Evaluation of the Mexicantown Mercado: A Business Incubation Program in Southwest Detroit

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Foreword

The enclosed report was authored by graduate students from the University of Michigan School of Public Policy. The project was supervised by Interim Dean John R. Chamberlin and the Project Director was Marlowe J. Greenberg. The authors are:

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Executive Summary

The Mexicantown Community Development Corporation (MCDC) and its partner, the Southwest Detroit Business Association, are part of a larger effort to address divestment in Southwest Detroit. More specifically, economic development initiatives are targeted to the Hubbard-Richard community of Mexicantown. To that end, MCDC began the Mexicantown Mercado Program, a business incubator program which includes small business development training classes, summer and holiday Mercados, and support services. Collectively these serve to educate and develop entrepreneurial talent and new businesses.

The Program involves several activities performed by MCDC and Wayne State University's Small Business Development Center (WSU) staff. These activities include:

- advertising the availability of business training classes;
- providing the classes;
- paying the tuition of Southwest Detroit residents;
- and providing bilingual information materials, counseling services, and Mercado venues to be used by entrepreneurs.

Ideally, on the basis of their experience with the Mercados, entrepreneurs refine their business plans, utilize the support services available to them, and ultimately open a viable business in Southwest Detroit if successful.

This report highlights elements of an "ideal" incubator program and seeks to reconcile these elements with the Mexicantown Mercado Program (the Program). Some of these "best practices" are not applicable to the Program at this time due to differences in the population being served (e.g., income levels, business acumen and experience, and cultural differences). However, the following three practices were found to be relevant to the Program:

1. developing businesses that will leave the program financially viable and freestanding;

2. structuring the incubator program to be financially self-sustaining;

3. providing a staff person who can focus on developing successful businesses by assisting, coordinating and following through on services needed by participating entrepreneurs.

In order to determine if the Program is fulfilling its goals of educating and developing entrepreneurial businesses and talent, the authors carried out an evaluation using a written survey and phone interviews in order to obtain entrepreneurs' insights; discussions with Program personnel; and visits to Mercado locations.

The team members found that, overall, entrepreneurs were pleased with the Mercado Program. Specifically, the Mercado Program did allow them to gain an understanding of business practices and an opportunity to develop business skills. However, some entrepreneurs were dissatisfied with elements of the Program, including the booth arrangements at Fiesta Gardens, the summer Mercado site, and a perceived lack of advertising and promotion of the Mercado events.

With these findings in mind, the team has formulated recommendations designed to help Program personnel respond to the needs of the entrepreneurs and sustain the Program. These include identifying participants who have the necessary motivation to continue the Program and providing additional workshops to reinforce business concepts. The evaluation team has also recommended site plan modifications, additional business venues, additional fees for non-program participants, and having a staff person whose sole responsibility is developing and implementing Program services.

Introduction

This study is an evaluation of the Mexicantown Community Development Corporation (MCDC). While a program evaluation should include both quantitative and qualitative analyses, the Program's design and limited data compelled the emphasis on qualitative analysis.

Ideally, the Program's design would have identified its goals or objectives and a method for measuring progress before the program was implemented. With these key factors in place, the program's designers would have been able to determine the data needed to measure program impact and the appropriate data-gathering techniques. The Program would be more likely to comply with a quantitative method of evaluation to assess its impact using this framework. Prior evaluations measured customer and entrepreneur satisfaction with services, not the measures that lead to financially viable business. In addition to traditional revenue and cost measures, evaluations could have included number of participants accomplishing benchmarks such as completing refined business plans. reaching measured the number of participants using free services available, or . During the three years of the program, survey results were used to "fine-tune" the program and improve services. Therefore, the data obtained through prior surveys are only of limited to use in this evaluation.

Furthermore, an evaluation based on quantitative data requires a large sample size. This was not possible because the program is only able to serve a limited number of participants, participation from year to year is not consistent. In this evaluation, team members conducted a survey and performed interviews of program participants, but regression analyses could not be performed for the number of observations were few and the information often incomplete. The number Program participants is quite small (16 for 1995; and 21 for both 1996 and 1997), and the number actually surveyed or interviewed was even smaller (13). The survey was conducted well after the Mercados took place, and the time lapse caused information to be lost or forgotten by the participants. While, the data obtained were often estimates, they provided a context for our analysis. More accurate information would require far more time than that available for this exercise.

Hence, what follows is a qualitative study of the Program, and it is composed of the following sections:

Section 1 describes the Program as it is presently implemented. It provides a step by step account of the operation, and how each relates to the Program's objectives.

Section 2 identifies the framework used for the analysis. The tools used for the study are: (1) an "Outcome Line" which emphasizes the causal relationship between steps and (2) a description of select characteristics of an "Ideal Program."

Section 3 presents the results of conversations, surveys, and observations conducted by the team to identify the Program's weaknesses.

Section 4 explains the six recommendations for the improving the success of the Program.

Section 5 presents conclusions and last remarks about future evaluations.

Finally, constant interaction existed between the team and the Program's Executive Director during this study. As the team discovered areas of concern, they were brought to the attention of Ms. Rendon along with recommendations on how to address them. This resulted in early action to several of the recommendations herein.

Background

The closing of several car manufacturing plants and other businesses over the past thirty years led to reduced economic activity and divestment in Southwest Detroit. MCDC seeks to address this divestment in partnership with the Southwest Detroit Business Association (SDBA), National Bank of Detroit (NBD) and others.

The primary goal of MCDC is to improve the economic health of the community by ensuring that residents of the Hubbard-Richard community, in particular, benefit from major economic development initiatives such as the International Welcome Center to be located at the foot of the Ambassador Bridge. MCDC galvanizes interest within and outside the community by promoting the diverse cultural heritage of the neighborhood, particularly its Mexican cultural ties. One of the ways that MCDC addresses economic divestment is by assisting micro-enterprises to become financially viable operations, ideally located in Southwest Detroit.

