability and quality of service, they offered some reasonable suggestions for improving service. Suggestions included widening the geographic scope of the services, and providing online services. The importance of advertising and publicizing services to microenterprises was also emphasized. A final suggestion was to provide consolidated group health insurance to microenterprises.

Finally, about three-fourths of the respondents expressed support for a state microenterprise intermediary. The primary concern about such an entity was whether it would expand bureaucracy.

Purpose

In order to gain a better understanding of the current state of the microenterprise business segment, a survey of Colorado microenterprise business owners was conducted. This survey was designed to:

- Identify funding sources,
- Identify problems facing microenterprises,
- Address issues relating to business assistance, and
- Examine thoughts about a state microenterprise intermediary.

Methodology

Companies were selected from a combination of public databases. A stratified random sample was selected based on industry and county distributions. In total, 1,000 surveys were mailed. Reminder postcards were sent to nonrespondents after 10 days. After another 10 days, a second survey was sent to those that still had not responded. A total of 231 surveys were returned due to bad addresses; 139 completed surveys were received for a response rate of roughly 18.1%. A copy of the survey can be found in Appendix C1.

Survey Results

Company Information

Roughly 61% had formed their companies since 1990. Only 15% of the companies have been operating since before 1980. The median firm size is two workers, including the owner. The median annual revenue is \$243,000.

When asked about the reasons for starting their own microenterprise, 19.4% of the respondents indicated that they were impulsive and seized an unexpected opportunity. An additional 17.3% indicated that they chose self-employment out of necessity as a way to get out of minimum wage labor. Only 2.2% inherited the responsibility through a family business. The majority of respondents (60%) had other reasons for starting their own business, including a desire for independence or to fulfill a lifelong dream.

Responding microenterprises came from a variety of industries. The largest percentage (24.8%) fell in the Professional and Business Services Sector. This was followed by Trade (16.8%), and Construction (12.4%). Roughly one-third of the responding microenterprises are owned by a woman, and just over 11% are minority owned.

Funding Sources

Survey participants were asked about funding sources they used for starting and growing their businesses. In both areas, the most common responses were family and friends, and financial institutions. Funds from family and friends were used more frequently to start

the business, and financial institutions were used most often to grow the business. Almost none of the respondents received funding from microlenders, Small Business Investment Corporations (SBICs), or angel investors. No respondents obtained funds from venture capitalists. A large number of respondents indicated that they used other sources of funding, such as personal savings.

Problems

Participants were asked to rate the severity of a number of potential problems on a scale of 1 to 5, with 5 being a critical problem. The following table shows the 10 items with the highest percentage of “4” and “5” ratings. It should be noted that this list of problems is comparable to the list of concerns identified in *Small Business Problems and Priorities*, the sixth annual study conducted by the NFIB Research Foundation and Wells Fargo.

Problem	Percentage of “4” or “5” Ratings	Top 10 Critical Problems from National Study
Cost of Health Insurance	72.8%	Cost of Health Insurance
Federal Taxes on Business Income	46.1	Cost and Availability of Liability Insurance
FICA (Social Security Taxes)	39.5	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil
Controlling My Own Time	39.1	Federal Taxes on Business Income
Cost and Availability of Liability Insurance	38.3	Cash Flow
Ability to Cost-Effectively Advertise	35.7	Property Taxes
Property Taxes	34.4	State Taxes on Business Income
State Taxes on Business Income	32.8	Electricity Costs (Rates)
Cash Flow	32.6	Poor Earnings
Federal Paperwork	29.1	Telephone Costs and Service

Source: BRD survey and NFIB Research Foundation.

Survey participants were also given an opportunity to offer any suggestions they had for furthering the growth of the microenterprise business segment in Colorado. In all, 63 participants chose to comment. Common themes in these open-ended comments were lower taxes or tax breaks, more affordable and available health and liability insurance, less government regulation, and better availability and easier access to financing, and availability of business assistance. The most popular area was health insurance; approximately 30% of the comments dealt with this issue. This was followed by taxes (28% of the comments), availability/ease of access to financing (21%), and government regulations (16%). A complete compilation of these comments is provided in Appendix B1.

Business Assistance

For the purpose of this study, microenterprise business assistance was divided into the following four areas:

- Business Plan Training - Assistance with writing or updating a business plan.
- Access to Capital - Assistance with completing the funding process or identifying potential lenders.
- Technical Assistance - Assistance with the process of developing or expanding the technical aspects surrounding the production of goods or the delivery of services.
- Management Assistance - Assistance with business operation such as financial, marketing, HR, business resources, or IT.

Importance of Business Assistance

Surveyed microenterprises were asked a series of questions about these four areas. The first question asked them to rate the importance of the four types of assistance on a scale of 1 to 5, ranging from not at all important (1) to very important (5). The results are shown in Table 21. Responding microenterprises identified access to capital as the most important area of assistance. The results were fairly similar, however, for all four areas.

Area of Assistance	Important	Unimportant
Access to Capital	56.5%	26.7%
Technical Assistance	44.0	35.6
Management Assistance	42.7	31.3
Business Plan Training/Assistance	41.3	35.1

Availability of Business Assistance

Respondents were then asked to rate the availability of these four services to microenterprises in Colorado on a five-point scale, ranging from unavailable (1) to available (5). Table 22 reveals that respondents felt the area of assistance most lacking in Colorado was access to capital. A significant number of respondents also indicated that the other services were not readily available.

Area of Assistance	Available	Unavailable
Access to Capital	25.4%	43.0%
Business Plan Training/Assistance	25.2	40.9
Management Assistance	26.0	39.1
Technical Assistance	25.6	34.2

Assistance Received

Respondents reported that business assistance was important, although most indicated that they had not received any during the past year. Roughly 18.0% indicated they had received technical assistance in the past year, and 18.0% had received assistance relating to the access of capital. Approximately 12.2% of the respondents indicated that they had received business plan training or assistance. Just over 10% had received management assistance.

Rating of Service Received

Finally, respondents were asked to rate their satisfaction with the assistance they had received on a five-point scale, ranging from very unsatisfied (1) to very satisfied (5). Overall, the four areas of assistance were rated about the same. In all four areas, about 40-45% of responding companies that had received services were either “satisfied” or “very satisfied.” Slightly more variation existed among the four areas in the “unsatisfied” or “very unsatisfied” ratings. Table 23 presents the total of very unsatisfied and unsatisfied responses for each type of assistance. Just under 50% of those who received business plan assistance or training were unsatisfied with that assistance.

Area of Assistance	Satisfied	Not Satisfied
Business Plan Training/Assistance	46.7%	46.7%
Technical Assistance	43.8	43.8
Management Assistance	39.3	42.9
Access to Capital	42.1	39.5

Improving Services

Survey participants were also asked in what ways they felt services to microenterprises could be consolidated in order to improve their delivery. In all, 32 respondents commented. A number of these suggested widening the geographic scope of the services and increasing their availability. The idea of providing online services was also mentioned several times. Additionally, the importance of advertising and publicizing the availability of services to microenterprises was emphasized. A number of responding companies also suggested providing consolidated group health insurance to microenterprises. Several survey participants felt that services consolidation was not needed, and that it would be too expensive and ineffective. A complete list of comments is included in Appendix B1.

Survey participants were also given an opportunity to provide any additional suggestions for improving the quality or availability of microbusiness support services. In all, 23 respondents offered comments. Again, several respondents suggested tax credits and less government regulation and paperwork, help in dealing with health insurance, and better advertising/publicizing of the services available to microenterprises. Complete comments can be found in Appendix B1.

State Microenterprise Intermediary

Finally, participants were asked about a state microenterprise intermediary (SMI), defined as a statewide strategy or institutional framework designed to attract new state-level funding that would be distributed to microenterprise development practitioners and service providers. Roughly 76% of the participants felt that efforts should be made to establish a SMI in Colorado; only 24% felt that one should not be established.

Participants were then given the opportunity to expand their answer to this question. A total of 52 respondents commented on establishing an SMI. A number of microenterprise business owners voiced concern about establishing such an agency. Even those survey participants who indicated that they support efforts to establish an SMI were concerned about creating a new organization. Opponents commented that such efforts would be too costly, would add another level of bureaucracy, and would not provide any real benefit to microenterprises. Other participants supported the effort, but emphasized the importance of having well-trained and experienced employees providing the assistance, and ensuring the assistance was made available to companies in all areas of the state. A number of respondents also suggested expanding the scope of such an agency beyond funding and into areas such as consulting and other types of business assistance. A complete summary of the comments, both pro and con, can be found in Appendix B1.

Metro versus Rural Microenterprises

Survey results were cross-examined based on the location of the responding company. The results from microenterprises within the state's 12 metro counties were compared with those from companies in the state's rural counties. Overall, 79% of the responding companies were located in the state's metro counties. This means the survey sample size was almost perfectly stratified to match the population of microenterprises (80% of total microenterprises are located in these 12 metro counties). Because only 20% of the responding companies were from rural areas, the sample size for these respondents is small. Results relating to the rural area should be used with care.

Results from the two groups varied somewhat. One difference is in the importance of the four forms of business assistance. For all forms of assistance, metro respondents rated them as more important than rural respondents. The gaps between the perceptions of importance for metro and rural were widest for management assistance and access to capital. The gaps in the perception of importance were narrower for technical assistance and business plan training, again with the metro area microenterprises placing a greater premium on these types of assistance than their rural counterparts.

In terms of availability of services, metro area respondents again rated all four forms of assistance higher than rural respondents. The differences in responses were significant for business plan training and technical assistance, but negligible for management assistance and access to capital.

While rural respondents generally perceived the four forms of business assistance as less important and less available than metro respondents, they were actually often more satisfied with the quality of the assistance they did receive. This gap was particularly noticeable for technical assistance. Rural respondents were also more satisfied than their metro area counterparts with the quality of the business plan training they had received. The two groups had fairly similar ratings of satisfaction with access to capital, and the metro respondents were more satisfied than those from rural areas in terms of the quality of management assistance they had received.

Conclusion

Theoretically, the microenterprise business segment has the greatest need of assistance, compared with other business areas. However, it is a challenge to provide this assistance for a variety of reasons. First, even with up-to-date databases, it is difficult to locate these businesses. A case in point: Efforts to administer this survey resulted in a very high number of bad addresses. In addition, many microenterprise owners are extremely busy or unwilling to spend time on tasks not directly related to their business. Furthermore, less than half of the respondents recognized the importance of technical, management, or business plan assistance. Similarly, less than half of the respondents felt that service was available and provided in a satisfactory manner. It should be noted, however, that responses varied somewhat between respondents from metro and rural locations.

RESULTS OF SURVEY OF MICROENTERPRISE DEVELOPMENT ORGANIZATIONS AND SERVICE PROVIDERS

Executive Summary

Entrepreneurial and small business activity is one of the most critical parts of the economy in Colorado, and often the least understood. In an effort to better understand the resources available to microenterprises in the state and issues facing microenterprise development, a survey of microenterprise service providers and development organizations was conducted. The survey was also designed to capture some of the “best practices” in microenterprise development that are being used by Colorado organizations.

One important point that came out of the survey effort was that many of the organizations and service providers that provide assistance to microenterprises were unable answer some of the survey questions because they did not track the requested information specific to microenterprises, i.e. they tracked information about services, provided; however they did not track information specifically for companies with less than five employees.

Nevertheless, the survey revealed a large network of organizations, firms, and individuals that provide a diverse range of services to microenterprises. A number of organizations surveyed expressed concern about the survey because they could not easily track the number of microenterprises they served. According to survey results, the network of programs that fall under auspices of the Office of Economic Development and International Trade provide most of the assistance to microenterprises. Just over 60% of the respondents helped fewer than 100 firms in the past year. Approximately 18% served between 100 and 400 microenterprise clients, and an additional 18% assisted more than 1,000 microenterprise clients. These results suggest that microenterprises represent only a small portion of many of these service providers’ clients.

Results show that the responding organizations target start-up and ongoing clients equally as often. Women and minority entrepreneurs are also frequently targeted. Assistance provided to new and existing firms vary across the economic spectrum, with Retail and Wholesale Trade representing about 40% of these firms. Professional and Business Services and Consumer and Personal (Other) Services each account for more than 20% of the firms assisted in the past year.

Private sources were the most frequent source of funding. Federal funding, contracts, and grants were the next most common sources of funding for survey participants. This was followed by fees for service.

The service providers tend to provide a number of direct services to microenterprises, coming close to a “one-stop shop” for assisting these firms. The practitioners were asked to rate the business assistance services provided to microenterprises. Not surprisingly, a

gap exists between these ratings and those of microenterprises, with the practitioner ratings higher.

The service providers were also asked to rank the importance of six microenterprise development resources to the services they provide. The most important factors were (in order) information on various microenterprise development funding sources, networking with policy or decision makers or lenders, and information on the microenterprise development funding process. These factors were followed by public policy advocacy for microenterprise development, performance data or statistics, and best practice research. At least half of the respondents rated all of these factors as important.

Microenterprise development practitioners voiced concern about the lack of capital available to microenterprises. Approximately two-thirds of respondents favored establishing a state microenterprise intermediary (SMI) as a means of attracting additional funding resources and support for microenterprises in Colorado. A number of respondents commented on establishing an SMI, including the benefits of a private organization opposed to another public agency.

Purpose of Survey

In an effort to better understand the resources available to microenterprises in Colorado, a survey of microenterprise service providers and development organizations was conducted. This survey was designed to serve multiple purposes. First, it would be used to create a more comprehensive directory of organizations and companies that provide services and support to the microenterprise business segment, and identify the types of assistance and resources that are available in Colorado. Second, the survey was aimed at discovering the issues and challenges currently facing microenterprise developers and service providers. Finally, the survey was intended to capture some of the “best practices” in microenterprise development that are being used by Colorado organizations.

Survey Methodology

The first step in the survey process was creating a list of potential microenterprise developers and other organizations or companies that provided services or assistance to microenterprises. Extensive efforts were put into creating this database of survey participants. The methodology for compiling the list follows:

- Started with current Colorado Alliance of Microenterprise Initiatives (CAMI) membership list.
- Added organizations from the FIELD directory of microenterprise programs.
- Added organizations from the AEO list of microenterprise organizations.
- Added accountants, capital sources, and business planning service providers from Rockies Venture Club Member list.
- Consulted public and microloan funding sources from the Office of Economic Development and International Trade (OEDIT).

- Consulted list of intermediary lenders participating in the U.S. SBA microloan program.
- Consulted list of U.S. SBA Women’s Business Center Programs.
- Ensured that local SBDC subcenters were included and contact info was updated based on most current list from OEDIT.
- Ensured that all local chapters of SCORE were included.
- Consulted the OEDIT *Small, Minority, and Women’s Business Resource Directory*.
- Added all SBIC licensees in the state from SBA web site.
- Consulted the *Directory for Development Organization 2004*.
<http://www.devdir.org/>
- Consulted the *Small Business Financial Resource Guide, 7th edition*, by the Association of Small Business Development Centers, and MasterCard.
- Consulted Denver Mayor’s Office of Economic Development small business resources guide.
- Consulted BUZGate – Business Utility Zone Gateway – small business resource partners.
- Consulted RTD Small Business Opportunity Office – small business resources.
http://www.rtd-denver.com/Business/small-business-resrc.htm#busi_dev
- Consulted the *2002 Colorado Biomedical Directory*.
- Consulted the *2004/2005 Colorado Photonics Directory*.

The fundamental idea behind creating the survey mailing list was to “cast a wide net,” and capture as many possible microenterprise practitioners and service providers as possible. Obviously, this approach has an adverse effect on a survey’s response rate (many of the entities receiving surveys are not in fact involved in microenterprise development), but it is beneficial in terms of compiling a more complete directory of microenterprise resources. All appropriate entities from the above sources were added. In total, the database comprised 448 Colorado organizations/companies that potentially provided assistance or services to microenterprises; they were all mailed surveys. Approximately 10 days after the survey was initially sent, postcard reminders were mailed to all nonrespondents. After another 10 days, those who had still not responded were sent another copy of the survey. In total, 42 surveys came back due to bad addresses, and 63 completed surveys were returned for a response rate of approximately 15%. Of the 63 completed surveys, 27 respondents indicated that they did not provide assistance or offer services to microenterprises, leaving a total of 36 completed surveys from microenterprise developers or service providers. A copy of the survey instrument is in Appendix C2.

Survey Results

One important point that came out of the survey effort was that many of the microenterprise development organizations and service providers were unable to provide answers to some or all of the questions as they did not keep track of the requested information about their clients, their operations, and so forth.

General Organization Information

Survey participants were first asked to estimate the number of microenterprises they had assisted in the past year. The data reveal that a considerable portion of the service providers aided only a small number of microenterprises, while several large microenterprise development practitioners provided assistance to a great number of microenterprises. Approximately 42% of responding service providers assisted 15 or fewer microenterprises in 2003. An additional 21% assisted between 15 and 100 microenterprises. Around 18% served between 100 and 400 microenterprise clients, and an additional 18% served more than 1,000 microenterprise firms. These results suggest that microenterprises are perhaps only a small portion of these service providers' clientele.

Survey participants were then asked about specific markets they target. Results show that the responding organizations target start-up and ongoing clients equally as often. Women and minority entrepreneurs are also frequently targeted. Table 24 lists the markets most frequently targeted by responding organizations.