The business incubator program sponsored by MCDC includes small business training classes, the Mercados, and support services. Beginning in 1995, the Mexicantown Mercados have provided a central location for entrepreneurs to display and sell products that celebrate Mexican and Latin American culture in general.

The first summer Mercado in 1995 was held at the Roberto Clemente Center, located at 2631 Bagley in Detroit. Since 1996, summer Mercados - which operate on Sundays from June through September - have been held at Fiesta Gardens at 21st and Bagley. Holiday Mercados for *Cinco de Mayo* (May 5), *Día de la Independencia* (Independence Day, Sept. 16), and *Día de Los Muertos* (Day of the Dead, Nov.2) were added to offer additional exposure for the entrepreneurs and their products and to sustain customer interest. *Día de Los Muertos* Mercado was held at the Mexicantown Center at 4114 W. Vernor.

Section 1. Program Description

The MCDC Program begins with advertising and recruiting prospective entrepreneurs through flyers and posters that are distributed in neighborhood gathering places such as stores, churches, restaurants and community centers. Upon initial inquiry, prospective participants are advised of program requirements which include: being a resident of Southwest Detroit, enrollment in a twelve-week class provided by WSU, completion of a business plan, and setting up a booth in a Mercado. Fall and Spring classes are offered to enable participation in the summer Mercado. Non-residents may take the classes but must pay $250. All entrepreneurs who want to sell in a Mercado are required to pay $25 per week for "dry goods" and $75 per week for food concessions.

The second phase of the program consists of participation in the small business training classes and its accompanying support services, which are provided by MCDC Executive Director Sally Rendon. Pat Salo of Wayne State University instructs the classes, complete with video tapes and handouts. This component aims to impart the necessary knowledge to run a "competitive and profitable" business. The classes cover the fundamentals of business ownership, including self-assessment of skills, goals, management, market research, and cash control.

Support services provided by WSU and MCDC are important parts of the program. For example, Sally Rendon makes follow-up telephone calls when participants miss classes, accompany participants to classes held at sites other than MCDC, assist with the translation of business plans, and help resolve family scheduling conflicts. WSU provides additional "free and confidential" services at "accessible area libraries" to assist in the refinement of the business plan, marketing strategies and customer relations.

While many of the participants are already motivated when they begin, the classes and accompanying services help to increase and guide the existing motivation through the long process of business development. These components are expected to result in the designing of a fully-developed business plan that clarifies the participants' objectives and provide access to capital. As a funder, NBD has offered to make up to $2,500 start-up capital loans available to participants who complete a refined business plan.

The summer Mercado, a critical component of the program, is organized and operated by MCDC staff. Usually, the 12 week summer Mercado provides the first practice opportunity for participants and holiday Mercados provide additional opportunities to refine entrepreneurial skills. Organizing the Mercado involves preparing the site, arranging for cleaning services, facilities and utilities; advertising and media outreach; recruiting and organizing volunteers for the children activities area; and assisting participants/entrepreneurs in acquiring equipment and documents such as tents, health department permits, etc. Since MCDC uses the Mexican and Latin American cultural heritage of area residents to market the Mercado to prospective customers, it ensures that entrepreneurs sell products which promote the culture. This involves assisting entrepreneurs in displaying their goods, working with entrepreneurs to modify their products to reflect Latin culture, and contracting with Latin American entertainers. In addition to providing a venue to practice the newly acquired

entrepreneurial skills, the Mercado is also important in drawing attention to and maintaining outside interest in the community.

Participation in the summer Mercado for Program participants is conditional on the development of a business plan by the end of classes. However, MCDC does allow some entrepreneurs to sell at a Mercado without requiring them to take the business training classes or submitting a business plan. Most of these entrepreneurs are recruited from outside the community in efforts to offer a more varied selection of goods that will attract more visitors. While not a program component, experienced entrepreneurs also serve as role models for the less experienced ones. For the purposes of this report, "experienced entrepreneurs" are defined as those who did not participate in the Program.

Summer Mercado participation is followed by two important and complementary program efforts: a Wrap-Up Dinner and individualized counseling by volunteer students from the University of Michigan Business School. Held after the summer Mercado, the Wrap-Up Dinner allows entrepreneurs to share experiences with each other, to provide feedback to Program staff on the operation of the Mercado, and to offer suggestions for improvements. Past feedback resulted in the institution of Holiday Mercados, to provide additional business experience and exposure for entrepreneurs.

Business skills, entrepreneurial experience and access to start-up capital are intermediate achievements that are expected to lead to financially viable businesses. When the businesses become financially viable, they are expected to enter the formal economy in southwest Detroit, the International Welcome Center or another location. They are also expected to attract commercial activity (consumers and additional investments) to the area. Ultimately, the fulfillment of these final achievements should provide a stable source of employment and income for entrepreneurs.

Section 2. Analysis Framework

The Mexicantown Program was analyzed using the following:

- Schematics provided by Lawrence Mohr[1] on impact analysis;
- The principles of successful incubation adopted by the National Business Incubator Association (NBIA); and
- Mark P. Rice and Jana B. Mathews' ten best practices for business incubation.[2]

Impact Analysis & The Outcome Line

Impact analysis and an outcome line were used to identify weak links and causal connections in the Program. Impact analysis, according to Mohr, is one of the three major divisions in the framework used in program evaluation. It "consists largely of making observations about the problem, the *activities* or effort involved in a public program and any outcome of that program," to determine whether there is a causal relationship. A causal relationship is found when an activity leads to a desired outcome.[3]

The purpose of a public program is to address a problem, which Mohr defines as "some predicted condition that will be unsatisfactory without the intervention of the program and satisfactory, or at least more acceptable, given the program's intervention**.**"[4] In order to determine the impact of any program, Mohr devised the use of an outcome line which aids in focusing the program evaluation on an inherently valued outcome "which most commonly relates to an inherent problem." See Appendix A for the MCDC Outcome Line.