Market	Percentage of Responding Organizations that Targeted Market
Start-up Business Clients	52.5%
Ongoing Business Clients	52.5
Minority Business Owners	33.9
Women Business Owners	32.2
Low-income Clients	23.7
Immigrant/Refugee Business Owners	10.2
Low-literacy Clients	10.2

Along similar lines, participants were asked in which industries the majority of their microenterprise clients work. Table 25 indicates the largest percentage work in the trade industry, either retail trade stores or wholesale good traders. These results vary somewhat from the analysis of ES202 data that indicated growth in the 2001-2004 period likely occurred in Professional, Scientific, and Technical Services; Finance and Insurance; Construction; Real Estate and Rental and Leasing; and Health Care and Education.

Industry	Percentage
Trade (Retail or Wholesale)	37.3%
Professional and Business Services	23.7
Consumer, Personal, and Other Services	22.0
Construction	18.6
Manufacturing	18.6
Information (publishing, software, internet)	15.3
Leisure and Hospitality (accommodations, food services, arts,	11.9

entertainment, and recreation)	
Health Care/Assistance, Child Care, Private Education	8.5
Financial Services or Real Estate	8.5

The microenterprise development organizations and service providers were then asked about their funding sources. The majority of the respondents depend on a variety of different sources for funding. Private sources were the most frequent source of funding. Of those who received some funding from private sources, roughly 38% indicated that it was the source of the majority of their funding. Federal funding, contracts, and grants were the next most frequently mentioned sources of funding for survey participants. Of the organizations that received at least a portion of their funding from the federal government, approximately 43% reported this was the source of the majority of their funding. The third most common source of funding was fees for services provided. Of those organizations that charged fees for their services, about 38% indicated that the majority of their funding came from the fees they earned. State funding, contracts, or grants were the next most frequently identified funding source. Approximately 50% of organizations receiving funding from the state of Colorado indicated that this was the source of the majority of their funding. Additional funding sources identified included gifts or foundation grants, city or local governments, fundraisers, or interest income from microloans.

The survey then asked respondents to rate their satisfaction with a number of factors related to the microenterprise business segment in Colorado on a scale of 1-5 (1 being Very Dissatisfied, 5 being Very Satisfied). Table 26 shows the percentage of respondents who were satisfied (either a 4 or 5 rating) and the percentage of respondents who were dissatisfied (either a 1 or 2 rating). The responding microenterprise developers and service providers were most satisfied with the quality of business plan training/assistance for microenterprises. This was followed by availability of support services to microenterprises and quality of management assistance. Quality of technical assistance also received fairly satisfactory ratings. Responding organizations were not satisfied with the accessibility of capital for microenterprises. Participants were even less satisfied with their client’s knowledge of the funding process for microenterprises and the public’s knowledge and awareness of the impact microenterprises have on the economy of Colorado.

TABLE 26 – SATISFACTION WITH SELECT FACTORS RELATED TO MICROENTERPRISE

Factor	Percentage Satisfied	Percentage Dissatisfied
Quality of Business Plan Training/Assistance for Microenterprises	60.7%	17.9%
Availability of Support Services to Microenterprises	55.5	22.2
Quality of Management Assistance for Microenterprises	53.6	17.9
Quality of Technical Assistance for Microenterprises	46.5	17.9
Capital Accessibility for Microenterprises	32.1	42.9
Public Knowledge of Impact of Microenterprises on the Economy	14.3	64.3
Knowledge of Funding Process by Microenterprises	13.8	51.7

The results point to a noticeable gap between the satisfaction of microenterprise service providers and that of microenterprises. Table 27 illustrates this. The service providers were far more satisfied with the quality of business plan, management, and technical assistance being provided in Colorado. However, in terms of access to capital for microenterprises, the companies were actually more satisfied than the service providers.

Factor	Service Providers Percentage Satisfied	Microenterprises Percentage Satisfied
Business Plan Training/Assistance	60.7%	46.7%
Management Assistance	53.6	39.3
Technical Assistance	46.5	43.8
Capital Accessibility	32.1	42.1

The survey of microenterprise developers and service providers then asked a pair of questions involving specific resources available to microenterprise development. The first asked respondents to rate the importance of these resources, and the second asked them to rate their satisfaction with the resources in Colorado. As Table 28 indicates, responding organizations felt that information on various microenterprise development funding sources was of the utmost importance.

Resource	Important	Unimportant
Information on various microenterprise development funding sources	73.4%	10.0%
Networking with policy or decision makers or lenders	68.9	17.2
Information on microenterprise development funding process	65.5	10.3
Public policy advocacy for microenterprise development	64.2	25.0
Performance data or statistics	53.6	25.0
Best practice research	50.0	21.4

Table 29 shows how respondents rated their satisfaction with the same factors. In general, satisfaction levels were not particularly high for any of the resources available to Colorado microenterprise developers. Survey participants were especially dissatisfied with public policy advocacy for microbusiness development.

Resource	Satisfied	Unsatisfied
Information on various microbusiness development funding sources	37.5%	28.1%
Best practice research	35.5	32.3
Information on microbusiness development funding process	34.4	34.4
Networking with policy or decision makers or lenders	32.3	41.9
Performance data or statistics	25.8	35.5
Public policy advocacy for microbusiness development	15.6	50.0

The microenterprise development organizations and service providers were also asked about the possibility of establishing an SMI, defined as a statewide strategy or institutional framework designed to attract new state-level funding to distribute to microenterprise development practitioners and service providers. Approximately two-

thirds of respondents indicated they support efforts to create an SMI in Colorado. Twenty-two participants offered comments on the matter. A review of these comments revealed that many organizations are leery of establishing another government agency. They feel that a private organization would be more efficient and effective. Others felt that these services were already available, and a new agency was not needed. The full range of comments can be found in Appendix B2.

Finally, organizations were asked what additional services or products they would provide to microenterprises if their budget was increased. Comments varied widely. A number of respondents indicated that they would like to expand the types of assistance they offer, particularly in the area of technical assistance. A number of companies reported that with additional funding they would offer more and larger loans to their clients. Respondents also frequently mentioned expanding the geographical area they serve. Other comments focused on the administrative/operational side of running their organization. With additional funding they would implement systems to better track clients and facilitate follow-ups; they would do more advertising, networking, and market research; and they would better train their employees. A complete list of comments can be found in Appendix B2.

The second section of the survey asked questions specific to the areas of assistance respondents offered. First, organizations were asked which of the four areas of assistance (business plan, management, technical, access to capital) they provided. They were then given additional questions specific to the area in which they worked. The majority of organizations provided service/assistance in multiple areas. Overall, approximately 40% of the responding organizations provided access to capital, 38% offered business plan training or assistance, 30% provided management assistance, and 24% offered technical assistance.

Business Plan Training/Assistance

First, organizations were asked to provide a brief description of the business plan training/assistance they provided to microenterprises. Responses varied widely in terms of both the focus and the style of the assistance. Some organizations focused purely on initial development of the business plan, while others concentrated on revising, critiquing and giving feedback. Some organizations were involved in both areas. Assistance was also provided in a variety of ways, including in a one-on-one setting, and in a classroom or seminar-style setting. Many providers used both styles of assistance. The full range of descriptions is listed in Appendix B2.

Approximately 58% of the microenterprises receiving business plan training/assistance from surveyed organizations were already in business. The remaining 42% were attempting to start a business. Responding practitioners estimated that, in total, roughly 38% of these start-ups are still in business today.

Organizations providing business plan assistance to microenterprises were asked about the fees associated with the services they provided. The majority of those responding

indicated that their services were free of charge. The organizations that did charge fees, which were typically for a series of 12-15 weekly courses, were priced in the \$200-\$500 range.

Next, organizations were asked which aspects of their business plan training/assistance, according to their clients, were most helpful. Answers varied greatly. Some items mentioned were networking, one-on-one assistance, marketing assistance, and ongoing support and follow-ups. Complete comments can be found in Appendix B2.

Finally, organizations were asked to describe any of their business plan training/assistance practices that they considered to be innovative. Several interesting practices were reported. Organizations used community leaders, business leaders, or peers to review clients' business plans. One organization used e-counseling to reach clients in more remote areas of the state. See the complete list of comments in Appendix B2.

Technical Assistance

Organizations were first asked to provide a brief description of the technical assistance they provided to microenterprises. Many of the respondents offered services related to production and processes, or specific areas such as intellectual property law, taxes, or accounting. A number of organizations also indicated that they referred clients to experts in different areas. Complete descriptions can be found in Appendix B2.

The majority of microenterprise clients that received technical assistance (72%) were already in business. The remaining 28% were attempting to start a business. Of these clients, it was estimated that about 82% are still in business today.

Responding organizations that provided technical assistance generally offered services free of charge. Consulting and referrals were almost always provided at no charge; more involved training sometimes involved a fee.

Technical assistance providers were also asked which aspects of their assistance clients found the most helpful. These included procuring and protecting patents from infringements, and prescreening community partners or field experts for referrals. Appendix B2 provides a complete list of the comments.

In terms of innovative practices offered by the technical service providers, respondents mentioned offering classes in different languages and at a variety of locations. See Appendix B2 for a list of comments.

Management Assistance

The range of management assistance offered to microenterprises was diverse. Financial skills were one of the most frequently emphasized areas of management assistance provided. Generally, this assistance focused on financial basics, such managing cash

flows, analyzing financial statements, budgeting, determining capital structure, and so forth. Complete descriptions can be found in Appendix B2.

Respondents estimated that approximately 55% of the microenterprises they provided with management assistance were already in business. The remaining 45% of clients were attempting to start a business. Of those, it was estimated that roughly 43% are still in business today.

The survey results indicate a number of opportunities for free management assistance to microenterprises. The majority of the organizations surveyed offered, at a minimum, free consulting or counseling. Moreover, many of them did not charge fees for any of their services.

Survey respondents reported their clients found customized or one-on-one assistance, and financial assistance (planning, management, and cash flow analysis) most helpful. Appendix B2 provides a complete list of comments.

Innovative practices mentioned by management assistance providers include the use of peer boards, personal/customized workshops, and partnerships with business experts throughout the community. Comments are included in Appendix B2.

Access to Capital

About half of the surveyed organizations in this area provide financing directly to clients. The remaining half refers clients to other sources and educates them on the funding process. In addition to providing capital, a number of responding companies also offer assistance in other areas, such as business plan review and management assistance. Complete descriptions are included in Appendix B2.

A typical loan provided to microenterprises is quite small. Approximately 53% of survey participants indicated that their average loan was less than \$50,000. About 20% indicated their average loan was between \$50,000 and \$100,000, while for less than 27% of the responding organizations the average loan was greater than \$100,000. Many of the organizations did offer larger loans to clients occasionally, but the maximum loans rarely exceeded \$250,000.

It was estimated that about 53% of clients that sought access to capital from the responding organizations were already in business; the remaining 47% were attempting to start a business. Of these, survey participants estimated that more than 80% are still in business today.

Providers of access to capital also noted the aspects of their assistance that clients found the most helpful. Relationships/connections with local banks and other possible financiers were frequently mentioned. Clients also found the combination of other services and types of assistance provided, in addition to the funding, to be beneficial. Organizations that combined loans with business plan assessment, management

assistance, or technical help were well received. Appendix B2 contains the full range of comments.

Innovative practices in microenterprise lending mentioned by respondents include making “house calls” on their clients, partnering with other lenders to reduce risk, providing funding in stages that relate to the meeting of specific company goals, and finding guarantees on loans. Comments are in Appendix B2.

Referrals

All survey participants were asked to identify the organizations to which they refer clients for additional assistance. By far the most frequent referrals were to local SBDCs. Other common referrals for business plan, management, or technical assistance were to organizations such as SCORE and CAMI, or to private consultants or local colleges and universities. In terms of access to capital, responding organizations frequently referred clients to the Revolving Loan Fund, the Colorado Enterprise Fund, the Rockies Venture Club, or local banks.

Conclusion

As with any research study, a number of important conclusions can be drawn from the survey results. First, the group of organizations, firms, and individuals providing services to microenterprises is quite large and diverse. Likewise, a wide range of services are offered. The focus of these providers is to assist and support small businesses, although most will help anyone who walks through the door, regardless of the size. They tend to not distinguish between microenterprise and small business. Furthermore, their clients are often difficult to track because there are low barriers to entry, they may relocate frequently in the early stages, and their business responsibilities are very time consuming. For these reasons, the microenterprise development organizations and service providers expressed difficulties in providing answers for some of the survey questions.

Respondents are generally satisfied with the availability and quality of the services available to microenterprises (not surprising, given the organizations surveyed were the ones providing these services). However, they were less satisfied with the public’s knowledge of the impact of microenterprise firms on the economy and their microenterprise clients’ knowledge of funding processes. These concerns can be addressed by increasing public awareness and improving the information available to microenterprise business owners. Such efforts are currently under way at organizations such as CAMI and the Microenterprise Development Advisory Council.

Microenterprise development providers also voiced concern about the lack of capital available to microenterprises. Most agreed that further efforts need to be made to find additional financial resources. One idea that approximately two-thirds of the respondents favored is establishing a state microenterprise intermediary (SMI) as a means of attracting additional funding resources and support for microenterprises in Colorado. A

number of respondents commented on approaches for establishing a SMI, including the benefits of a private organization versus a public agency.

The survey results also revealed an apparent disconnect between service providers and the microenterprises themselves. The company survey results show that microenterprises have concerns with the availability of support services and with the quality of those provided. Results from the service provider survey indicate the availability of a wide variety of services throughout the state, and general satisfaction with the quality of these services. Several actions can be taken to address the gap in perceptions of availability of services. Better marketing on behalf of the microenterprise service providers and efforts of an umbrella organization such as Colorado Association of Microenterprise Initiatives (CAMI) of the Microenterprise Development Advisory Council to increase awareness may help mitigate this issue. The gap in terms of perceptions of quality of these services is more difficult to address. It is important to realize that such a gap will probably always exist because it is difficult to measure expectations. There will always be a fundamental difference between the services offered by a practitioner and the expectations that the company may have.

BEST PRACTICES IN MICROENTERPRISE DEVELOPMENT

In recent years, a number of studies have centered on identifying best practices for small business and microenterprise development. One focus of the microenterprise developers' survey was to reveal best and innovative practices being used in Colorado. This section highlights some of the innovative approaches used by Colorado service providers and compares them with national best practices in the areas of business plan training, management assistance, technical assistance, and access to capital. The section concludes with an in-depth look at three recent national best practice studies.

Best Practices in Business Plan Training

The business plan is considered essential to successfully launching a microenterprise (or any) business. Furthermore, a strong business plan is often critical for gaining access to capital from nonfamily sources. Yet, many entrepreneurs do not have a good grasp of all the elements of starting and running a business. Often starting with a good product or service idea is not enough. For this reason, business plan training has become an integral part of microenterprise development.

In Colorado, business development practitioners have focused on helping new microenterprises create business plans. This assistance comes in several forms, including general courses, step-by-step assistance, and review of draft versions. Colorado service providers are modifying traditional approaches with ideas such as creating peer boards to review business plans, drawing on the expertise of both community and business leaders to assist in developing and evaluating plans, e-counseling with entrepreneurs throughout the state, linking mentor programs with business leaders, and using a team of local experts to produce business assessments reports with recommendations for business action plans.

Nationally, whether in group workshops or in one-on-one sessions, nearly all successful microenterprise development organizations provide some type of business plan training. Many organizations design their assistance programs around developing a business plan. Some organizations have had success with programs that go through the business plan one section at a time. Some debate has occurred on whether it is more important to focus on the thought process and research that go into creating a business plan, or on creating the plan itself.

Both approaches provide microentrepreneurs with valuable benefits. The process of developing a business plan offers entrepreneurs the opportunity to begin understanding all aspects of running a successful business, and helps them to recognize that a successful business is more than a good product or service. Moreover, the business plan assists entrepreneurs with gaining access to financing by providing potential lenders with an understanding of the business idea and a way to evaluate the risks associated with it. Even the act of writing the plan has several benefits. It is a starting point for creating a final product to present to potential investors, and completing the plan can provide a sense of accomplishment for the entrepreneur. For these reasons, a number of

microenterprise development organizations require their clients to submit a completed business plan before they can finish the program.

Best Practices in Management Assistance

A second core area of service is providing management training and assistance. Areas such as marketing and finance have been deemed critical and beneficial in helping microentrepreneurs not only get their businesses started, but also to prosper. Many organizations recognize the importance of these services during both the start-up phase and in an ongoing basis as the business grows and becomes sustainable.

A critical first step in providing this service is to assess the client's overall readiness to start a business. This includes examining prior business experience and family support, along with personal characteristics such as communication skills, organization skills, stress management, time management, motivation, and self-confidence. Readiness should also take into account possible barriers to success, such as transportation and child-care issues and substance abuse problems. These are all areas that need to be addressed prior to management training.

In Colorado, local and state service providers are creatively offering their services through peer boards and alliances. In this way, emerging and small business owners discuss and solve their issues together with other microenterprise owners. As a result, new business owners learn from each other's experiences and may be able to anticipate and avoid potential business pitfalls. Another approach is to link volunteer subject experts with the entrepreneur to address a specific problem or issue. Finally, several Colorado assistance providers have focused on providing training and services in either small group workshops (with 5 to 10 entrepreneurs) or on an individual basis.

Nationally, the main focus of management assistance tends to be in the two areas of finance and marketing. These skills tend to be the most important in starting a business. Teaching them, however, often requires very different approaches.

Marketing tends to be a favorite topic among microenterprise clients. It can involve active participation in a variety of fun and creative activities. Training generally focuses on two basic components of marketing: market research to determine the feasibility of the business idea and identify target markets, and planning and implementing the tasks associated with promoting the product or service. As the microenterprise evolves over time, the client's needs in marketing assistance will go beyond these core marketing areas. Many microenterprise development organizations use specialized workshops and training sessions to address client's needs in other areas of marketing.

Finance and accounting are subjects that tend to give entrepreneurs the most trouble learning and performing. While these skills are difficult to master, they are essential to running a viable business. Microenterprise development organizations have had success dividing the teaching of accounting and financial skills into small units, and spreading them throughout a program. Devoting entire sections of the program to these topics is

often overwhelming for microenterprise clients. Many assistance providers have broken these subjects into individual skill development sections, addressing the basics first. Generally, record-keeping, break-even analysis, pricing, and cash-flow are considered the basic financial skills needed to start a small business. Successful microenterprise development organizations also emphasize the importance of interpreting the numbers rather than simply calculating them. Helping clients understand what the numbers mean will help them develop and apply their financial skills to their own businesses. As the business evolves and the need for more complex and advanced skills in finance and accounting arises, many organizations offer in-depth workshops or programs.

Many assistance providers offer workshops on other subjects critical to the long-term success of the business. These workshops include hiring and training personnel and real estate primers for leasing retail or work space.

Best Practices in Technical Assistance

Some microenterprise development organizations have also started providing ongoing technical assistance to their clients on an individual basis. Technical assistance is generally growth-oriented, aimed at helping firms expand to serve more customers and different markets. In addition, most technical assistance is very industry specific. The expertise it requires is difficult for many organizations to provide. It is extremely beneficial to have a wide network of contacts in a variety of industries to whom clients' technical questions can be referred.

Colorado organizations encourage and use industry specific trade groups to assist microenterprises with effectively addressing technical and operational concerns. At the same time, general assistance, such as Spanish language training and simple translation services, is frequently provided. Microenterprise development organizations also prescreen questions and act as a referral service for more technical issues. It has been recognized that one of the frustrations of a business owner is meeting the conflicting time demands of researching answers to business and operation questions and running a business.

Best Practices in Access to Capital

The critical ingredient of developing an idea into an operating business is often capital. Microenterprise development organizations provide assistance with taking an idea and turning it into a workable business plan. The crucial next step is assisting the entrepreneur in understanding the loan process. In addition, some microenterprise development programs either administer loan programs themselves or are part of the community's financial system. By working with microenterprise clients, the organizations often act almost as a prescreening service for local and state loan entities, thus giving emerging firms much greater success in seeking capital. Furthermore, many lenders recognize that the relationship between a microenterprise development organization and an entrepreneur encourages additional education, training, and business assistance, which may lower the risk level of a new business venture.

Throughout Colorado, capital access and level of loan funds are listed as major concerns for small businesses. Public funds for loan programs and other financial assistance are limited. Due to the recent economic downturn, private loans and venture funds have also waned. Microenterprise development providers in Colorado have been innovative in meeting these funding issues by streamlining decision making for loan funds, monitoring and trouble-shooting client loan applications, holding investor forums, linking entrepreneurs with insufficient collateral with an angel loan guarantee, assisting in creating pool or team businesses for single loan applications, and identifying critical community service needs and obtaining special financing for entrepreneurs in those businesses.

Nationally, an examination of emerging best practices of lending to microenterprises revealed that a number of microcreditors and traditional programs focused on these firms successfully moved the application and review process on-line. This improved technology reduced transaction costs and paperwork, and allowed lenders to reach a larger client base at a lower cost.

Another national movement in microlending practice is that of writing group loans. Also called “peer lending,” these arrangements group three to five microenterprise borrowers together when applying for a loan. Each borrower serves as the guarantor on the other portions of the loan, which lowers risk on behalf of the lender, and reduces processing time and paperwork. Moreover, the group assumes the responsibility for screening its members, which lowers transaction costs for the lenders (Microenterprise Fact Sheet Series). Some groups also establish a savings fund to which members must contribute to help cover loan defaults. In addition to providing easier access to capital for microentrepreneurs, peer lending has numerous benefits. The lending groups can serve as a mechanism for peer support and networking, two vital components to successful entrepreneurship. The social benefits can be nearly as important as the financial ones (Microenterprise Fact Sheet Series). Based on the survey results of microenterprise development organizations and service providers, many Colorado microlenders have begun using group-loan programs.

In designing loan structure for microenterprises, it is important to take into account characteristics of the borrowers. Microloans are obviously much smaller and tend to be shorter term than typical business loans. Collateral requirements need to be fairly flexible, and repayment schedules should take into consideration the timing of the borrowers’ cash flows (US AID). Many microlenders use “stepped” loans, allowing entrepreneurs to take progressively larger loans based on their records of repayment (Microenterprise Fact Sheet Series). Microloan features are often tailored to the needs of low-income borrowers. Some lending programs have also had success offering very specialized loan products to market niches. By lending only to clients in a certain industry, or of a certain background, the lenders are able to design their loans to address the specific needs of their target group (Microenterprise Fact Sheet Series). Many entrepreneurs run their businesses off a personal credit card, and thus microenterprise loan programs compete with credit card companies in providing

emerging businesses with the necessary working capital. Although the interest rates are very high, credit cards provide microentrepreneurs with a relatively easy and fast source of capital. Microlender programs often distinguish themselves from credit cards with the management and technical assistance provided in conjunction with lending. However, some credit card companies recognize this client group and are increasingly providing microenterprise support as a means of differentiating themselves from other credit card firms.

Microfinance institutions (MFIs) and programs may have trouble accessing the capital they need in order to lend to microenterprises in the first place. Currently, many rely primarily on nonprofit organizations, grants, and so forth. In order for the microfinance sector to reach its full potential, MFIs must venture into the financial markets (Meehan 2004). The new levels of capital available in domestic and international markets will allow the microfinance sector to serve far more microenterprise clients. In recent years, MFIs around the world have had notable success entering the financial markets.

One international success story is SHARE, a poverty-focused MFI in India. In 2003, SHARE sold 25% of its loan portfolio to ICICI Bank, India's largest private bank. The deal provided benefits for both parties, and ultimately, India's poor benefited through increased levels of entrepreneurial capital to access. In another example, in 2002 Compartamos (a Mexican MFI) issued a \$10 million bond (Meehan 2004). This approach allowed access to the larger investment marketplace to obtain capital. The capital was backed by the potential pool of new and emerging businesses that would be created through the bond proceeds. Both examples illustrate the recent recognition of microfinance as an asset class. Microfinance institutions present an emerging market opportunity to investors. They offer high growth potential, and also appeal to socially conscience investors. So far, the emphasis has been on debt financing, but several MFIs have experimented with issuing shares of equity.

National Microenterprise Development Studies

Microenterprises are known to be an important source for income and employment in the United States. A growing number of studies are being conducted to identify the means by which organizations can best assist and support growing microenterprises in a community and state. The following is a brief look at three reports recently completed and their recommendations.

The FIELD Study

One of the more comprehensive studies performed in the area of microenterprise development was conducted between August 2002 and March 2004 by the Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD). The group published a six-volume series entitled *Best Practice Guide*. With input from microenterprise developers around the country, the study identified a number of best practices in delivering training and technical assistance to microenterprises. The

guides are intended to be used by microenterprise development organizations across the country as a tool for assessing their services against best practice standards, and improving the overall “product” that they deliver to their microenterprise clients.

The FIELD study found that microenterprise development organizations that were having the most success shared some commonalities. In general, these organizations were good at identifying the target market for their services and crafting their program around this target market—its needs, existing skills, strengths and weaknesses, etc. Furthermore, a successful microenterprise development program was generally flexible and able to adapt to the distinct and ever-changing needs of their clients. The successful programs were also those that had established a strong network of supporting and collaborating agencies in the business and government sectors. Finally, these organizations established methods for evaluating the effectiveness of their programs, and were able to continuously improve based on these evaluations.

The section that follows presents a more detailed look at some of the major findings from each of the six volumes of the FIELD Study. The best practices are grouped into five major categories – Finding and Assessing Training Clients; Basic Training for Microentrepreneurs and a Guide to Curricula; Consulting, Coaching, and Mentoring; Using Technology to Advance Microenterprise Development; and Networking.

Finding and Assessing Training Clients. In terms of finding and assessing possible microenterprise clients for training and technical assistance, the study found the following best practices:

- 1 – Engage in research efforts aimed at defining the overall size and location of the program’s target market.
- 2 – Conduct market research into the characteristics of the program’s key target clients.
- 3 – Conduct market research into the product and service needs of target customers.
- 4 – Research which marketing messages and modes of communication are most effective with target clients.
- 5 – Develop a marketing outreach plan that identifies key market outreach targets and methods.
- 6 – Clearly identify the program resources dedicated to marketing efforts (staff, materials development, etc.)
- 7 – Capture and analyze referral sources for all individuals who contact and enroll in the training/technical assistance program.
- 8 – Develop a system for evaluating the effectiveness of the various marketing approaches employed by your program.
- 9 – Implement an identified assessment process at the beginning of the training/technical assistance relationship that seeks to identify client readiness.
- 10 – Develop assessment tools or processes that seek to identify the clarity and viability of a potential customer’s business idea.
- 11 – Use assessment tools or processes that identify a potential customer’s entrepreneurial skills.

12 – Use assessment tools or processes that illuminate a client’s personal readiness to engage in business ownership.

13 – Develop a menu of microenterprise services/products that can be adapted to the business readiness of individual customers.

Basic Training for Microentrepreneurs and a Guide to Curricula. In the areas of providing basic training to clients and determining a program’s curriculum, the study found the following best practices:

1 – Identify the program’s target group based on its mission and capacity.

2 – Establish a profile of target clients that includes both business backgrounds and socioeconomic characteristics.

3 – Determine the likelihood of training homogenous or heterogeneous client groups.

4 – Design the program based on the characteristics of the program’s target markets.

5 – Design the core training to follow the process of writing a business plan.

6 – Choose the core skills to teach based on what clients need most to start their businesses.

7 – Pay special attention to the challenges of training clients to understand and use financial skills.

8 – Assess client-readiness to become self-employed and determine what nontechnical barriers to their success may arise.

9 – Base the format and length of the training course on the overall mission, the available resources, and the needs of clients.

10 – Select a curriculum that outlines the content of training and the process of delivering that content.

11 – Determine which skill-sets to prioritize in hiring staff.

12 – Find trainers who are both credible and approachable.

13 – Develop strategies for building staff training skills (i.e., training the trainers).

14 – Create a safe and effective learning environment.

14 – Evaluate and improve program curricula on a continuous basis.

15 – Adapt curriculum to changing client demands.

Consulting, Coaching, and Mentoring. In the areas of providing basic business consulting, coaching, and mentoring, the study found the following best practices:

1 – Recognize that clients come with a range of issues from a variety of industries.

Therefore, it is important to place great emphasis on putting together a strong team with the right skill set and sectoral knowledge.

2 – Extend the team resources through an effective network of organizations and individuals that can be called upon.

3 – Help clients to be clear about their goals and use these goals to select the technical assistance services they need.

4 – Create structures that use the consultants’ time efficiently.

5 – Foster the continuing development of the staff.

6 – Develop some mechanisms for cost recovery.

7 – Evaluate the program on both intermediate and final results.

Using Technology to Advance Microenterprise Development. In terms of using technology in microenterprise development programs, the study found the following best practices:

- 1 – Business needs must drive technology choices.
- 2 – Develop a technology plan based on available resources, client needs, and the program’s overall mission.
- 3 – Always consider the total cost of any technology initiative – maintaining, upgrading, staff training, etc.
- 4 – High-tech services offered in a program can serve not only as a way of more effectively delivering the program content, but also as a learning experience for the client.

Networking. The study emphasized the importance of creating a strong network of support for microenterprise development organizations. This network, which can consist of peer lending groups, Small Business Development Agencies, entrepreneur associations, alumni networks, industry sector networks, and community networks, can help microenterprise developers find clients, build the program’s credibility, and enhance the services the program provides.

National Women’s Business Council (NWBC)

The National Women’s Business Council released two studies relating to best practices in microenterprise development. The first, published in December 2002, is entitled “Getting to Success: Helping Women Business Owners Gain Access to Capital.” The study examined a number of organizations that provide training and assistance to women entrepreneurs seeking access to capital. While they vary in size and scope of assistance, the organizations shared the following common characteristics:

- Community Focus
- Feedback Response
- Realistic Expectations
- Staff Commitment and Experience

The second study prepared by the NWBC, entitled “Best Practices in Supporting Women’s Entrepreneurship in the United States,” profiled 24 of the most successful large women’s enterprise development organizations in the country. The study found that the majority of these organizations provide a variety of services for women entrepreneurs, from education, mentoring, and technical assistance, to networking assistance, certification, and access to capital. The study also found that public recognition of outstanding organizations would be beneficial to both the development organizations and women entrepreneurs themselves. The profiled organizations emphasized the importance of using fact-based information to guide their programs, and the importance of establishing strong partnerships with both the public and the private sectors.

Association for Enterprise Opportunity (AEO)

The Association for Enterprise Opportunity (AEO) is another organization actively involved in microenterprise development. As part of its “Rural Microenterprise Learning Cluster” project, a number of innovative practices in microenterprise development were identified. The project focused on several specific sectors important to rural economies: food, tourism, and artisan.

The study identified the following innovative practices in assisting microentrepreneurs in the food industry:

- **Develop Regional and Local Brands –**
Branding is very important for microenterprises. Food sector microenterprise programs have found it beneficial to create a single brand that their various clients can use. This provides an umbrella identity for the local microenterprises, but should still accommodate each client’s product line. A single brand also provides economies of scale that can greatly reduce marketing costs for the individual microentrepreneurs.
- **Take Advantage of Academic Institutions –**
Microenterprise development organizations have benefited greatly from forming partnerships with food technology/food science centers at local colleges and universities. These centers often have technology, laboratories, and facilities that can greatly help the organizations clients.
- **Assist with Product Development –**
One of the biggest challenges facing food sector microentrepreneurs is product development. Development organizations that actively assist their clients in this area have been very successful.

The AEO study also identified innovative practices in assisting microentrepreneurs in the tourism industry.

- **Provide and Promote Authenticity –**
Tourism sector microenterprise development programs should understand the local resources of an area and research tourism trends. It is also important to communicate with the local community and gain its support for the tourism efforts.
- **Create Events and Festivals –**
This can help connect entrepreneurs with larger markets.
- **Offer Industry-Specific Services –**
The tourism industry is a very unique sector of the economy. To best serve clients in the tourism sector, a microenterprise development organization needs to

gain expertise on the industry, and customize training programs to offer services specific to tourism.

The last section of the AEO study identified innovative practices in assisting artisans.

- **Access Local Markets through a Retail Store –**
Several microenterprise organizations that were studied opened their own retail store to sell the crafts of their clients. This gives microentrepreneurs easy access to a market, and provides them with an opportunity to obtain feedback for product development.
- **Provide Training and Support for Trade Shows –**
Programs that assist their clients in preparing for tradeshow have had success.
- **Consider E-Commerce –**
Several of the microenterprise development programs have used their own organization's web site to sell their client's products. This saves microentrepreneurs money by letting them market their goods jointly, and saves them from having to deal with the technical logistics of running an e-commerce web site.

CONCLUSION

The microenterprise business segment is a critical component of the Colorado economy, benefiting both rural and urban areas. In addition, microenterprises can offer important social benefits, such as empowerment, self-sufficiency, and alleviation of poverty. From an economic development standpoint, microenterprises can add jobs, provide supplemental income, and allow people to possibly work at wages higher than the minimum rate.

There are a number of different definitions of microenterprise, which complicates measuring and tracking this business segment. Because the missions of microenterprises are varied, ranging from starting the next Microsoft to supplementing a household's income by knitting scarves to be sold at craft shows, it is difficult to locate them, identify their needs, and provide services to them. Similarly, they may be highly volatile, poorly funded, and at times mismanaged. This complicates the task of locating them, offering services to them, and trying to increase their chances of success.

While microenterprises are often most in need of business services, they may not fully appreciate the value of these services or know where to find them. Sometimes the independent do-it-yourself spirit of the microentrepreneur also prevents them from seeking much-needed assistance. Services provided by practitioners are typically extremely valuable and available to many microenterprises. Unfortunately, a gap exists between services offered and they placed on them by the microenterprises. This gap exists because some service providers do not have realistic expectations. In addition, there are instances where some assistance is not legitimately valuable.

Currently, it is difficult to measure many of the impacts of microenterprises and microenterprise development because of the challenges mentioned above. Practitioners are optimistic that with increased support and awareness of this business segment, microenterprises can play an even greater role in economic and social development.

The newly formed Microenterprise Development Council is important in terms of creating public awareness of microenterprises and advocating for this business segment. The council also plays a critical role in coordinating and consolidating the assistance provided by the many microenterprise developers and service providers throughout the state. It is hoped that with increased support in the future, the council will continue to provide much-needed assistance to this vital segment of the Colorado economy.

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**APPENDIX A
DETAILED COMPARISON OF BUSINESS SIZE CLASS IN COLORADO
2001-2004**

Total All Industries

Between Q1 2001 and Q1 2004 the number of firms in Colorado increased by a CAGR of 1.4%. The number of firms with 1-4 employees increased at a slightly higher rate of 1.7%. About 57% of the total firms added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up 47% of the total firms in Colorado (not including nonemployer firms).

Between Q1 2001 and Q1 2004 overall employment in the state dropped by 1.5% annually, for a total of 112,238 jobs. During this period, employment in the 1-4 employee category increased at a rate of 1.3%, for a total of 7,089 jobs added. The 1-4 size category accounts for 8.1% of total state employment.