The outcome line also assists in determining why *activities* are performed, why we seek a specific outcome and what is expected to result from the outcome.[5] The outcome line compartmentalizes the program into the *activities*, *subobjectives* and the *outcome of interest*. Program *activities* involve the implementation of the program and may be defined as an effort exerted by program personnel; the *subobjectives* are "intermediate achievements that are instrumental to reaching a desired end." The *outcome of interest* is the result of an activity by program personnel or a program objective.[6] The results of the analysis can be found in the recommendations section.

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[1] Mohr, Lawrence, B. *Impact Analysis for Program Evaluation.* 2nd Edition. Thousand Oaks, California: SAGE Publishing. 1995

[2] Rice, Mark P. & Mathews. Jana B. *Growing New Ventures, Creating New Jobs: Principles and Practices of Successful Business Incubation.* Westport, Connecticut: Center for Entrepreneurial Leadership. 1995

[3] Mohr, 1995. p. 3

[4] Ibid., p. 28.

[5] Ibid., p. 14-18

[6] Ibid., p. 17;31; 39

The Ideal Program

The evaluation team sought comparative models of business incubation. Business incubators vary widely, depending on their structure, the populations they serve, the industry with which they work, and the resources available. While the U.S. business incubator industry has created an estimated 82,000 jobs nationwide and has gained popularity, individual incubators have met with different levels of success. The number of business incubators has increased "from 10 in 1980 to approximately 500 in 1994."[7] The high industry growth rate and the differences among them have led to efforts to define formally the roles of business incubators and to standardize practices. The NBIA has developed a working definition that states:

> Business incubators accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed or orchestrated by incubator management, and offered both in the incubator and through its network of contacts. *A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding.* These incubator "graduates" create jobs, revitalize neighborhoods, commercialize critical new technologies and strengthen local and national economies. [8] (emphasis added)

Principles and Best Practices
NBIA has adopted two principles for business incubation.

1. The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.

2. The incubator is itself a dynamic model of sustainable, efficient business operation."[9]

The standards adopted by NBIA are based on the principles and practices of successful business incubation set out by Mark Rice and Jana Matthews, two leading researchers in this developing field. For a complete list principles and practices of successful business incubation, see Appendix B.

Since the Mexicantown Mercado is still in its formative stages, it is not yet able to implement most of the best practices set out by Rice and Matthews. However, focusing on a limited number of principles and practices will allow the Mercado to advance its development and make it a more successful business incubator. Based on the schematics provided by NBIA and Rice and Matthews, the evaluation team recommends that MCDC focus on three specific areas:

[7] Rice and Mathews 1995: xx
[8] National Business Incubator Association. Athens, Ohio. 1995
[9] Ibid.

1. developing businesses that will leave the program financially viable and freestanding;[10]
2. structuring the incubator program to be financially self-sustaining;[11]
3. having a staff person, usually the incubator president, whose sole responsibility is to focus on developing successful businesses by providing, coordinating and following through on services needed by participating entrepreneurs. [12]

It's important to note, that all of the above conditions rest on the assumption that the incubator is able to attract entrepreneurs committed to starting and maintaining a business and are only missing the required skills to do so successfully. The availability of several services cannot substitute a person's motivation, commitment, and drive needed to become an entrepreneur.

Financial Viability

For an incubator to continue its operations, entrepreneurs must see a benefit to participating in the program. Entrepreneurs who do not make a positive return on their investment (labor and capital) will either abandon the enterprise or seek venues outside of the incubator to conduct business. Also, funders and other stakeholders will eventually want to see significant positive results in order to continue supporting the program.

Financial viability will also bring these nascent businesses into the formal economy. To date, many of the businesses assisted by the Program continue to operate in the informal economy - do not pay taxes, do not have access to bank or government loans, operate out of homes and do not provide a stable income to entrepreneurs. Most Program participants hold other jobs while starting their businesses as they cannot support themselves or their families at this time. Financially viable businesses provide stable income and employment, which are needed for communities to develop economically.

[10] NBIA, Principle #1.
[11] Rice & Matthews, Best Practice #3, 5
[12] Rice & Matthews, best practice #6. P.5

Program Sustainability

Financially viable businesses are also a pre-requisite for the self-sustainability of the incubator itself. The businesses using the services of the incubator must be able to pay for the services. At this time, government and corporate funds are supporting the services provided by the Program. Because this funding is not perpetual, additional financial resources should be developed. Also, funders are more likely to continue supporting programs that show positive results.

Program Coordinator

In order for the incubator to "enhance the start-up, survival and growth of new ventures," it must have a staff person with knowledge and understanding of the problems that new businesses experience.[13] The staff person is responsible for developing and coordinating services "appropriate" for the kinds of businesses that are part of the incubator. The staff person is also responsible for follow-up with the entrepreneurs to ensure that services are utilized and advice is implemented. [14] Nascent businesses usually need assistance with refining a business plan, market research, identifying and implementing efficient production techniques, bookkeeping systems, and cost cutting measures.[15]

Determining the specific services or expertise needed by individual businesses requires the staff person to spend a considerable amount of time listening to entrepreneurs' concerns. The staff person then has to put together a package of services tailored to each entrepreneur. Some of the services needed by entrepreneurs may be found only outside the program. When outside services are used, the staff person must monitor the entrepreneurs' progress to ensure that the entrepreneur understands what needs to be done and has the resources to do so. One must keep in mind that for new entrepreneurs putting suggestions into action can be a difficult process. Entrepreneurs need to know not only what to do but also why and how to do it. Often, new entrepreneurs may not see the benefit of certain actions and, as a result, may resist taking those actions. The staff person should be available to offer guidance and reassurance. [16]

Currently Ms. Rendon's energies are divided among various initiatives leaving insufficient time to work directly with entrepreneurs. Issues of time and expertise must be addressed in order for the Program to develop into a successful business incubator.