Between Q1 2001 and Q1 2004 total wages in Colorado decreased at an annual rate of 1.0%. In the 1-4 employee category, total wages increased 1.5% annually. Wages in this category account for 7.3% of total state wages.

Between Q1 2001 and Q1 2004 average weekly wages grew in Colorado at a CAGR of 0.5% compared to 0.2% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 10.9% below the total average wages at firms of all sizes.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
TOTAL – ALL INDUSTRIES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	69,192	70,212	72,172	73,962	4,770	1.7%
Total	149,039	152,520	155,666	157,480	8,441	1.4%
1-4 as % of total	46.4%	46.0%	46.4%	47.0%		
Employment						
1-4 Employees	136,848	138,262	141,367	143,937	7,089	1.3%
Total	1,879,122	1,800,122	1,755,490	1,766,884	-112,238	-1.5%
1-4 as % of total	7.3%	7.7%	8.1%	8.1%		
Total Wages (Millions)						
1-4 Employees	\$1,205.6	\$1,219.0	\$1,237.8	\$1,279.2	\$74	1.5%
Total	\$18,370.8	\$17,222.5	\$16,981.5	\$17,637.9	-\$733	-1.0%
1-4 as % of total	6.6%	7.1%	7.3%	7.3%		
Average Weekly Wage						
1-4 Employees	\$678	\$678	\$674	\$684	\$6	0.2%
Total	\$752	\$736	\$744	\$768	\$16	0.5%
1-4 as % of total	-9.8%	-7.9%	-9.4%	-10.9%		

Agriculture

Overall, the number of firms in the Agriculture, Forestry, Fishing, and Hunting Sector increased at a CAGR of 1.1%. Agricultural firms in the 1-4 employee category size grew 2.0% during this same period. About 76% of the agricultural firms added during this period were in the 1-4 employees category. Overall, firms in the 1-4 employee size category make up about 42% of the total agricultural firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Agriculture, Forestry, Fishing, and Hunting Sector increased at a CAGR of 0.2%. During this period, employment in the 1-4 employee category increased 1.8%. The 1-4 employee size category accounts for 9.5% of total agriculture, fishing, and hunting employment.

Between Q1 2001 and Q1 2004, total wages in the Agriculture, Forestry, Fishing, and Hunting Sector increased at a 0.8% annual rate. In the 1-4 employee category, total wages increased 6.5%. Wages in this category account for 10.2% of total state sector wages.

Between Q1 2001 and Q1 2004 average weekly wages for the Agriculture, Forestry, Fishing, and Hunting Sector grew at a CAGR of 0.6%, compared to 4.7% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 7.3% above the total sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
AGRICULTURE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	507	509	559	549	42	2.0%
Total	1,239	1,261	1,279	1,294	55	1.1%
1-4 as % of total	40.9%	40.4%	43.7%	42.4%		
Employment						
1-4 Employees	1,125	1,127	1,228	1,207	82	1.8%
Total	12,607	12,884	12,275	12,717	110	0.2%
1-4 as % of total	8.9%	8.7%	10.0%	9.5%		
Total Wages (Millions)						
1-4 Employees	\$5.6	\$6.5	\$7.2	\$7.2	\$1.6	6.5%
Total	\$68.1	\$70.1	\$69.2	\$70.4	\$2.3	0.8%
1-4 as % of total	8.2%	9.3%	10.4%	10.2%		
Average Weekly Wage						
1-4 Employees	\$381	\$444	\$451	\$457	\$76	4.7%
Total	\$416	\$418	\$434	\$426	\$10	0.6%
1-4 as % of total	-8.4%	6.2%	3.9%	7.3%		

Mining

The number of mining firms in the state remained stagnant between Q1 2001 and Q1 2004. Firms with 1-4 employees comprise about 48% of total mining firms.

Between Q1 2001 and Q1 2004, total employment in the Mining Sector increased at a CAGR of 2.4%. During this period, employment in the 1-4 employee category showed a negligible decrease. The 1-4 employee size category accounts for 6.5% of total mining employment.

Between Q1 2001 and Q1 2004, total wages in the Mining Sector increased at a CAGR of 3.3%. In the 1-4 employee category, total wages decreased 3.7% annually. Wages in this category account for 5.3% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Mining Sector grew at a CAGR of 0.9%, compared to a decline of 3.5% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 18.9% below the total Mining Sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
MINING						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	457	443	449	455	-2	-0.1%
Total	953	938	928	945	-8	-0.2%
1-4 as % of total	48.0%	47.2%	48.4%	48.1%		
Employment						
1-4 Employees	885	876	880	878	-7	-0.2%
Total	12,219	12,674	12,548	13,445	1,226	2.4%
1-4 as % of total	7.2%	6.9%	7.0%	6.5%		
Total Wages (Millions)						
1-4 Employees	\$15.5	\$13.8	\$13.4	\$13.3	-\$2.2	-3.7%
Total	\$220.2	\$231.6	\$209.4	\$251.0	\$30.8	3.3%
1-4 as % of total	7.0%	6.0%	6.4%	5.3%		
Average Weekly Wage						
1-4 Employees	\$1,345	\$1,210	\$1,171	\$1,165	-\$180	-3.5%
Total	\$1,386	\$1,406	\$1,284	\$1,436	\$50	0.9%
1-4 as % of total	-3.0%	-13.9%	-8.8%	-18.9%		

Utilities

The number of utilities firms in Colorado grew slightly between Q1 2001 and Q1 2004. Firms with 1-4 employees comprise about 45% of total utility firms.

Between Q1 2001 and Q1 2004, total employment in the Utilities Sector increased at an annual rate of 0.1%. During this period, Utilities Sector employment in the 1-4 employee category grew at a CAGR of 2.9%, for a total gain of 35 jobs. The 1-4 employee size category accounts for 4.1% of total sector employment.

Between Q1 2001 and Q1 2004, total wages in the Utilities Sector increased at a CAGR of 3.7%. In the 1-4 employee category, total wages decreased 3.8% annually. Wages in this size category account for 1.9% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Utilities Sector grew at a CAGR of 3.6%, compared to a decline at 6.6% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 53.4% below the sector's average wage in Colorado.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
UTILITIES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	134	143	144	143	9	1.6%
Total	321	312	318	317	-4	-0.3%
1-4 as % of total	41.7%	45.8%	45.3%	45.1%		
Employment						
1-4 Employees	286	310	314	321	35	2.9%
Total	7,841	8,186	8,172	7,872	31	0.1%
1-4 as % of total	3.6%	3.8%	3.8%	4.1%		
Total Wages (Millions)						
1-4 Employees	\$3.8	\$3.7	\$2.9	\$3.2	-\$0.5	-3.8%
Total	\$146.4	\$148.0	\$129.3	\$169.3	\$22.9	3.7%
1-4 as % of total	2.6%	2.5%	2.2%	1.9%		
Average Weekly Wage						
1-4 Employees	\$1,011	\$917	\$699	\$771	-\$240	-6.6%
Total	\$1,436	\$1,390	\$1,217	\$1,654	\$218	3.6%
1-4 as % of total	-29.6%	-34.0%	-42.6%	-53.4%		

Construction

Between Q1 2001 and Q1 2004, construction firms with 1-4 employees grew at a slightly higher CAGR than the total sector. Firms with 1-4 employees account for about 47% of total construction firms.

Between Q1 2001 and Q1 2004, total employment in the Construction Sector decreased at an annual rate of 3.3%, or 20,454 jobs. During this period, employment in the 1-4 employee category showed 1.1% annual increases, for a total gain of 781 jobs. The 1-4 employee size category accounts for 13.4% of total construction employment.

Between Q1 2001 and Q1 2004, total wages in the Construction Sector decreased 2.9% annually, for a total drop in wages of \$170.7 million. In the 1-4 employee category, total wages increased 0.9% annually. Wages in this category account for 9.5% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Construction Sector grew at a CAGR of 0.4%, compared to a decline of 0.2% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 29.4% below the sector's average wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
CONSTRUCTION						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	9,049	9,305	9,553	9,643	594	1.6%
Total	19,265	20,321	20,649	20,471	1,206	1.5%
1-4 as % of total	47.0%	45.8%	46.3%	47.1%		
Employment						
1-4 Employees	18,299	18,746	18,946	19,080	781	1.1%
Total	163,107	154,410	143,346	142,653	-20,454	-3.3%
1-4 as % of total	11.2%	12.1%	13.2%	13.4%		
Total Wages (Millions)						
1-4 Employees	\$123.3	\$127.0	\$131.7	\$127.6	\$4.3	0.9%
Total	\$1,520.4	\$1,450.1	\$1,363.6	\$1,349.7	-\$170.7	-2.9%
1-4 as % of total	8.1%	8.8%	9.7%	9.5%		
Average Weekly Wage						
1-4 Employees	\$518	\$521	\$535	\$514	-\$4	-0.2%
Total	\$717	\$722	\$732	\$728	\$11	0.4%
1-4 as % of total	-27.8%	-27.8%	-26.9%	-29.4%		

Manufacturing

Between Q1 2001 and Q1 2004, the number of total manufacturing firms decreased at a CAGR of 1.3%. The number of manufacturing firms with 1-4 employees decreased at a slightly lower rate of 0.6%. About 17% of the total manufacturing firms that were eliminated during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 37% of the total manufacturing firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Manufacturing Sector decreased by a CAGR of 5.0%, or a total loss of 34,445 jobs. During this period, manufacturing employment in the 1-4 employee category showed a 0.3% annual decrease, or a total loss of 60 jobs. The 1-4 employee size category accounts for 3.1% of total manufacturing employment.

Between Q1 2001 and Q1 2004, total wages in the Manufacturing Sector decreased 3.0% annually, for a total loss of \$261.6 million. In the 1-4 employee category, total manufacturing wages decreased at a CAGR of 1.4%. Wages in this category account for 1.7% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Manufacturing Sector grew at a CAGR of 2.1%, compared to a decline of 1.1% annualized for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 45.9% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
MANUFACTURING						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	2,208	2,139	2,153	2,154	-54	-0.6%
Total	6,218	6,067	5,954	5,893	-325	-1.3%
1-4 as % of total	35.5%	35.3%	36.2%	36.6%		
Employment						
1-4 Employees	4,833	4,666	4,771	4,773	-60	-0.3%
Total	187,305	167,779	157,073	152,860	-34,445	-5.0%
1-4 as % of total	2.6%	2.8%	3.0%	3.1%		
Total Wages (Millions)						
1-4 Employees	\$36.4	\$35.4	\$36.7	\$34.4	-\$2.0	-1.4%
Total	\$2,296.3	\$2,090.2	\$2,031.7	\$2,034.7	-\$261.6	-3.0%
1-4 as % of total	1.6%	1.7%	1.8%	1.7%		
Average Weekly Wage						
1-4 Employees	\$580	\$584	\$592	\$554	-\$26	-1.1%
Total	\$943	\$958	\$995	\$1,024	\$81	2.1%
1-4 as % of total	-38.5%	-39.0%	-40.5%	-45.9%		

Wholesale Trade

Between Q1 2001 and Q1 2004, the number of total wholesale trade firms increased by a CAGR of 0.3%. The number of wholesale trade firms with 1-4 employees increased at a slightly higher rate of 0.7%. During this period, 188 firms were added in the 1-4 employees category. The total number of firms added for the state was 160, which means that there was a decrease in the number of firms with more than four employees. Overall, firms in the 1-4 employee size category make up about 57% of the total wholesale trade firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Wholesale Trade Sector decreased at 2.5% annually, for a total loss of 9,830 jobs. During this period, wholesale trade employment in the 1-4 employee category showed a 0.2% annual decrease, or a total loss of 86 jobs. The 1-4 employee size category accounts for 13.2% of total wholesale trade employment.

Between Q1 2001 and Q1 2004, total wages in the Wholesale Trade Sector decreased at a CAGR of 1.7%, or a total of \$91 million. In the 1-4 employee category, total wages increased 0.6% annually. Wages in this category account for 14.7% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages and wages for the 1-4 employee category for the Wholesale Trade Sector both grew at a CAGR of 0.8%. Average weekly wages for the 1-4 employee category are 11.2% above the Wholesale Trade Sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
WHOLESALE TRADE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	6,665	6,633	6,798	6,853	188	0.7%
Total	11,924	12,287	12,175	12,084	160	0.3%
1-4 as % of total	55.9%	54.0%	55.8%	56.7%		
Employment						
1-4 Employees	12,134	11,837	12,129	12,048	-86	-0.2%
Total	101,034	95,661	92,355	91,204	-9,830	-2.5%
1-4 as % of total	12.0%	12.4%	13.1%	13.2%		
Total Wages (Millions)						
1-4 Employees	\$181.5	\$171.0	\$177.8	\$186.1	\$4.6	0.6%
Total	\$1,358.9	\$1,260.4	\$1,250.4	\$1,267.9	-\$91.0	-1.7%
1-4 as % of total	13.4%	13.6%	14.2%	14.7%		
Average Weekly Wage						
1-4 Employees	\$1,151	\$1,111	\$1,128	\$1,189	\$38	0.8%
Total	\$1,035	\$1,014	\$1,042	\$1,069	\$34	0.8%
1-4 as % of total	11.2%	9.6%	8.3%	11.2%		

Retail Trade

The Retail Trade Sector showed similar growth patterns to the Wholesale Trade Sector. Between Q1 2001 and Q1 2004, the number of total retail trade firms increased at a CAGR of 0.3%. The number of retail firms with 1-4 employees increased at a slightly higher rate of 0.7%. About 73% of the net firms added were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 37% of the total retail trade firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Retail Trade Sector decreased at a CAGR of 0.7%, for a total loss of 7,151 jobs. During this period, employment in the 1-4 employee category showed a 0.7% annual increase, for a total gain of 461 jobs. The 1-4 employee size category accounts for 6.7% of total retail trade employment.

Between Q1 2001 and Q1 2004, total wages in the Retail Trade Sector showed a slight decrease. In the 1-4 employee category, total wages increased at a CAGR of 1.1%. Wages in this category account for 5.9% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Retail Trade Sector grew at a CAGR of 0.8% compared to 0.4% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 11.6% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
RETAIL TRADE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	6,501	6,498	6,639	6,680	179	0.7%
Total	18,046	18,013	18,339	18,291	245	0.3%
1-4 as % of total	36.0%	36.1%	36.2%	36.5%		
Employment						
1-4 Employees	15,234	15,301	15,531	15,695	461	0.7%
Total	242,755	237,563	234,571	235,604	-7,151	-0.7%
1-4 as % of total	6.3%	6.4%	6.6%	6.7%		
Total Wages (Millions)						
1-4 Employees	\$80.6	\$81.3	\$82.1	\$84.2	\$3.6	1.1%
Total	\$1,429.3	\$1,428.2	\$1,416.5	\$1,428.9	-\$0.5	0.0%
1-4 as % of total	5.6%	5.7%	5.8%	5.9%		
Average Weekly Wage						
1-4 Employees	\$407	\$409	\$407	\$413	\$6	0.4%
Total	\$453	\$462	\$465	\$467	\$14	0.8%
1-4 as % of total	-10.2%	-11.5%	-12.5%	-11.6%		

Transportation and Warehousing

Between Q1 2001 and Q1 2004, the number of total transportation and warehousing firms and the number within the 1-4 employee category both increased at an annual rate of 0.6%. About 43% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 45% of the total transportation and warehousing firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Transportation and Warehousing Sector decreased at 2.2% annually, for a total loss of 5,465 jobs. During this period, employment in the 1-4 employee category showed a 0.3% annual increase, for a gain of 36 jobs. The 1-4 employee size category accounts for 4.9% of total transportation and warehousing employment.

Between Q1 2001 and Q1 2004, total wages in the Transportation and Warehousing Sector decreased at a CAGR of 2.1%, or a total of \$48.6 million. In the 1-4 employee category, total wages decreased 4.1% annually. Wages in this category account for 4.0% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Transportation and Warehousing Sector grew at a CAGR of 0.1%, compared to a decline at 4.4% annualized for the 1-4 employee category. Average weekly wages for the 1-4 employee category are about 19.5% below the total sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
TRANSPORTATION AND WAREHOUSING						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	1,497	1,512	1,488	1,534	37	0.6%
Total	3,360	3,392	3,447	3,446	86	0.6%
1-4 as % of total	44.6%	44.6%	43.2%	44.5%		
Employment						
1-4 Employees	2,916	2,938	2,855	2,952	36	0.3%
Total	65,475	60,614	61,250	60,010	-5,465	-2.2%
1-4 as % of total	4.5%	4.8%	4.7%	4.9%		
Total Wages (Millions)						
1-4 Employees	\$26.1	\$20.8	\$22.2	\$22.1	-\$4.0	-4.1%
Total	\$605.3	\$568.0	\$557.3	\$556.7	-\$48.6	-2.1%
1-4 as % of total	4.3%	3.7%	4.0%	4.0%		
Average Weekly Wage						
1-4 Employees	\$688	\$545	\$599	\$575	-\$113	-4.4%
Total	\$711	\$721	\$700	\$714	\$3	0.1%
1-4 as % of total	-3.2%	-24.4%	-14.4%	-19.5%		

Information

Between Q1 2001 and Q1 2004, the number of total information firms decreased by a CAGR of 4.1%. The number of information firms with 1-4 employees decreased at a slightly lower rate of 3.8%. About 40% of the total firms that were eliminated during this period were in the 1-4 employees category. Overall, firms in the 1-4 employee size category make up about 45% of the total information firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Information Sector decreased at a CAGR of 7.3%, for a loss of 29,395 jobs. During this period, employment in the 1-4 employee category showed a 3.9% annual decrease, for a loss of 518 jobs. The 1-4 employee size category accounts for 3.6% of total information employment.

Between Q1 2001 and Q1 2004, total wages in the Information Sector decreased by a CAGR of 9.1%, or a total of \$680.8 million. In the 1-4 employee category, total wages decreased by a CAGR of 7.4%. Wages in this category account for 2.8% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Information Sector declined at a CAGR of 1.9%, compared to a decline at 3.6% annualized for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 22.8% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
INFORMATION						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	1,847	1,775	1,716	1,585	-262	-3.8%
Total	4,205	3,959	3,783	3,556	-649	-4.1%
1-4 as % of total	43.9%	44.8%	45.4%	44.6%		
Employment						
1-4 Employees	3,503	3,302	3,174	2,985	-518	-3.9%
Total	111,999	96,177	85,738	82,604	-29,395	-7.3%
1-4 as % of total	3.1%	3.4%	3.7%	3.6%		
Total Wages (Millions)						
1-4 Employees	\$55.6	\$50.5	\$46.0	\$40.9	-\$14.7	-7.4%
Total	\$2,147.2	\$1,640.3	\$1,449.5	\$1,466.4	-\$680.8	-9.1%
1-4 as % of total	2.6%	3.1%	3.2%	2.8%		
Average Weekly Wage						
1-4 Employees	\$1,221	\$1,176	\$1,115	\$1,055	-\$166	-3.6%
Total	\$1,475	\$1,312	\$1,301	\$1,366	-\$109	-1.9%
1-4 as % of total	-17.2%	-10.4%	-14.3%	-22.8%		

Finance and Insurance

Between Q1 2001 and Q1 2004, the number of total finance and insurance firms increased at a CAGR of 3.7%. Unlike most other categories, the total number within the 1-4 employee category increased at a strong, but lower rate, 3.0%. About 45% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 53% of the total finance and insurance firms in Colorado.

Between Q1 2001 and Q1 2004 total employment in the Finance and Insurance Sector increased at a CAGR of 0.3%, for a total gain of 1,429 jobs. During this period, employment in the 1-4 employee category showed a 3.2% annual increase, for a total gain of 1,293 jobs. The 1-4 employee size category accounts for 10.5% of total finance and insurance employment.

Between Q1 2001 and Q1 2004, total wages in the Finance and Insurance Sector increased by a CAGR of 1.1%, or a total of \$75.6 million. In the 1-4 employee category, total wages increased at 5.7% annually, accounting for 36.1% of the total sector wage gain. Wages in this category account for 8.1% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Finance and Insurance Sector grew at a CAGR of 0.8%, compared to 2.4% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 23.0% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
FINANCE AND INSURANCE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	4,859	5,080	5,354	5,476	617	3.0%
Total	8,908	9,326	9,743	10,284	1,376	3.7%
1-4 as % of total	54.5%	54.5%	55.0%	53.2%		
Employment						
1-4 Employees	9,545	10,013	10,507	10,838	1,293	3.2%
Total	102,179	102,825	102,721	103,608	1,429	0.3%
1-4 as % of total	9.3%	9.7%	10.2%	10.5%		
Total Wages (Millions)						
1-4 Employees	\$110.5	\$131.4	\$130.1	\$137.8	\$27.3	5.7%
Total	\$1,635.2	\$1,564.0	\$1,609.5	\$1,710.7	\$75.6	1.1%
1-4 as % of total	6.8%	8.4%	8.1%	8.1%		
Average Weekly Wage						
1-4 Employees	\$890	\$1,010	\$953	\$978	\$88	2.4%
Total	\$1,231	\$1,170	\$1,205	\$1,270	\$39	0.8%
1-4 as % of total	-27.7%	-13.7%	-20.9%	-23.0%		

Real Estate and Rental and Leasing

Between Q1 2001 and Q1 2004, the number of total real estate and rental and leasing firms increased at a CAGR of 2.7%. The number within the 1-4 employee category increased at a slightly higher rate of 2.8%. About 59% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 58% of the total rental and real estate and leasing firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Real Estate and Rental and Leasing Sector decreased at a CAGR of 0.4%. During this period, employment in the 1-4 employee category showed a 2.1% annual increase. The 1-4 employee size category accounts for 20.7% of total real estate and rental and leasing employment.

Between Q1 2001 and Q1 2004, total wages in the Real Estate and Rental and Leasing Sector increased at a CAGR of 2.0%. In the 1-4 employee category, total wages increased 2.5% annually. Wages in this category account for 16.8% of total state sector wages.

Between Q1 2001 and Q1 2004 overall average weekly wages for the Real Estate and Rental and Leasing Sector grew at a CAGR of 2.4%, compared to 0.5% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 19.0% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
REAL ESTATE AND RENTAL AND LEASING						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	4,660	4,834	4,994	5,199	539	2.8%
Total	8,113	8,346	8,732	9,032	919	2.7%
1-4 as % of total	57.4%	57.9%	57.2%	57.6%		
Employment						
1-4 Employees	8,774	8,997	9,383	9,529	755	2.1%
Total	46,753	45,867	45,951	45,979	-774	-0.4%
1-4 as % of total	18.8%	19.6%	20.4%	20.7%		
Total Wages (Millions)						
1-4 Employees	\$62.5	\$65.6	\$67.1	\$69.1	\$6.6	2.5%
Total	\$381.0	\$380.6	\$402.4	\$411.8	\$30.7	2.0%
1-4 as % of total	16.4%	17.2%	16.7%	16.8%		
Average Weekly Wage						
1-4 Employees	\$548	\$561	\$550	\$558	\$10	0.5%
Total	\$627	\$638	\$674	\$689	\$62	2.4%
1-4 as % of total	-12.6%	-12.1%	-18.4%	-19.0%		

Professional, Scientific, and Technical Services

Between Q1 2001 and Q1 2004, the number of total professional, scientific, and technical service firms increased at a CAGR of 2.0%. The total number within the 1-4 employee category increased at a higher rate of 2.7%. About 79% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 59% of the total professional, scientific, and technical service firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Professional, Scientific, and Technical Services Sector decreased at an annual rate of 2.1%, for a total loss of 12,591 jobs. During this period, employment in the 1-4 employee category showed a 2.2% annual increase, or a gain of 1,945 jobs. The 1-4 employee size category accounts for about 16.2% of total professional and technical service employment.

Between Q1 2001 and Q1 2004, total wages in the Professional, Scientific, and Technical Services Sector decreased at a CAGR of 1.4%. In the 1-4 employee category, total wages increased 2.3% annually. Wages in this category account for 11.6% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Professional, Scientific, and Technical Services Sector grew at a CAGR of 0.7%, compared to 0.1% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 28.4% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	12,108	12,422	12,860	13,484	1,376	2.7%
Total	21,086	21,789	22,396	22,830	1,744	2.0%
1-4 as % of total	57.4%	57.0%	57.4%	59.1%		
Employment						
1-4 Employees	21,377	21,905	22,524	23,322	1,945	2.2%
Total	156,320	145,609	139,938	143,729	-12,591	-2.1%
1-4 as % of total	13.7%	15.0%	16.1%	16.2%		
Total Wages (Millions)						
1-4 Employees	\$232.1	\$231.4	\$233.1	\$254.0	\$21.8	2.3%
Total	\$2,308.7	\$2,124.7	\$2,036.7	\$2,185.3	-\$123.4	-1.4%
1-4 as % of total	10.1%	10.9%	11.4%	11.6%		
Average Weekly Wage						
1-4 Employees	\$835	\$813	\$796	\$838	\$3	0.1%
Total	\$1,136	\$1,122	\$1,120	\$1,170	\$34	0.7%
1-4 as % of total	-26.5%	-27.5%	-28.9%	-28.4%		

Management of Companies and Enterprises

Between Q1 2001 and Q1 2004, the number of total management companies increased at a CAGR of 5.7%. The total number within the 1-4 employee category increased at a higher rate of 8.1%. About 62% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 47% of the total management service firms in Colorado. Because of the small base of companies in this sector, the impressive growth rates should be viewed with caution.

Between Q1 2001 and Q1 2004, total employment in the Management of Companies and Enterprises Sector increased at a CAGR of 5.2%, or 4,068 jobs. During this period, employment in the 1-4 employee category showed an 8.0% annualized increase, for a total gain of 252 jobs. The 1-4 employee size category accounts for 4.3% of total sector employment.

Between Q1 2001 and Q1 2004, total wages in the Management of Companies and Enterprises Sector increased at a CAGR of 5.3%, or \$98.2 million. In the 1-4 employee category, total wages increased 3.1% annually. Wages in this category account for 5.8% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Management of Companies and Enterprises Sector grew at a CAGR of 0.1% compared to a decrease of 4.5% annualized for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 34.7% above the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004 MANAGEMENT OF COMPANIES AND ENTERPRISES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	374	416	446	510	136	8.1%
Total	872	943	999	1,090	218	5.7%
1-4 as % of total	42.9%	44.1%	44.6%	46.8%		
Employment						
1-4 Employees	703	772	860	955	252	8.0%
Total	18,059	18,677	20,077	22,127	4,068	5.2%
1-4 as % of total	3.9%	4.1%	4.3%	4.3%		
Total Wages (Millions)						
1-4 Employees	\$27.1	\$23.7	\$24.7	\$30.6	\$3.5	3.1%
Total	\$428.8	\$357.4	\$410.8	\$526.9	\$98.2	5.3%
1-4 as % of total	6.3%	6.6%	6.0%	5.8%		
Average Weekly Wage						
1-4 Employees	\$2,968	\$2,363	\$2,211	\$2,467	-\$501	-4.5%
Total	\$1,827	\$1,472	\$1,574	\$1,832	\$5	0.1%
1-4 as % of total	62.5%	60.5%	40.5%	34.7%		

Administrative Support and Waste Management Services

Between Q1 2001 and Q1 2004, the number of total administrative and waste management companies increased at a CAGR of 1.5%. The total number within the 1-4 employee category increased at higher rate of 2.6%. About 77% of the total firms that were added during this period were in the 1-4 employees category. Overall, firms in the 1-4 employee size category make up about 44% of the total administrative and waste management companies in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Administrative Support and Waste Management Services Sector decreased at a CAGR of 2.7%, for a loss of 14,164 jobs. During this period, employment in the 1-4 employee category showed a 2.4% annualized increase, for a total gain of 701 jobs. The 1-4 employee size category accounts for 6.2% of total administrative and waste service employment.

Between Q1 2001 and Q1 2004, total wages in the Administrative Support and Waste Management Services Sector decreased at a CAGR of 0.6%. In the 1-4 employee category, total wages increased at an annualized rate of 2.4%. Wages in this category account for 6.5% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Administrative Support and Waste Management Services Sector grew at a CAGR of 2.1%. Average weekly wages were flat within the 1-4 employee category. Average weekly wages for the 1-4 employee category are 5.1% above the total sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
ADMINISTRATIVE AND WASTE SERVICES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	3,518	3,643	3,770	3,902	384	2.6%
Total	8,377	8,701	8,841	8,874	497	1.5%
1-4 as % of total	42.0%	41.9%	42.6%	44.0%		
Employment						
1-4 Employees	6,917	7,155	7,390	7,618	701	2.4%
Total	137,632	124,833	120,119	123,468	-14,164	-2.7%
1-4 as % of total	5.0%	5.7%	6.2%	6.2%		
Total Wages (Millions)						
1-4 Employees	\$51.8	\$55.0	\$57.7	\$57.0	\$5.2	2.4%
Total	\$902.8	\$857.4	\$853.7	\$879.7	-\$23.1	-0.6%
1-4 as % of total	5.7%	6.4%	6.8%	6.5%		
Average Weekly Wage						
1-4 Employees	\$576	\$591	\$601	\$576	\$0	0.0%
Total	\$505	\$528	\$547	\$548	\$43	2.1%
1-4 as % of total	14.1%	11.9%	9.9%	5.1%		

Educational Services

Between Q1 2001 and Q1 2004, the number of total educational services (i.e. private education) firms increased at a CAGR of 2.9%. The total number within the 1-4 employee category increased at a higher rate of 3.4%. About 52% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 45% of the total educational service companies in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Educational Services Sector increased at a CAGR 2.0%, or 1,809 jobs. During this period, employment in the 1-4 employee category showed a 2.3% annualized increase, or a gain of 123 jobs. The 1-4 size category accounts for 6.1% of total sector employment.

Between Q1 2001 and Q1 2004, total wages in the Educational Services Sector increased by a CAGR of 2.7%. In the 1-4 employee category, total wages decreased at an annualized rate of 1.3%. Wages in this category account for 6.4% of total state sector wages.

Between Q1 2001 and Q1 2004 overall average weekly wages for the Educational Services Sector grew at a CAGR of 0.7% compared to a decrease of 3.5% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 5.7% above the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
EDUCATIONAL SERVICES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	700	737	760	801	101	3.4%
Total	1,591	1,647	1,705	1,784	193	2.9%
1-4 as % of total	44.0%	44.7%	44.6%	44.9%		
Employment						
1-4 Employees	1,295	1,372	1,358	1,418	123	2.3%
Total	21,599	22,026	22,596	23,408	1,809	2.0%
1-4 as % of total	6.0%	6.2%	6.0%	6.1%		
Total Wages (Millions)						
1-4 Employees	\$11.6	\$10.9	\$11.0	\$11.0	-\$0.6	-1.3%
Total	\$153.9	\$154.1	\$164.9	\$171.3	\$17.4	2.7%
1-4 as % of total	7.5%	7.1%	6.7%	6.4%		
Average Weekly Wage						
1-4 Employees	\$687	\$609	\$622	\$595	-\$92	-3.5%
Total	\$548	\$538	\$561	\$563	\$15	0.7%
1-4 as % of total	25.4%	13.2%	10.9%	5.7%		

Health Care and Social Assistance

Between Q1 2001 and Q1 2004 the number of total health care and social assistance firms increased at a CAGR of 2.7%. The total number within the 1-4 employee category also increased at an annualized rate of 2.7%. About 42% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 43% of the total health care and social assistance companies in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Health Care and Social Assistance Sector increased at an annualized rate of 2.2%, or 16,083 jobs. During this period, employment in the 1-4 employee category showed a 1.6% CAGR, for a total addition of 629 jobs. The 1-4 employee size category accounts for 5.3% of total sector employment.

Between Q1 2001 and Q1 2004, total wages in the Health Care and Social Assistance Sector increased at a CAGR of 5.4%, or \$317.6 million. In the 1-4 employee category, total wages increased 2.9% annually. Wages in this category account for 5.5% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Health Care and Social Assistance Sector grew at a CAGR of 3.1%, compared to an increase of 1.3% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are about 3.4% above the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
HEALTH CARE AND SOCIAL ASSISTANCE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	4,363	4,467	4,639	4,846	483	2.7%
Total	10,231	10,532	11,000	11,388	1,157	2.7%
1-4 as % of total	42.6%	42.4%	42.2%	42.6%		
Employment						
1-4 Employees	9,570	9,727	9,944	10,199	629	1.6%
Total	174,905	181,868	186,640	190,988	16,083	2.2%
1-4 as % of total	5.5%	5.3%	5.3%	5.3%		
Total Wages (Millions)						
1-4 Employees	\$83.0	\$90.7	\$91.6	\$93.2	\$10.2	2.9%
Total	\$1,369.9	\$1,491.1	\$1,595.6	\$1,687.5	\$317.6	5.4%
1-4 as % of total	6.1%	6.1%	5.7%	5.5%		
Average Weekly Wage						
1-4 Employees	\$667	\$717	\$709	\$703	\$36	1.3%
Total	\$602	\$631	\$658	\$680	\$78	3.1%
1-4 as % of total	10.8%	13.6%	7.8%	3.4%		

Arts, Entertainment, and Recreation

Between Q1 2001 and Q1 2004, the number of total arts, entertainment, and recreation firms increased at a CAGR of 3.2%. Unlike most other categories, the total number within the 1-4 employee category increased at a solid, but lower rate of 2.2%. About 26% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 37% of the total arts, entertainment, and recreation firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Arts, Entertainment, and Recreation Sector decreased at a CAGR of 0.7%, for a total loss of 1,279 jobs. During this period, employment in the 1-4 employee category showed a 1.5% annualized increase. The 1-4 employee size category accounts for 3.7% of total arts, entertainment, and recreation employment.

Between Q1 2001 and Q1 2004, total wages in the Arts, Entertainment, and Recreation Sector decreased at a CAGR of 0.7%. In the 1-4 employee category, total wages increased at a rate of 1.3% annually. Wages in this category account for 3.5% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Arts, Entertainment, and Recreation Sector declined at a CAGR of 0.1%, compared to a decline at 0.2% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 5.1% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
ARTS, ENTERTAINMENT, AND RECREATION						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	796	802	833	870	74	2.2%
Total	2,092	2,172	2,243	2,373	281	3.2%
1-4 as % of total	38.0%	36.9%	37.1%	36.7%		
Employment						
1-4 Employees	1,558	1,535	1,556	1,654	96	1.5%
Total	45,544	44,207	42,200	44,265	-1,279	-0.7%
1-4 as % of total	3.4%	3.5%	3.7%	3.7%		
Total Wages (Millions)						
1-4 Employees	\$9.6	\$8.8	\$10.2	\$10.1	\$0.5	1.3%
Total	\$292.9	\$295.9	\$286.4	\$284.3	-\$8.5	-0.7%
1-4 as % of total	3.3%	3.0%	3.5%	3.5%		
Average Weekly Wage						
1-4 Employees	\$473	\$442	\$503	\$469	-\$4	-0.2%
Total	\$495	\$515	\$522	\$494	-\$1	-0.1%
1-4 as % of total	-4.4%	-14.2%	-3.6%	-5.1%		

Accommodations and Food Services

Between Q1 2001 and Q1 2004, the number of total accommodations and food service firms increased at a CAGR of 1.9%. Unlike most other categories, the total number within the 1-4 employee category increased at a solid, but lower rate, 1.5%. About 16% of the total firms that were added during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 20% of the total food service firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Accommodations and Food Services Sector decreased negligibly. During this period, employment in the 1-4 employee category showed a 0.9% annualized increase. The 1-4 employee size category accounts for 2.7% of total accommodations and food services employment.