[13] Ibid.: p.113
[14] Ibid., p.118-119
[15] Ibid., p.114-115
[16] Ibid., p113

Section 3. Method of Evaluation

To determine the weak links of the MCDC Mercado Program, information was collected using the following methods:

- face-to-face discussions/interviews with Sally Rendon, Pat Salo, and entrepreneurs;
- an observational visit to Fiesta Gardens;
- surveys of Program participants at the "Wrap-Up Dinner";
- phone interviews;
- observations from *Día de Los Muertos*.

Conversations with Sally Rendon and Pat Salo

In conversations with Sally Rendon and Pat Salo, the two primary concerns raised about the Mercado Program were the continued participation of the vendors and the sustainability of the Program itself. More specifically, Ms. Rendon was concerned about consistent class attendance, entrepreneur use of Program services, and continued donor support. She also expressed her wish for Program participants to eventually establish a storefront in the International Welcome Center. Ms. Salo also raised the issue of class attendance and use of services, but also questioned the fundamental motivation of participants in establishing a business. Specifically, Ms. Salo was concerned about whether some entrepreneurs were dedicated to expending the time and financial resources required of business ownership.

Conversations With Entrepreneurs

Initial conversations with the entrepreneurs at the Summer Mercado "Wrap-Up Dinner" held on September 30, 1997, revealed some dissatisfaction. A few vendors complained that the entertainment at Fiesta Gardens was detracting from their business as potential customers "were more interested in the entertainment on the other side of the park." Entrepreneurs who sold food items also complained about the limited water service at the park (only one source) and lack of electrical outlets for cooking or warming dishes.

Site Visitation

After obtaining a site plan from Sally Rendon, the team visited Fiesta Gardens on November 2, 1997. Unfortunately, this visit occurred after the completion of the summer Mercado in September 1997, so the team was not able to witness the Mercado in full operation. Pictures were taken and developed to show the size of the park, the positioning of the stage and the proximity of the Ambassador Bridge.

The team found the stage to be in the left corner of the park; the water pump and a lamppost with an electrical outlet were also on the left side of the park. According to the site plan, a second lamppost

outlet was located in the middle of the park, but apparently was not used. The site plan, provided by Ms. Rendon, showed that food vendors were located on the left side of the park next to the stage. This setup effectively divides the site into one area full of entertaining attractions for potential customers and one that offers less attractions to draw in customers. Please see Appendix C.

Survey and Phone Interviews

From information received from Ms. Rendon, 56 vendors participated in the 1996 and/or 1997 Mexicantown Mercados. Of the participating vendors, 21 graduated from previous entrepreneurial training classes offered by MCDC and WSU. This led to the use of two survey methods for this evaluation: a written survey distributed during the Wrap-up Dinner and phone interviews. The survey distributed at the dinner was used to determine the salient issues of concern to the vendors. These preliminary results were then used to design a more extensive survey used for the phone interviews. See Appendix D for a sample survey. In total, 24 entrepreneurs were surveyed and/or interviewed. Seven were only surveyed while six were both surveyed and interviewed. In total, seventeen were interviewed, of whom nine had participated in the Program. When calling participants, the team found that many were not home on these days, did not answer their phones, or had had their phones disconnected. The opinions expressed by respondents are gathered from both the dinner survey and phone interviews.

Written Survey Results

The survey, distributed at the Wrap-up dinner, was similar to the one used for the 1996 Mercado by MCDC personnel. The written survey provides information about sales, attendance, and vendor opinion about the Mercado operations. Only the 13 entrepreneurs present were surveyed.

While the results are not statistically significant[17], the written survey provided some insight on sales figures for the vendors and the operation of the 1997 Mercado. The sales figures show an average total sales of $1,165.[18] That is about $100 in revenues per week. Nevertheless, vendors give a positive assessment to the 1997 Mercado. Vendors estimate an average of 90 customers and 660 visitors to their Mercado booths (the highest estimate was 2,500 for the 12 Sundays of the Mercado).

These 13 dinner participants were also asked to provide their opinion on several issues about the Mercado (Appendix E). While five vendors expressed average satisfaction with the amount of advertising, one vendor expressed the need for more advertising. Advertising received an average score of 3.46 on a scale of on to five. On the other hand, vendors were less satisfied with the level of attendance, providing an average score of 3.23. Entertainment activities were found to be satisfactory, with a 4.38 average score. The security service was considered to be disinterested in the event but friendly, reliable, and average (3.31). The Mercado was found to be clean (4.31), whereas bathrooms were perceived to be less clean (3.85). Vendor neighbors were found to be friendly (4.54), clean (4.54), not noisy (2.15) and generally good neighbors (4.62).

[17] Only 23% of participants in the Summer Mercado attended the dinner and responded to the survey.

[18] Total sales figures from phone interviews were not used because there were few reported. Also, some of the interviewed vendors had already filled out a written survey and would have been double counted.

Phone Interview Results

Phone interviews were geared toward the evaluation of the entire Program as well as the summer Mercado. The first round of interviews took place on Thursday, January 8, 1998, between 5:00 PM and 8:30 PM. A second round was carried out on Friday, January 9, and a third on Saturday, January 10, at the same time.

When asked if they would return to the Mercado two said no, two said maybe, and three said they would participate again. The answers showed even more reluctance concerning whether participants would return to the holiday Mercados. Four said no, two said maybe, and one did not know. The average vendor who had not been through the Program generally felt he or she had been successful (six out of ten), and would continue to participate in other Mercados. Of the ten, seven said they would come back, one said no, one said maybe, and one was not sure.

From the phone interviews, the overall impression of the Mercado is positive. The Program's potential is recognized and generally thought to be headed in the right direction while also creating a positive impact on the community. On the other hand, when asked whether individual vendors were "successful," the answers were quite different. Many equated "success" with being profitable, while few recognized the experience as beneficial because they had made no profits. Of the seven entrepreneurs who had been through the Program, five felt they had not been successful.