Between Q1 2001 and Q1 2004, total wages in the Accommodations and Food Services Sector increased by a CAGR of 1.7%. In the 1-4 employee category, total wages increased at an annualized rate of 2.1%. Wages in this category account for 2.6% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Accommodations and Food Services Sector grew at a CAGR of 1.7%, compared to an increase of 1.2% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 4.7% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
ACCOMMODATIONS AND FOOD SERVICE						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	2,157	2,159	2,171	2,290	133	1.5%
Total	10,462	10,679	10,964	11,283	821	1.9%
1-4 as % of total	20.6%	20.2%	19.8%	20.3%		
Employment						
1-4 Employees	5,342	5,299	5,366	5,526	184	0.9%
Total	205,649	201,887	202,654	205,411	-238	0.0%
1-4 as % of total	2.6%	2.6%	2.6%	2.7%		
Total Wages (Millions)						
1-4 Employees	\$17.5	\$20.7	\$17.8	\$19.1	\$1.5	2.1%
Total	\$695.7	\$688.8	\$720.7	\$743.5	\$47.7	1.7%
1-4 as % of total	2.5%	3.0%	2.5%	2.6%		
Average Weekly Wage						
1-4 Employees	\$253	\$301	\$255	\$265	\$12	1.2%
Total	\$260	\$262	\$274	\$278	\$18	1.7%
1-4 as % of total	-2.7%	14.9%	-6.9%	-4.7%		

Consumer and Personal (Other) Services

Between Q1 2001 and Q1 2004, the number of Consumer and Personal (Other) Services firms increased at a CAGR of 0.9%. Unlike most other categories, the total number within the 1-4 employee category increased at a lower rate of 0.6%. About 37% of the total firms that were added in this sector during this period were in the 1-4 employee category. Overall, firms in the 1-4 employee size category make up about 57% of the total other service firms in Colorado.

Between Q1 2001 and Q1 2004, total employment in the Consumer and Personal (Other) Services Sector decreased at a CAGR of 0.5%. During this period, employment in the 1-4 employee category showed a 0.6% CAGR increase. The 1-4 employee size category accounts for 19.6% of other services employment.

Between Q1 2001 and Q1 2004, total wages in the Consumer and Personal (Other) Services Sector increased at a CAGR of 1.8%. In the 1-4 employee category, total wages increased at a CAGR of 2.4%. Wages in this category account for 17.1% of total state sector wages.

Between Q1 2001 and Q1 2004, overall average weekly wages for the Consumer and Personal (Other) Services Sector grew at a CAGR of 2.3%, compared to an increase of 1.8% for the 1-4 employee category. Average weekly wages for the 1-4 employee category are 12.7% below the sector's average weekly wage.

COLORADO COMPARISON OF BUSINESS SIZE CLASS 2001-2004						
CONSUMER AND PERSONAL (OTHER) SERVICES						
	Q1 2001	Q1 2002	Q1 2003	Q1 2004	Net Change 2001-2004	CAGR 2001-2004
Number of Firms						
1-4 Employees	6,677	6,633	6,763	6,835	158	0.6%
Total	11,560	11,662	11,900	11,986	426	0.9%
1-4 as % of total	57.8%	56.9%	56.8%	57.0%		
Employment						
1-4 Employees	12,397	12,289	12,546	12,686	289	0.6%
Total	65,968	66,258	65,137	64,636	-1,332	-0.5%
1-4 as % of total	18.8%	18.5%	19.3%	19.6%		
Total Wages (Millions)						
1-4 Employees	\$68.4	\$69.4	\$72.4	\$75.1	\$6.7	2.4%
Total	\$407.0	\$420.1	\$421.5	\$437.9	\$30.9	1.8%
1-4 as % of total	16.8%	16.5%	17.2%	17.1%		
Average Weekly Wage						
1-4 Employees	\$424	\$434	\$444	\$455	\$31	1.8%
Total	\$475	\$488	\$498	\$521	\$46	2.3%
1-4 as % of total	-10.7%	-11.1%	-10.8%	-12.7%		

**APPENDIX B1
OPEN-ENDED RESPONSES FROM SURVEY OF MICROENTERPRISES**

What suggestions do you have for furthering the growth of the microenterprise business sector in Colorado?

Note – comments may appear in more than one area.

Taxes
Tax breaks.
Stronger support by/from Insurance commissions in CO for practitioners. Lower taxes.
Tax benefits for small business, group health benefits
Somehow make it easier to borrow the money for a startup company and work on tax issues.
Lower taxes; less government regulation of industry – all levels; #1 issue for small business owners is too much government
Lower cost of insurance; same "proportionate" share of tax breaks as big business
I think we need (the state needs) to lower sales tax.
Improved flexibility in dealing with state and federal tax authorities.
Reduce self employment tax.
Business classes - through SBA or local colleges. Fairly priced business consultants. Lowering taxes on local, state, federal level.
Reduce paperwork for tax preparation. Reduce taxes, using a more simplified vehicle. Have state and federal government not be so demanding when giving loans via banks. Reduce health care cost. Liability insurance costs. Provide liability insurance on a national level rather than through insurance companies.
Eliminate or severely reduce employer taxes, I travel about 400 mi/ wk so cost of vehicle and gas is a real hardship. Unable to afford an employee due to cost of workman's comp and employer taxes.
Give more tax benefits
Lower the taxes
Tax credits for contributions to health insurance for EE's, tax credits for hiring new EE's, tax credits for pension plan contributions. Equipment purchase tax credits. We currently get tax deductions for all of the above, but a tax credit would make a big difference!
Give small business some sort of a break on the tax they pay.
Tax breaks on city, city, state taxes in proportion to sales/ micro v. big boys

Health Insurance
Reduce paperwork for tax preparation. Reduce taxes, using a more simplified vehicle. Have state and federal government not be so demanding when giving loans via banks. Reduce health care cost. Liability insurance costs. Provide liability insurance on a national level rather than through insurance companies.
Tax credits for contributions to health insurance for EE's, tax credits for hiring new EE's, tax credits for pension plan contributions. Equipment purchase tax credits. We currently get tax deductions for all of the above, but a tax credit would make a big difference!
Small business owners don't always have the ability to finance at good rates or at all unless they've been in business for a certain amount of years. That really hurts a business just starting. Also a small business credit card with a low rate would really help. Health Insurance for a small business is outrageous.
Fix the health costs problem.
Health care networking
Health insurance needs to be addressed - the legislators need to not have the best insurance out there, like the rest of

Health Insurance
us - this is the one thing that would make the legislators face the health care crisis.
We need a catastrophic health insurance plan at Fed Level - just catastrophic insurance not socialized medicine. The Kerry plan makes sense. George W. Bush is an idiot. Absolute idiot.
Offer affordable health insurance for groups.
Educate insurance companies and bankers to be more respectful of microbusiness and treat us like others.
Help minimize startup regulations, cost. Help with avail. of Health Ins.
Tax benefits for small business, group health benefits
It would be great to provide a group health plan to my employees (I can't afford it) - I give each employee \$250 a month bonus to go get their own health insurance. Adequate, but not ideal. - Suggestion - Making big business benefits available to small enterprise via groups or similar orgs.
Lower cost of insurance; same "proportionate" share of tax breaks as big business
Stronger support by/from Insurance commissions in CO for practitioners. Lower taxes.
Pool for health insurance and dental insurance.
Better health insurance options - absolutely crucial. Increased availability of funding without jumping through political hoops of fire. Businesses with fancy powerpoints and no real viability are sucking up VC money when LT businesses with power potential and viable IP are overlooked.
Alleviate factors that contribute to high insurance costs. Control illegal immigration contributing to low standards. Most of our problems can only be solved by a change in culture and values across society. Quality is secondary to price. Short term gains more important than durability. Mechanisms within the economic framework that keep wealth unequally distributed.

Government Regulations
Less federal and state regulations, such as explosive permits, dept. of labor and ATF federal. It's a duplication of enforcement, either one, but not both.
Better health insurance options - absolutely crucial. Increased availability of funding without jumping through political hoops of fire. Businesses with fancy powerpoints and no real viability are sucking up VC money when LT businesses with power potential and viable IP are overlooked.
Reduce paperwork for tax preparation. Reduce taxes, using a more simplified vehicle. Have state and federal government not be so demanding when giving loans via banks. Reduce health care cost. Liability insurance costs. Provide liability insurance on a national level rather than through insurance companies.
Lower taxes; less government regulation of industry – all levels; #1 issue for small business owners is too much government
Pass laws that encourage small business growth.
Cut out some of the dictators in the Colorado agencies.
Most Small Businesses are started by enterprising, intelligent people who do a better job of running a business and how to make a profit than any govt. agcy.
Help minimize startup regulations, cost. Help with avail. of Health Ins.
Elimination of the practice by state and local governmental, and quasi-governmental agencies, of giving businesses that are owned by minorities and women preferred treatment.
Have government stay out of it! I'm in real estate which is regulated yet lenders are not

Financing
Not enough money for employee critical mass to free the President and PI from trivial jobs. R&D require large organized inventory of parts and supplies.
more micro lenders
Small business owners don't always have the ability to finance at good rates or at all unless they've been in business for a certain amount of years. That really hurts a business just starting. Also a small business credit card with a low rate would really help. Health Insurance for a small business is outrageous.
Need for capital.
Continued low interest rates
Access to a broader base of investors. Need a communication system permitting all entrepreneurs to connect with all investors.
Reduce paperwork for tax preparation. Reduce taxes, using a more simplified vehicle. Have state and federal government not be so demanding when giving loans via banks. Reduce health care cost. Liability insurance costs. Provide liability insurance on a national level rather than through insurance companies.
Better health Insurance Options - absolutely crucial. Increased availability of funding without jumping through political hoops of fire. Businesses with fancy powerpoints and no real viability are sucking up VC money when LT businesses with power potential and viable IP are overlooked.
Somehow make it easier to borrow the money for a startup company and work on tax issues.
Making loans available more easily to women and minority business owners, and making healthcare more affordable.
More small business loans at lower rates!
Educate insurance companies and bankers to be more respectful of microbusiness and treat us like others.
Available low-interest loans - there are so many hoops to jump through when institutions see "self employed" anywhere in the paperwork.

Liability Insurance
Eliminate or severely reduce employer taxes, I travel about 400 mi/ wk so cost of vehicle and gas is a real hardship. Unable to afford an employee due to cost of workman's comp and employer taxes.
Stronger support by/from Insurance commissions in CO for practitioners. Lower taxes.
Alleviate factors that contribute to high insurance costs. Control illegal immigration contributing to low standards. Most of our problems can only be solved by a change in culture and values across society. Quality is secondary to price. Short term gains more important than durability. Mechanisms within the economic framework that keep wealth unequally distributed.
Reduce paperwork for tax preparation. Reduce taxes, using a more simplified vehicle. Have state and federal government not be so demanding when giving loans via banks. Reduce health care cost. Liability insurance costs. Provide liability insurance on a national level rather than through insurance companies.
Educate insurance companies and bankers to be more respectful of microbusiness and treat us like others.

Business Assistance
Need companies that will factor accounts receivable for professional companies like for manufacturing companies to help write cash flow and collections.
Association of related microenterprise businesses for exchange of ideas.
Better networking.
Non-profit microenterprise centers that provide training and support for success.
Education to learn how to operate a business efficiently.

Other
Expand locations when economy improves and margins increase
Don't beat yourself up trying to do things your not good at. Spend the money and get someone trained in that area to do it. Shop around for competitive prices. Take advantage of assistance from small business development centers and chambers of commerce.
Many small businesses are put out of business by large corporations selling products cheaper than micro-businesses can buy the same product for. Ex. Eureka battery operated quick cleanup vac. Sells online @ Target for \$29.99, our cost is \$32 + Freight.
Not lumping us into "small" business.
Teach people how to plan capitalizing and cash flow. Our customer base always has payment of invoice issues. They are chronically under capitalized.
Improve employees' work ethic.
Good bookkeeping. Good quarterly reviews by CPA's - look ahead. Forecasting revenues - and expenditures - just do the footwork - it pays off! Remain honest and work with integrity.
know how to market!
Focus more on building meaningful relationships!! Not just "male" linear ideas such as more capital and more "contacts" (networking)!! There is too much focus on self - should be on the customer (client).
Send Governor Owens to Iraq. State pays for infant exams.
My business has grown by month to month. Therefore, taking extra care with every client expands one's business.
Don't increase minimum wage - but put efforts towards education help for those wishing to earn more.

In what ways do you feel the services provided to microenterprises could be consolidated in order to improve their delivery?

Comments
Publicize/advertise availability of assistance (let it be known that this type of assistance is available for minimal cost and bureaucratic paperwork.)
Make the idea of services that are provided more known.
Evening courses or telecourses created and advertised through cities, county, or chamber of commerce
An all inclusive web site.
Online access.
Ready availability without traveling to the cities. Have one source brokering the information.
Increased availability.
Getting financial backers to work with business especially in our area.
Open to the international market.
Definitely not another government entity.
open market
Consolidation has proven ineffective the BTI tried this 1-stop shop approach and wanted a lot of money on businesses that no longer exist.
I think it is a waste of time and money.
I'm not aware of any available, that are useful, to be combined. PBSBusiness Broadcasts are very interesting but limited in scope.
Development to lower group health insurance costs, workers comp, liability insurance & payroll taxes
provide networked health insurance

Comments
Provide consolidated health insurance.
Technical assistance.
Access to capital
Loans at lower rate
Chamber of Commerce? Not sure
Difficult challenge-micro businesses want services but often can't pay for them.
Give us access to competitive insurance brokers instead of cartel that currently exists. My \$3,500 liability insurance premium on \$100,000 in revenue is ridiculous. I would self-insure if clients didn't require it. I resent the Marsh McClennon approach
Help micro-enterprises become more "client-focused" and less focused upon external sources - marketing (not just sales)
I don't want to borrow money to run my business, I have a CPA who is good about answering financial questions.
I use limited resources for this purpose.
In western Colorado - we do have an excellent small business enterprise developers - they provide a great deal of help.
Allowance for professional service.
More classes available to public and business owners to keep up with changing times.
SBA is very difficult.
Send Governor Owens to Afghanistan

What other suggestions do you have to improve the quality or availability of microbusiness support services?

Comments
Too much paper work. Dealing with local-city and counties. Shouldn't be high sales tax.
Insurance - health for employees
I, myself think it is a total waste of time and money in respect of my business.
Through taxing authorities i.e. the organizations that you are definitely dealing with regularly
source book/web site - easy to search thru.
Set something up similar to the county extension grant available to farmers.
Provide assistance to acquire state project contracts.
Local non-profit SBIR support would help a lot of businesses in the Boulder, Longmont, Denver area.
Create support services for existing companies and stop pandering to CU students w/ powerpoint and pie-in-the-sky ideas.
Computer help.
Check costs.
Tax incentive to private enterprise to provide those services.
Bring it to the smaller town - Not just to Metro Denver
Better phone service for Colorado state agencies.
Learn how to "listen" (speak less). Develop music (not just "notes"). Learn and use "flawless consulting" (Peter Block). Master "Communications" (Interpersonal (less technical))
Send Pete Coors to Iraq
Needs to be at local level. Less red tape.
less regulation and reporting

Comments
To inform businesses of where and what services are available for businesses to pick and choose from.
Make it known. I'm not sure exactly what you are including as examples of firms providing support services beyond the ADP's and countless consultants (of questionable value)
Just knowing where to find the services and some way of selecting the right provider for my particular business!
I am not aware of any such service in Cortez. I do not listen to radio. I read the local newspaper. If services are here they are not getting the word out.
Insurance relief, insurance relief, insurance relief, insurance relief.

Do you have any thoughts, either pro or con, about whether or not a SMI should be established in Colorado?