Most non-Program vendors had their enterprises in operation prior to Mercado participation, and perhaps had more realistic expectations, refined skills, market awareness, and optimism about long run results. This group also had higher revenues than Program participants. On the other hand, Program participants had limited previous experience and, therefore, a shorter frame of reference with which to determine Mercado "success."

Phone interviews also explored the use of Program resources *e.g.,* NBD loan program, one-on-one counseling, business plan refining, customer relations, bookkeeping, and marketing. The team had learned through Ms. Rendon that only one entrepreneur had successfully taken full advantage of the $2,500 maximum NBD loan to Program participants and of the other services available through WSU. These services are essential to the achievement of the Program's goals thus they were incorporated into the phone interview questionnaire.

Both Program and non-Program entrepreneurs have similar opinions about how to finance the enterprise. All of the entrepreneurs had some relationship with a bank, whether in a savings, checking or loan capacity. Almost all funded the Mercado booth/enterprise through personal savings. Only one of the 17 vendors used a different financial tool - credit cards. Overwhelmingly, 10 felt they could have access to capital if they desired it, but only five said, in retrospect, they would have wanted a loan for the Mercado venture.

Of the 56 vendors who participated in the Program, four indicated that the lack of a refined business plan kept them from applying for the loan. Only one person cited high interest rates as the deterring factor, and two non-Program vendors felt that banks would not allow access to capital due to "red-lining" or prejudice.

While the services of Wayne State are also available for up to two years after completion of the Program, four out of the seven entrepreneurs appeared not to know about and did not take advantage of the services. Some entrepreneurs expect Ms. Rendon to bring their attention to areas they should address and to actively help solve the problems.

Observations From Día de Los Muertos

Día de Los Muertos was held on November 1-2, 1997. Despite the steady drizzle during that time, an estimated 1500 - 2000 people from the surrounding communities, Canada, and Southwest Detroit visited the Mercado at Mexicantown Center, 4114 W. Vernor. Seventeen vendors participated in the Mercado and each vendor took care to present their goods in a pleasant and professional manner to attract customers. However, the team observed the lack of implementation of some of the concepts covered in the small business training classes (such as customer service), were not implemented.

Some vendors were more interactive than others and demonstrated a willingness to discuss their products with customers, while others appeared less interested. Two vendors at one station read the newspaper and carried on a private conversation. In addition, they did not have items which promoted Mexican or Latin American culture. Meanwhile, the team of booksellers seemed to be doing a brisk business as they sold books about Mexican history and culture as well as Latin American culture. Many of the transactions were "cash only", while two vendors also accepted checks. One experienced vendor who sold compact discs, calendars, and jewelry used a carbon copy credit card machine for Visa and MasterCard transactions which appeared to speed up sales. From discussions with experienced entrepreneurs and Program participants, experienced entrepreneurs had higher revenues than the Program participants.

In discussions with business owners, the team also found some were not keeping books for business transactions and/or did not know how to go about researching wholesale suppliers. While the classes were thorough in addressing the necessary topics in a short amount of time (12 weeks), there were no formal workshops or subsequent training sessions to listen to entrepreneurs' concerns after the summer Mercado.

Section 4. Recommendations

After examining the Mercado Program components (*activities, subobjectives* and the *outcome of interest*), the evaluation team identified four weak links or areas of improvement.

- Identification of participants who have the necessary motivation to continue with the Program;
- The long-term sustainability of the Program;
- Lack of additional business venues;
- Lack of reinforcement of business concepts; and
- Preparation for eventual graduation from the Program.

Based on these findings and the "best practices" provided by NBIA and Rice and Mathews, the team recommends the following measures to help improve the Mercado Program.

Identifying Motivated Participants Who Will Continue the Program

Entrepreneurship requires sustained efforts in order to succeed. Those who do not possess this quality are diverting resources that could be used more effectively with other entrepreneurs. The more successful entrepreneurs have been involved with the Program for about two years. They possess the persistence to return for advice, conduct self-assessment they are open to trying different approaches. The entrepreneurs who are experiencing less success tend to be those who blame the cultural limitations of the Program (e.g., not being able to sell items not related to Latin culture) or who do not seek out and take advice from Program staff (*e.g.,* on customer relations). MCDC should consider having participants sign a two-year contract indicating their intention to stay with the Program, to ensure participants understand the commitment the program requires.

Since there is currently no fee required to take the classes, there may be participants who are not currently committed to Program goals. This is not to say that they are not committed to owning a business at some point, but rather other immediate obligations command most of their time and attention. For example, there are participants who have discontinued participation in the Program because the Mercados conflict with religious services or full time employment. For those who face family conflicts, the Program works at incorporating family members into the enterprise.[19]

[19] Program staff recently identified child care availability as an issue that needs to be addressed as the Mercado expands to include more weekend events. Perhaps, on-site child care can be provided.

Additional Workshops to Reinforce Business Concepts

As stated earlier, there were no formal workshops or subsequent training sessions after the classes or Mercados to discuss entrepreneurs' concerns. Workshops would also provide an opportunity for Program staff to emphasize the importance of refined business plans in accessing and paying back small business loans. Recognizing that participants are not using the services they need and are available to them, Sally Rendon has recently moved the training classes to the One-Stop-Capital Shop. This would serve to encourage the entrepreneurs to using the services at the One-Stop-Capital Shop after the Program.

Workshops should also include experienced entrepreneurs as speakers to share their knowledge and invaluable insights of business ownership. By example, experienced entrepreneurs help to sustain enthusiasm for entrepreneurship.

Site Plan Modifications

In order to maximize customer flow and vendor exposure, the performance stage should be moved to the center of the park and the booths placed around the perimeter of the park as shown in Appendix F. By relocating the stage to the center, customers and vendors alike could enjoy the entertainment. The customers would also be more inclined to visit most of the booths rather than focusing solely on the entertainment and consequently visiting only the booths closest to the stage. The centralized location of the band would attract potential customers exiting the Ambassador Bridge who may be looking to enjoy a "festival" atmosphere.

Several areas of the park should be designated for food and drink vendors, encouraging potential customers to visit as many booths as possible. By the same token, more electricity and water connections need to be added to allow for several locations for food and drink vendors. We anticipate this would require a city permit.

Finally, the children's activity area should also be moved to a different location. The proposed diagram shows it at the lower right side of the stage (now in the center) away from street traffic and closed in by the vendors. However, there may be other suitable locations that allow for parents to be near their children while maximizing customer traffic and vendor exposure.

Changes to the site plan are made under the assumption that Fiesta Gardens will continue to be the summer Mercado site. If the Mercado site should be moved, issues of cost in renting or buying a lot, rebuilding and/or resurfacing, planting of trees, etc. will have to be addressed.

Additional Business Venues

Entrepreneurs need to practice business skills consistently over a substantial period of time. Since the Program cannot meet these needs, a resource list of other venues will facilitate and encourage additional business experience. Appendix G provides a resource list. This will also address complaints that the Program is more concerned with turning out vendors for the Mercados than with

providing assistance, a complaint registered by some entrepreneurs interviewed at the Día de Los Muertos. This complaint led to discussions between the entrepreneurs and Ms. Rendon and the subsequent extension of the holiday Mercado until December 21,1997. Their initiative provided eight weeks of additional business experience (as well as additional income).

Additional Fees for Program Participation

The long term viability of the Program is in question because fees charged for booth space at Mercados are not enough to help cover Program expenses. Currently, entrepreneurs selling dry goods[20] are charged $25 per week and food vendors are charged $75 per week for booth space. Outside entrepreneurs who wish to participate in a Mercado are also charged the same rates.

Fees for Mercado participation should be competitive with fees at other community festivals. However, a slight increase in fees for experienced entrepreneurs from outside the neighborhood should not deter their participation as they return whenever possible. Typically, experienced business owners earn more than Program participants. Experienced business owners also serve as role models, attract an established clientele and sustain outside interest in the community.

Program generated additional income by charging fees for individualized services at MCDC after a year of free services. Since most of the entrepreneurs participating in the Program have low incomes, charging even a small fee for the classes and support services is not practical at this time and would discourage participation. This may even encourage the drop-out rate. The positive side is that Program personnel will be better able to channel the limited resources currently available.

Currently, two years of free services are provided to participants who complete the training classes. This period should be limited to one year as it will serve as an incentive for committed entrepreneurs to actively pursue their business earlier. Charging minimal fees in the second year will also help to sustain the Program. Services at the One Stop Capital Shop continue to be free of charge. Finally, though loans are presently underutilized, the NBD loan portion of the program is essential as a vehicle for future capital access and should be continued.

A Staff Member Primarily Responsible For Developing and Implementing Program Services Is Needed

Given the work involved in running an incubator, a staff member, exclusively dedicated in coordinating Program activities is recommended. As mentioned earlier, a successful business incubator requires a staff person whose primary responsibility is to develop, implement and monitor Program services. A designated staff member would focus on working directly with entrepreneurs, coordinating services with WSU and other outside resources, and facilitating entrepreneurial opportunities. Presently, the Executive Director, Sally Rendon, is fulfilling these obligations in addition to the general management of MCDC and the coordination of the logistics for other programs, such as the International Welcome Center and the Community Tours.

[20] Dry goods include books, clothing, jewelry, candy.

The Executive Director has begun to address her time constraints by interviewing candidates for a marketing coordinator position. Considering the Program's importance, the additional staff person will have to take on more involvement in the Program. Due to the tight labor market, it may be necessary to go beyond the bounds of the Mexicantown community. All benefactors of the Mexicantown Mercado recognize that the future success of the Program requires as much support as possible during this formative period.