Comments in favor of creating an SMI
SMI could be very helpful to minorities and/or people wanting to start their own business who need professional guidance. I had a professional personal friend.
Currently there are general government agencies which administer tax, unemployment, sec/state functions - can we bring one agency to handle all?
Sounds like an excellent idea!
Small business is growing - the right type of assistance and education would help small business survival.
Rural areas have a high ratio of owner operated micro enterprises. Many owners are not knowledgeable about accessing whatever resources are available. Service would have to be local on at least a monthly or quarterly basis to be useful.
Why not - Thirty years ago it would have been very helpful.
Pro - would encourage more small business and this is a good thing.
Anything to help small business exist and remain viable would be a plus.
Access to communications and information for all interested parties should inherently generate funding opportunities regardless of source. SMI seems perfect for this. Note: My business in 2004 is growing very fast. "Holding on" was crucial for surviving the tough years of getting started.
Absolutely, positively! Very pro. I like the idea of a private support foundation. This works at state level, for example the support councils for manufacturing. Great idea. Thanks for the chance to contribute.
Small business avenue in trouble - rental property vacancies are high - taxes are high - shops and ma/pa businesses are failing - there needs to be incentive for people to take risks and invest with positive expectancy.
Any help is good.
I think professional practitioners could use help - we are so used to doing it all ourselves that we expect little or no help.
Reinforcing the potential for small business entities to serve in society can only be a good thing because it would lead in higher quality goods and service. However, most of our problems are due to our mentality. The significance of making money over the true liability of our activities within the economy is maligned and made worse by big business, wealthy people in general and our elected officials who either coddle those interests or are out of touch with workers that care about the results of their labors.
Yes, but state it more simply
I would like to be part of the pilot program.
These services could be very valuable to start-ups, especially those with drive and desire but little access to such services.
Would definitely help small businesses get established and survive the first year.
Capitalism and small business is the foundation upon which the US economy has prospered and grown. It breeds innovation, wealth, and jobs.

Comments in favor of creating an SMI
I am pro - availability is important.
I believe that communities need the large and small businesses. Helping small businesses would benefit the communities in several ways.
I am not familiar with SMI but I can see where it could possibly be of benefit to some small companies.
Strategy should have a component that creates a forum for small businesses to get to know each other and share resources. The state should establish an incentive for business (large or small) to use in-state small businesses.
I feel it is needed. It may help a lot of small independents in outer areas such as ours.

Comments in opposition/caution of creating an SMI
Pro - could help with SBA loans? Con - Some may abuse service, then file bankruptcy.
As long as it doesn't increase taxes and paperwork.
Only if it does not invade present laws/rules in running own business.
Yes, but only if well trained and experienced staff are available. There's nothing worse than a consultant that doesn't know what they are doing and screw things up. Setup a growth network where we can meet and be introduced to other similar small and larger organizations.
It sounds very official – it needs to be user friendly for small businesses and not intimidating or we wouldn't use it.
Given the definition, attracting funding is too narrow of a purpose. If the goal of the SMI were to provide consultation and management assistance to assist companies achieve growth objectives - possibly including financing assistance - then I would vote "yes" above. There is currently too much emphasis on funding and less on the important factors of marketing, presentation, cash flow management, growth projections, goals, customer services, and IP. Funding without these foundational elements is tantamount to setting buckets of cash on fire. BTI has proven that time and time again.
I believe that the opportunities exist if one is willing to go find them and be proactive about what your expectations are; and can communicate those to the service provider.
I do not support spending money to educate the community. The private sector is aware we exist and utilize our services. State entities are reluctant to use our services.
Not sure another bureaucracy is needed - it adds to the costs of government or takes from money available to those who need it.
Such funding may be beneficial in theory, however, the cost of managing and implementing said funding may outweigh the overall benefits received; the small business should be required to "reimburse" the fund if a certain level of income is reached in gross sales.
It will be a waste of \$. Only business people can help other business people. Gov employees can't, they don't understand.
We have enough government services
Sounds like another bureaucracy to me.
In Colorado, most of any monies available would probably end up on the eastern slope, not affecting us.
If it (SMI) is run by the state - forget it. If it is to be a collection of privately owned providers, the type and cost of services must be directly applicable to business challenges and affordable.
You need to have a common front range initiative, instead of community vs community.
Not if we are talking about another tax sucking government entity. Not if it means more taxes -- downsize other government departments and put that money into this program. We don't need another government organization to spend more tax dollars. Give incentives (TAX) to encourage private enterprise to do the job.
At what price?! We should use resources available to reduce excessive costs in being an employer (i.e. health costs, taxes) and let the businesses run themselves. We don't need another (tax funded) agency that will tell us what to do and establish a whole set of rules for us to follow.
Colorado or small business doesn't need this type of support. Just take the government out of the system as small business is far better off without the government involvement. The government can't enforce the laws regarding the trucking industry, as to obtain a commercial driver's license, it states you have to speak English and be able to write

Comments in opposition/caution of creating an SMI
English language and speak fluently in the English language. This is not happening.
I would like to see a friendly business environment for microbusiness. I think they really do create good jobs. (Pay and rewarding). I do not want to see another government layer - it may sound great - but can be an obstacle.
Please don't do it. The cost would far outweigh the benefit. Survival of the fittest may not coincide with an intellectual approach - but it works.
Depends on the cost
Probably would only create another level of bureaucracy

Other Comments
Many states encourage SBIR research funding with matching funds, space, etc.
I pursued the education and training on my own just as anyone prepares for a career. However, I would have been unable to start my business without family assistance. Start-up capital does not exist for the small business person (in my experience). After establishing my business, capital was easier to attain. Initially, the tax burden and health care cost were close to overwhelming.
Or funding being created from dollars spent (renting, advertising, salaries) traded off for education purchases.
I'm not sure what you mean by "strategy of institutional framework." That's pretty general and vague.
If there is this assistance available, I'm not aware of it.
To educate ("evoke" ex - Within). Yes - we tend to "breed" the best folks who might be "open" to the culture referred to above.

**APPENDIX B2
OPEN-ENDED RESPONSES TO SURVEY OF MICROENTERPRISE
DEVELOPMENT ORGANIZATIONS/SERVICE PROVIDERS**

Do you have any thoughts, either pro or con, about whether a SMI should be established in Colorado?

Pro
Any effort to streamline advocacy for Colorado microenterprise in an effective and relevant fashion is welcomed.
Colorado small businesses need more funding. Anything that increases funding sources will be good.
I think an SMI is necessary, due to the fact the SBDC's struggle w/ current funding resources- between community colleges buying in & scarce fed/state funding. Keeping small business alive in CO is critical.
If so, OED& IT is the logical intermediary
If the benefit outweighs the cost. Would be great to have the additional support for the domestic & international MFI
Microbusinesses are the backbone of the business community in small towns such as ours. We receive assistance from Colorado Community College that the SMI would provide us with.
Microenterprises could use a lot of professional support and it is available but unattainable to most small businesses.
The state currently provides minimal funding for microenterprise organizations. SBDC funding comes from community colleges only (state support).
Yes, the state has great colleges, lost 100,00 jobs, so good places to start business

Con
An SMI could only change things if it encourages loosening of current underwriting criteria regarding credit equity, collateral requirements, and I don't think that would be a good move.
Better to be handled by private Colorado lenders.
CAMI is doing an excellent job in this area - There is no need to create anything else.
Do not duplicate what is already there!
Don't believe it's needed.
I expect this to become political ad ineffective. Prove me Wrong! With a business case ad specific expectations & deliverables
I'm leery about starting a new program. There are many programs now, but the net results are mediocre.
Micro is already well served. Do a "needs assessment" that covers existing opportunities
NOT a governmental entity
SMI should only be a grant-intermediary, <u>not</u> to make loans to organizations and have to manage a loan portfolio. It also should not foster the development of start-up programs that are not sustainable, but should build capacity of existing programs to ME
State funded body will not have much impact. State funding of private ventures would be more successful.
Things are not perfect now, but it would not be a god use of funds to establish an SMI in Colorado.
We do not need any more organizations splitting the money pie - not when the mechanisms are in place.

If the budget for your organization or company was increased by 20%, what additional services or products would you provide for the microenterprise clients?

Note: Comments may appear in more than one area.

Expand Types of Services Offered
Technical Assistance, Business Plan Assistance
More technical or management access.
More technical assistance and additional one-on-one counseling for microenterprises.
expand business education and technical assistant programs
additional management and technical assistance; expansion to serve more rural areas.
More business technical assistance/larger loans

Expand Service Area
See more clients at main site and throughout the community.
Expanded coverage across state
Expand outreach - Loans to more poor women; diversify our financial products.
additional management and technical assistance; expansion to serve more rural areas.
Fund more companies - give more companies across the entire state access to services.

Access To Capital
More loans
More funding/capital resources.
close additional loans.
Additional long term capital solutions for "high risk" (credit) clients.
More business technical assistance/larger loans
Fund more companies - give more companies across the entire state access to services.

Operational/Administrative Standpoint
Only enhance marketing. As a chamber, our members are mostly microenterprise businesses, but all we do is organize community events and help promote local business. We have no other function.
More advertising and more events that would attract people to our community - particularly shoulder events.
market research
In-depth training on the funding process.
Group advertising, business seminars, more networking opportunities.
Better follow-up, tracking of clients & their needs. A proactive person for existing clients so they don't need to leave their sites to get help & economic gardening! Databases!!
Additional operational support in the areas of accounting, receivable collection, projection/planning

Other
Very little change
Too many to name.
none- we fund for what we need
More text scholarships to reduce cost.
more procurement opportunities
More cover ins for TA

Business Plan Training/Assistance

Please briefly describe the business plan training/assistance services your organization provides to microbusinesses.

Responses
We write/rewrite business plans. Do market research and assist with projections.
We provide business training SVC's in the area of basic accounting feasibility, cost of expenses & diversification.
We provide both classroom and individualized business plan development assistance. In addition we offer business plan feedback and review with all loan clients.
We only provide general feedback on biz plans when they are applying for a loan. We do not assist with development of the big plan, but refer to SCORE or SBDC's.
Through the Colorado small business development center our members are offered courses at a \$10 discount. Mentor program w/ area business leaders
SBDCs serve mostly micro business people. We provide free TA to all for business planning.
R week course utilizing Nxlevel (Nxlevel.org) and Fastrac (Fastrac.org) curricula.
Provide template & understanding of what banks and investors are looking for in a business plan- in addition to why a business plan is so critical to an entrepreneur.
One on one assistance plus materials.
Limited services provided in-house. We find our local SBDC and refer clients to them for assistance.
Free critique of business plan and up to four hours free counseling after critique.
Free Counseling, New cast seminar
Counseling
Consulting: refund
Business planning information and review. 12-week training on how to write a business plan, plus one day courses on business planning.
Business Plan Writing Courses. Start up classes that provide info on planning. Free business plan reviews. Free consulting.
Audits & tax planning and some IT
Advisory panel that reviews business plan and helps fill the holes.
1. offer examples 2. provide outlines 3. council multiple iterations 4. make introductions to strategic relationships.
1) Business Plan Orientation (3 hour class) 2) Entrepreneurship Program - 15 week course 3) Counseling - initial overview and ongoing support/assistance.

Which aspect of your business plan training/assistance has your clients said is the most helpful?

Responses
what weaknesses they have that keep them from getting a loan.
Varies - marketing, networking with others.
The challenge to assumptions and projections. Editing and multiple iterations to provide value added detail to an investor or lender.
Template, understanding of mgmt. & marketing research - My offer to review B/P & cashflow once complete for free.
second opinion from critique
sample business plans, 12-wk business planning course.
resource list

Responses
Our ABC's of MBD intro to biz class and our MBA business assessment program
Ongoing support to assist in completion/perfection of plan.
Market size research.
Loan app
Leading Edge Course and one on one counseling.
Financial
education aspect
Business Plan Review
Ad design/ marketing assistance, communication of information.
accounting & feasibility

Please describe any business plan training/assistance practices used by your organization that you consider to be innovative:

Responses
Using community leaders and business leaders to evaluate business plans
Strong network building focus.
Peer board format groups
Our MicroBusiness Assessment (MBA) program is an individualized biz assessment tool recognized as a best practice by Natl Trade Association AEO. It consists of an individualized review of a biz by a team of experts resulting in a customized report w/ actionable biz recommendations.
one day workshop on business planning
My template- not too long & detailed.
Mostly fundamentals (not necessarily innovative)
Mentor program w/ local business leaders.
Hands-on development of projections.
E-counseling for difficult areas of the state.

Technical Assistance

Please briefly describe the technical assistance your organization provides to microbusinesses.

Responses
we keep a list of technical assistance providers in our area and give the list to our clients to receive the assistance.
Tax & accounting
SBDC - private consultants - MAMTC
patent and intellectual property law
Operational management consulting, production and process evaluation, product positioning.
One on one
MBD helps microenterprise owners improve their biz operations via our MBA and community partner programs.
Free TA. Each counselor has been a business owner or has managed a business. Very knowledgeable.

Responses
Free Consulting
All of our businesses are connected to the interment through our web site.
1) Counseling on start-up, management, marketing, business planning, taxes, financials, etc. 2) Training on above subjects.

Which aspect of your technical assistance has clients said is the most helpful?

Responses
procure hundreds of patents, sue Wal-Mart and other infringers on contingency basis
Our customized referrals to our pre-screened Community Partners.
Operations and production evaluation.
Meeting with experts in certain fields.
All-start-up logistics, marketing strategies, tax advice, info @ obtaining financing.

Please describe any technical assistance practices used by your organization that you consider to be innovative:

Responses
Brainstorm marketing approaches using 40 years start up experience.
Our Community Partner program allows MBA to serve far more clients than we would be able to handle internally and with far greater expertise. CP's are pre-screened and referred to on a case by case basis.
Spanish classes. Classes provided to chambers, EDCA, cities.

Management Assistance

Please briefly describe the management assistance your organization provides to microbusinesses.

Responses
Cash flow analysis, budgeting and projections. Assistance, marketing planning, financial management, cost control planning, MIS consulting, record-keeping advice.
Consulting other surveys. We have experts who have owned or managed businesses and have them back to teach best practices.
Counseling, advertising, networking
Counseling and training on good management practices - operations, personnel, marketing and finance.
1) Direction for training, 2) books to read, 3) planning for talent needs, 4) talent recruitment process and local services available, 5) developing ad integrating the talent
Financial management - debt/equity, financial structuring budgeting, financial statement review. Cash flow analysis.
MBD provides assistance one-on-one through our MBA and referral programs as well as specialized workshops.
One on one assistance plus materials.
Strategy, Quickbooks software, Analysis of current staffing & Financials
The chamber assists all our members with management assistance by keeping them informed on local policy issues, referring the SBDC workshops and offering advice on business issues.

Responses
Training classes, free consulting
we help clients sort through management issues to help them make well educated decisions. Our goal is to self-educate clients.

Which aspect of your assistance have clients said are the most helpful?

Responses
The feeling of not being alone in strategizing- All financial & Quickbooks help.
The customized workshops
One-on-one advice, mentoring.
Meeting/Event reminders thru e-mail
Meeting with experts.
Knowledge gained through training and consulting.
Information to make their own decision
Financial management and marketing planning.
Financial
Cash flow analysis.

Please describe any management assistance practices used by your organization which you consider to be innovative:

Responses
Peer boards to advise.
Mostly fundamentals (not necessarily innovative)
MBD keeps our specialized workshops' attendance between 5-10 clients. We hold only high-need high-demand workshops that we personally invite our clients to based on our relationship with them.
Alliances w/ QB experts
"CMAP" - Colorado Microprise Assistance Program - a group of 4 professional firms that give pro-bono service to referrals we send them.

Access to Capital

Please briefly describe the services you provide relating to accessing capital for microbusiness clients.

Responses
We provide \$0.5-\$3 million in equity capital.
We have 2 funds limited to specific geographic areas - brochures enclosed
We assist small businesses to finance the purchase of owner-occupied commercial real estate
MBD provides access to capital programs for adults ranging from \$500-\$50,000. These loans are offered via peer, guaranty and direct lending strategies. We also have loans up to \$500 for youth ages 25 and under.
Loans from \$1,000 to \$50,000 for microenterprise (up to \$200K for small businesses).

Responses
direct loans of \$5Kto \$30K with flexible terms
Bubble revolving loan fund - "micro enterprise program" for business who are low/mod income with 5 or fewer employees (counting owners). Up to \$25,000 loan. Some businesses that meet your micro criteria get larger loans if they can create jobs and fill positions with 51% or more low/mod persons.
"GAP" financing on a subordinating basis
Referral to entities.
Reference to local banks. We have no funds available to us for loans.
Introduction to finding services as appropriate, education on the process.
I have a good understanding of different companies who provide capital to new/existing businesses.
Help clients write business plans and inform them on how to put a loan package together and how to approach banks/lenders.
Counseling, referrals.
Assisting with obtaining loans, providing microcap loans, assisting in finding equity funding, identifying sources of funding.
Wells Fargo Business Credit-Factoring is a purchaser of a company's accounts receivable. By purchasing the receivables we provide cash flow to our customer without any formal loan documents or covenants in place. The product is very flexible; however, is expensive thus may be too costly for those companies with very low net margins
We provide unconditional guarantees to Colorado lenders who provide export working capital loans to normal - mid - size Colorado companies. We can also finance the foreign buyer. We also provide short term & medium term insurance policies to microenterprises to be able to sell their proceeds on open account terms. Exporters in turn can obtain financing by assigning the proceeds of the insurance policy to the lender.
Financial projections and analysis (both projections and historical)
Business planning, free consulting on loan package, consulting & info on sources of funds etc.

Which aspect of your assistance relating to access of funds has your microbusiness clients said is the most helpful?

Responses
The continuum of access to capital resources that grows with their business needs - from idea to start-up through graduation to traditional services.
The availability of funding
Getting the financing when banks won't
SBDC services - ongoing too
Providing working capital guarantees to lenders of export credit insurance policies to exporters.
Our relationship w/ local bankers
loan info
introductions and forum with investors.
Hands-on assistance
Getting the money.
Flexibility of terms, technical and management assistance that is available to borrowers.
Financial assistance
Equity and general counsel.
Courses and one-on-one counseling.
1. fast access to capital 2. Ability to purchase receivables from startup, highly leveraged or net loss companies.

Please describe any practices used by your organization to assist microbusiness clients with access to capital that you consider to be innovative:

Responses
We make 'house calls' on microenterprise business clients who export US made products and/or services to foreign buyers.
We actually do something, not just talk about it.
Traditional venture capital.
Streamline decision- making allowing for the leveraging of other sources.
Special financing program for child care businesses; partnering on loans with other lenders.
Our 97% repayment rate and the strategy of coupling relevant and timely business skills development with appropriate levels of funding that allows us to maintain it.
investor forum
Finding persons to guarantee loans when collateral is insufficient. Working capital based on defined performance goals.
financial software
direct loans and gap loans

**APPENDIX C1
SURVEY INSTRUMENT FOR MICROENTERPRISES**

Survey of the Microenterprise Business Sector in Colorado

Please answer the following questions as they relate to your business. Survey results will be reported in aggregate form only. If you have any questions or comments please contact Gary Horvath of the CU Business Research Division at 303-492-8395.

For the purpose of this survey, a **microenterprise** is defined as a company with less than five employees that generally lacks access to conventional loans, equity, or other banking services.

Company Information

1. In what year was your company formed? _____
2. How many Full-Time Equivalent (FTE) Employees* including yourself do you have at your business? _____

**FTE = one full-time employee (e.g., 1 person working 40 hrs/wk = 1 FTE; 2 people working 20 hrs/wk each = 1 FTE). Note: 1 person salaried to work 40 hrs/wk who works greater than 40 hrs/wk = 1 FTE.*

3. What was your businesses estimated total revenue in 2003? \$ _____
4. Which of the following best describes your reason for starting a microenterprise?
 - ₁ Impulsive – Seized an unexpected opportunity
 - ₂ Inherited the Responsibility (family business, etc.)
 - ₃ Chose self employment out of necessity – a way to get out of minimum wage labor
 - ₄ Other: _____
5. What is the best description of your company’s primary industry?

<ul style="list-style-type: none"> <input type="checkbox"/>₁ Construction <input type="checkbox"/>₂ Manufacturing <input type="checkbox"/>₃ Trade (retail or wholesale) <input type="checkbox"/>₄ Information (publishing, software, internet) <input type="checkbox"/>₅ Financial services or real estate 	<ul style="list-style-type: none"> <input type="checkbox"/>₆ Professional and business services <input type="checkbox"/>₇ Consumer, personal, and other services <input type="checkbox"/>₈ Health care/assistance, child care, private education <input type="checkbox"/>₉ Leisure and hospitality (accommodations, food Services, arts, entertainment, or recreation) <input type="checkbox"/>₁₀ Other: _____
--	--

6. Is your company a woman-owned business?

		<input type="checkbox"/> ₁ Yes		<input type="checkbox"/> ₂ No
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7. Is your company a minority-owned business?

		<input type="checkbox"/> ₁ Yes		<input type="checkbox"/> ₂ No
--	--	---	--	--

8. Which of the following sources of capital have you used in *starting* your business? (check all that apply)

<ul style="list-style-type: none"> <input type="checkbox"/>₁ Family/Friends <input type="checkbox"/>₂ Microlenders <input type="checkbox"/>₃ Small Business Investment Corporations (SBICs) <input type="checkbox"/>₄ Angel Investors 	<ul style="list-style-type: none"> <input type="checkbox"/>₅ Venture Capitalists <input type="checkbox"/>₆ Financial Institutions <input type="checkbox"/>₇ Other: _____
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9. Which of the following sources of capital have you used in *growing* your business?

(check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> 1 Family/Friends | <input type="checkbox"/> 5 Venture Capitalists |
| <input type="checkbox"/> 2 Microlenders | <input type="checkbox"/> 6 Financial Institutions |
| <input type="checkbox"/> 3 Small Business Investment Corporations (SBICs) | <input type="checkbox"/> 7 Other: _____ |
| <input type="checkbox"/> 4 Angel Investors | |

10. On a scale of 1 to 5, please rate the severity of the following problems in operating your microenterprise.

	Not a Problem	←————→			Critical Problem
	1	2	3	4	5
Costs					
Cost of Health Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost and Availability of Liability Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electricity Costs (Rates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixed Costs Too High	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone Costs and Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost of Supplies/Inventories	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs of Outside Business Services (Accountants, Lawyers, Consultants, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Management					
Cash Flow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling My Own Time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to Cost-Effectively Advertise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competition from Large businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor Earnings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Highly Variable Earnings (Profits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxes/Regulation					
Property Taxes (Real, Personal, or inventory)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FICA (Social Security Taxes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State Taxes on Business Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Taxes on Business Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unreasonable Government Regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Frequent Changes in Federal Tax Laws and Rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State/Local Paperwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Paperwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dealing with IRS/State Tax Agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:					
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. What suggestions do you have for furthering the growth of the microenterprise business sector in Colorado?

Business Assistance

For the purpose of this survey, microbusiness assistance been divided into the following four areas:

- **Business Plan Training** - Assistance with writing or updating a business plan.
- **Access to Capital** - Assistance with completing the funding process or identifying potential lenders.
- **Technical Assistance** - Assistance with the process of developing or expanding the technical aspects surrounding the production of goods or the delivery of services.
- **Management Assistance** - Assistance with business operation such as financial, marketing, HR, business resources, or IT.

12. Please rate the *importance* of the following types of business assistance:

	Not at all Important	\longleftrightarrow			Very Important
Business Plan Training/Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Technical Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Management Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Access to Capital	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅

13. Please rate the *availability* of the following types of assistance for microenterprises in Colorado:

	Unavailable	\longleftrightarrow			Available
Business Plan Training/Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Technical Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Management Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅
Access to Capital	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅

14. a) Which of the following types of assistance have you received in the past year? (check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> ₁ Business Plan Training/Assistance | <input type="checkbox"/> ₃ Management Assistance |
| <input type="checkbox"/> ₂ Technical Assistance | <input type="checkbox"/> ₄ Access to Capital |

b) Please list the organizations from which you have received assistance in the past year and provide a brief description of the services they provided.

Name	Type of Assistance (check all that apply)	Brief Description of Services Received
1.	<input type="checkbox"/> ₁ Business Plan Training/Assistance <input type="checkbox"/> ₂ Technical Assistance <input type="checkbox"/> ₃ Management Assistance <input type="checkbox"/> ₄ Access to Capital	
2.	<input type="checkbox"/> ₁ Business Plan Training/Assistance <input type="checkbox"/> ₂ Technical Assistance <input type="checkbox"/> ₃ Management Assistance <input type="checkbox"/> ₄ Access to Capital	
3.	<input type="checkbox"/> ₁ Business Plan Training/Assistance <input type="checkbox"/> ₂ Technical Assistance <input type="checkbox"/> ₃ Management Assistance <input type="checkbox"/> ₄ Access to Capital	
4.	<input type="checkbox"/> ₁ Business Plan Training/Assistance <input type="checkbox"/> ₂ Technical Assistance <input type="checkbox"/> ₃ Management Assistance <input type="checkbox"/> ₄ Access to Capital	

15. Please rate your satisfaction with the following types of assistance you have received in Colorado:

	Very Unsatisfied	←—————→				Very Satisfied	N/A
Business Plan Training/Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	
Technical Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	
Management Assistance	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	
Access to Capital	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	

16. In what ways do you feel the services provided to microenterprises could be consolidated in order to improve their delivery?

17. What other suggestions do you have to improve the quality or availability of microbusiness support services?

For the purpose of the next two questions, a **State Microenterprise Intermediary (SMI)** is defined as a statewide strategy or institutional framework designed to attract new state-level funding to distribute to microenterprise development practitioners and service providers.

18. Based on this definition, should efforts be made to establish a SMI in Colorado?

		<input type="checkbox"/> ₁	Yes		<input type="checkbox"/> ₂	No
--	--	---------------------------------------	-----	--	---------------------------------------	----

19. Do you have any thoughts, either pro or con, about whether or not a SMI should be established in Colorado?

APPENDIX C2
SURVEY INSTRUMENT FOR MICROENTERPRISE SERVICE PROVIDERS

Study of Microbusiness Development in Colorado

Please answer the following questions as they relate to the services you provide to microbusinesses or microentrepreneurs.

- Please complete the questions in the general section.
- Then complete the questions in each of the areas where you provide business assistance.
- If you do not provide services to microbusinesses, please indicate in Question 1.

If you have any questions or comments, please contact Gary Horvath of the CU Business Research Division at 303-492-8395. Please return your completed survey by mail to the Business Research Division, University of Colorado at Boulder, 420 UCB, Boulder, CO 80309-0420, or by fax to 303-492-3620. Thank you for your help.

*For the purposes of this study, a **microbusiness** is defined as a company with fewer than five employees that generally lacks access to conventional loans, equity, or other banking services.*

Survey results will be reported in aggregate form only. If you would like an electronic version of the executive summary, please provide us with your e-mail address and it will be sent when our findings are complete. _____

General Questions

1. How many microbusinesses or microentrepreneurs did your organization serve in 2003?
_____?

2. How many employees worked at these microbusinesses? _____

If you do not provide any assistance to microenterprises, please check here and return the first page of this survey.

3. Which of the following markets does your organization target in providing microbusiness development services? (Check all that apply.)

- | | |
|--|--|
| <input type="checkbox"/> 1 Start-up business clients | <input type="checkbox"/> 5 Minority business owners |
| <input type="checkbox"/> 2 Ongoing business clients | <input type="checkbox"/> 6 Immigrant/refugee business owners |
| <input type="checkbox"/> 3 Low-literacy clients | <input type="checkbox"/> 7 Low-income clients |
| <input type="checkbox"/> 4 Women business owners | <input type="checkbox"/> 8 Other: _____ |

4. For the microbusiness clients you most frequently serve, in what industries are they classified? (Select *only* three.)

- | | |
|---|--|
| <input type="checkbox"/> 1 Construction | <input type="checkbox"/> 6 Professional and business services |
| <input type="checkbox"/> 2 Manufacturing | <input type="checkbox"/> 7 Consumer, personal, and other services |
| <input type="checkbox"/> 3 Trade (retail or wholesale) | <input type="checkbox"/> 8 Health care/assistance, child care, private education |
| <input type="checkbox"/> 4 Information (publishing, software, internet) | <input type="checkbox"/> 9 Leisure and hospitality (accommodations, food services, arts, entertainment, or recreation) |
| <input type="checkbox"/> 5 Financial services or real estate | <input type="checkbox"/> 10 Other: _____ |

5. How many estimated new jobs were created in 2004 by the microenterprise businesses that you provided assistance to during 2003? _____

6. How many estimated jobs were maintained or retained in 2004 by the microenterprise businesses that you provided assistance to during 2003? _____

7. Please estimate the percentage of your funding that comes from the following sources:

	None	1 to 9%	10 to 24%	25 to 49%	50 to 74%	75 to 99%	100%
Private sources	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
State funding, contracts, or grants	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Federal funding, contracts, or grants	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Fees for service	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Gifts or foundation grants	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Other _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

For the purpose of this survey, microbusiness development services have been divided into the following four areas:

- **Business Plan Assistance** - Assistance with writing or updating a business plan.
- **Access to Capital** - Assistance with completing the funding process or identifying potential lenders.
- **Technical Assistance** - Assistance with the process of developing or expanding the technical aspects surrounding the production of goods or the delivery of services by the microbusiness.
- **Management Assistance** - Assistance with business operation such as financial, marketing, HR, business resources, or IT.

8. Please rate your level of satisfaction with the following factors as they relate to microbusiness in Colorado.

	Very Dissatisfied	←————→			Very Satisfied
Availability of support services to microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Public knowledge of impact of microbusinesses on the economy	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Knowledge of funding process by microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Quality of technical assistance for microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Quality of management assistance for microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Capital accessibility for microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Quality of business plan training/assistance for microbusinesses	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

9. Please rate the *importance* of the following resources in terms of their ability to strengthen or improve services provided to microbusinesses in Colorado.

	Very Unimportant	←————→			Very Important
Best practice research	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Performance data or statistics	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Networking with policy or decision makers or lenders	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Information on various microbusiness development funding sources	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Information on microbusiness development funding process	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Public policy advocacy for microbusiness development	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

10. Please rate your level of *satisfaction* with the following resources available to microbusiness development practitioners or service providers in Colorado.

	Very Dissatisfied	←————→				Very Satisfied
	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Best practice research	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Performance data or statistics	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Networking with policy or decision makers or lenders	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Information on various microbusiness development funding sources	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Information on microbusiness development funding process	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	
Public policy advocacy for microbusiness development	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	

For the purpose of the next two questions, a **state microenterprise intermediary (SMI)** is defined as a statewide strategy or institutional framework designed to attract new state-level funding to distribute to microenterprise practitioners.

11. Based on this definition, should efforts be made to establish a SMI in Colorado?

		<input type="checkbox"/> ₁	Yes		<input type="checkbox"/> ₂	No
--	--	---------------------------------------	-----	--	---------------------------------------	----

12. Do you have any thoughts, either pro or con, about whether a SMI should be established in Colorado?

13. If the budget for your organization or company was increased by 20%, what additional services or products would you provide for the microenterprise clients?

14. Which of the following types of services do you offer to microbusinesses? (Check all that apply and complete the corresponding sections of this survey.)

- | | |
|---|--|
| <input type="checkbox"/> ₁ Business plan training/assistance
<input type="checkbox"/> ₂ Technical assistance
<input type="checkbox"/> ₃ Management assistance
<input type="checkbox"/> ₄ Access to capital | Section beginning on page 4
Section beginning on page 5
Section beginning on page 6
Section beginning on page 7 |
|---|--|

Business Plan Training/Assistance

1. Please briefly describe the business plan training/assistance services your organization provides to microbusinesses.

2. a) Please estimate the number of microbusinesses that you have provided with more than 8 hours of business plan training/assistance in 2003: _____
- b) Of these clients, what percentage was already in business? _____ %
- c) What percentage was attempting to start a business? _____ %
- d) What percentage of the start-up businesses from question 2c are still in business today? _____ %

3. To which organizations do you refer your microbusiness clients for additional assistance in the following areas?

- a) Business plan training/assistance: _____
- b) Technical assistance: _____
- c) Management assistance: _____
- d) Access to capital: _____

4. a) What fees are associated with the types of business plan training/assistance you provide to microbusiness clients?

b) What business plan services do you provide at no charge to microbusiness clients?

5. Which aspect of your business plan training/assistance has your clients said is the most helpful?

6. Please describe any business plan training/assistance practices used by your organization that you consider to be innovative.

Technical Assistance

1. Please briefly describe the technical assistance your organization provides to microbusinesses.

2. a) Please estimate the number of microbusinesses that you have provided with more than 8 hours of technical assistance in 2003: _____

b) Of these clients, what percentage was already in business? _____%

c) What percentage was attempting to start a business? _____%

d) What percentage of the start-up businesses from question 2c is still in business today? _____%

3. To which organizations do you refer your microbusiness clients for additional assistance in the following areas?

a) Business plan training/assistance: _____

b) Technical assistance: _____

c) Management assistance: _____

d) Access to capital: _____

4. a) What fees are associated with the types of technical assistance you provide to microbusiness clients?

b) What technical services do you provide at no charge to microbusiness clients?

5. Which aspect of your technical assistance has clients said is the most helpful?

6. Please describe any technical assistance practices used by your organization that you consider to be innovative.

Management Assistance

1. Please briefly describe the management assistance your organization provides to microbusinesses. _____

2. a) Please estimate the number of microbusinesses that you have provided with more than 8 hours of management assistance in 2003: _____
b) Of these clients, what percentage was already in business? _____ %
c) What percentage was attempting to start a business? _____ %
d) What percentage of the start-up businesses from question 2c is still in business today? _____ %

3. To which organizations do you refer your microbusiness clients to for additional assistance in the following areas?
a) Business plan training/assistance: _____
b) Technical assistance: _____
c) Management assistance: _____
d) Access to capital: _____

4. a) What fees are associated with the types of management assistance you provide to microbusiness clients?

b) What services do you provide at no charge to microbusiness clients?

5. Which aspect of your assistance have clients said are the most helpful?

6. Please describe any management assistance practices used by your organization which you consider to be innovative:

Access to Capital

1. Please briefly describe the services you provide relating to accessing capital to microbusiness clients.

2. a) Which category best describes the average amount of your loans to microbusinesses?

- | | |
|---|--|
| <input type="checkbox"/> ₁ Less than \$5,000 | <input type="checkbox"/> ₄ \$20,000-\$49,999 |
| <input type="checkbox"/> ₂ \$5,000-\$9,999 | <input type="checkbox"/> ₅ \$50,000-\$99,999 |
| <input type="checkbox"/> ₃ \$10,000-\$19,999 | <input type="checkbox"/> ₆ Greater than \$100,000 |

b) What is the maximum loan amount for the majority of your microbusinesses? \$ _____

3. a) Please estimate the number of microbusinesses that you have provided with assistance regarding access to capital in 2003: _____

- b) Of these clients, what percentage was already in business? _____ %
- c) What percentage was attempting to start a business? _____ %
- d) What percentage of the start-up businesses from question 2c is still in business today? _____ %

4. To which organizations do you refer your microbusiness clients for additional assistance in the following areas?

- a) Business plan training/assistance: _____
- b) Technical assistance: _____
- c) Management assistance: _____
- d) Access to capital: _____

5. Which aspect of your assistance relating to access of funds has your microbusiness clients said is the most helpful?

6. Please describe any practices used by your organization to assist microbusiness clients with access to capital that you consider to be innovative.