Section 5. Conclusion

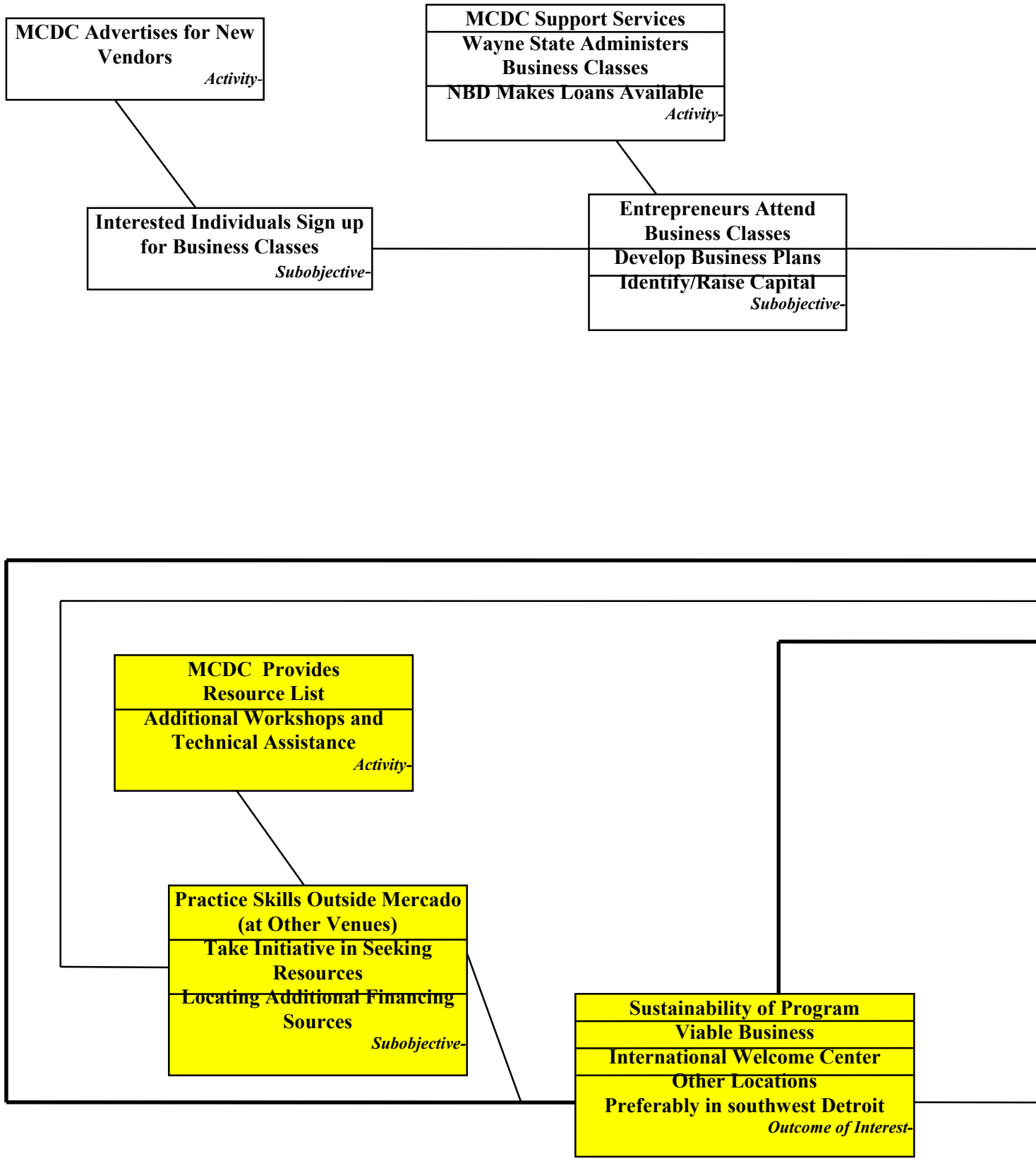
The Mexicantown Mercado Program has made significant strides in addressing the problem of divestment in the community. It has also brought favorable attention to the community, channeled investment resources, and provided a vehicle for new entrepreneurs. To date, the Program has been successful in sustaining the interests of entrepreneurs and other stakeholders. Working to the Mercado's favor is MCDC's commitment to improvement and openness to different approaches.

The evaluation determined that the future success of the Mexicantown Mercado will depend on the number of free-standing, financially viable businesses it produces and the long-term sustainability of the Program. Success can be achieved by identifying participants who are committed to entrepreneurship and targeting program resources accordingly; providing entrepreneurs with additional venues for practicing business skills, increasing the opportunities to review and reinforce business concepts; and identifying additional sources of revenue to sustain the program. However, all these recommendations hinge on staff modifications.

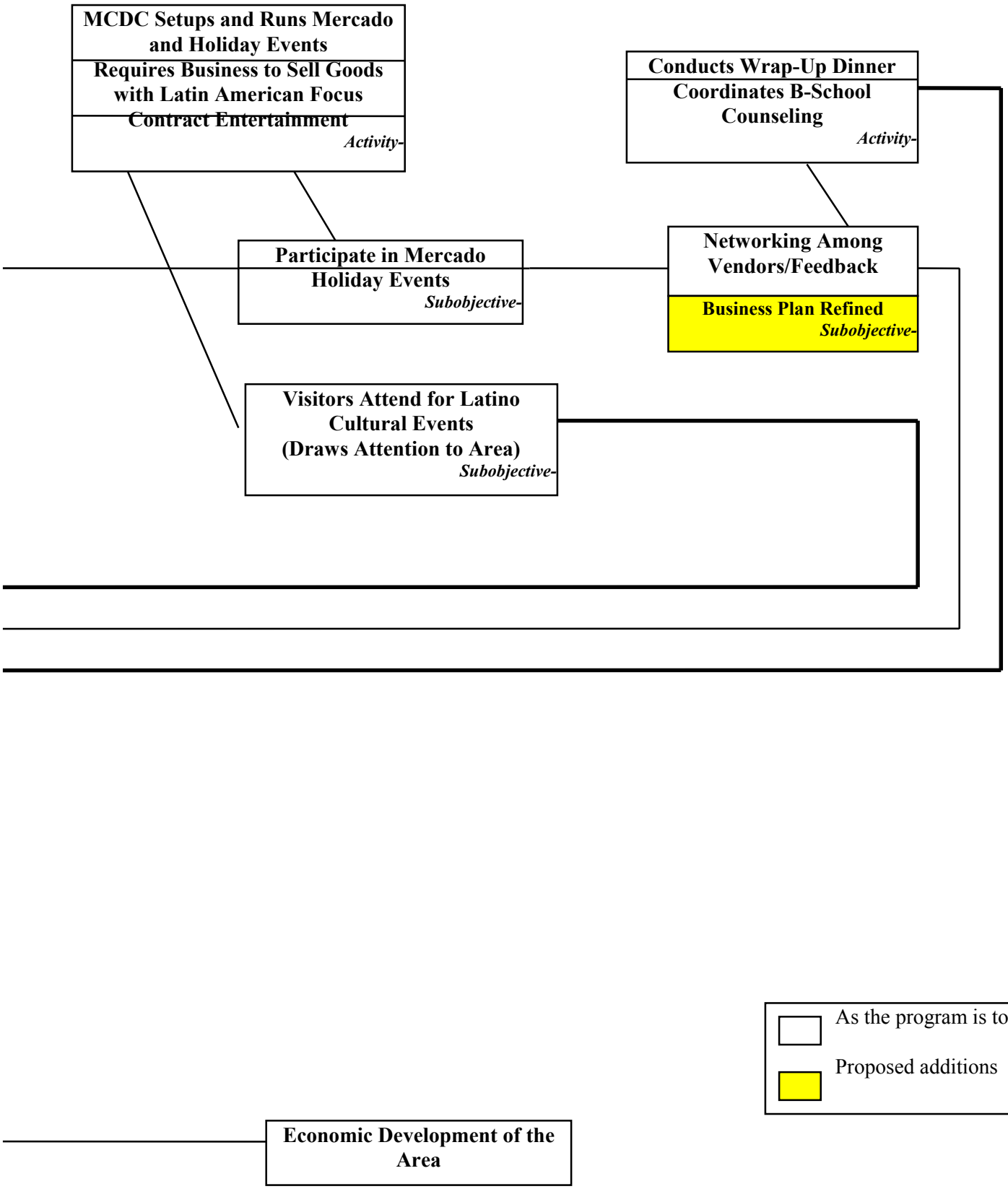
Probably, the most important contribution this evaluation can make is to provide an analytical framework for measuring the program's impact in the future.

Appendix A. MCDC Outcome Line

MCDC Outcome Line



Appendix A


MCDC Setups and Runs Mercado and Holiday Events
Requires Business to Sell Goods with Latin American Focus
Contract Entertainment
Activity-
Conducts Wrap-Up Dinner
Coordinates B-School Counseling
Activity-
Participate in Mercado Holiday Events
Subobjective-
Networking Among Vendors/Feedback
Business Plan Refined
Subobjective-
Visitors Attend for Latino Cultural Events
(Draws Attention to Area)
Subobjective-
As the program is today
Proposed additions
Economic Development of the Area

Appendix B. Principles and Ten Best Practices

Three Principles of Successful Business Incubation

I. Focus the energy and resources of the incubator on developing companies.

II. Manage the incubator as a business, i.e., minimize the resources spent on "overhead," and develop a self-sustainable, efficient business operation.

III. Develop a sophisticated array of services and programs that can be targeted to companies, depending on their needs and stage of development.

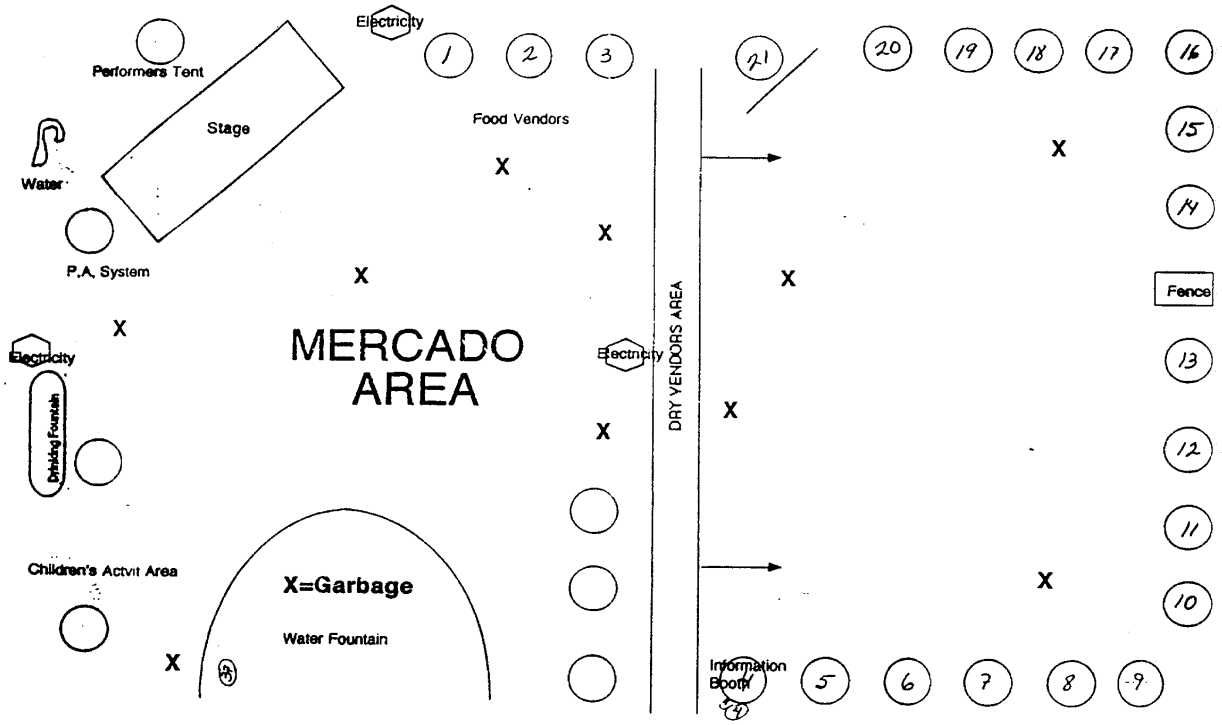
Ten Best Practices

Best Practice #I:	Commit to the Core Principles of Business Incubation as the First Step in Developing a Best-Practices Business Incubator
Best Practice #2:	Collect and Assess Key Information. Decide Whether the Incubator is Feasible - or Not
Best Practice #3:	Structure the Incubator Program to be Financially Self-Sustainable
Best Practice #4:	Structure the Incubator Organization to Minimize Governance and Maximize Assistance to Incubator Companies
Best Practice #5:	Engage Stakeholders to Help Companies and to Support Incubator Operations
Best Practice #6:	Recruit Staff Who Will Manage the Incubator Like a Business and a President Who Has the Capacity to Help Companies row
Best Practice #7:	Choose a Building That Will Enable the Incubator to Generate Sufficient Revenue and Also Support Business Incubation
Best Practice #8:	Recruit and Select Client Companies That Provide Revenue Required in the Financial Model and Have the Potential to Grow and Create Jobs
Best Practice #9:	Customize the Delivery of Assistance and Address the Developmental Needs of Each Company
Best Practice #10:	Engage in Continual Evaluation and Improvement as the Incubator Progresses Through Various Stages of Development and as the Needs of Client Companies Change Over Time

Source: *Growing New Ventures, Creating New Jobs: Best Practices of Successful Business Incubation.* Rice, M. and Matthews, J., 1995.

Appendix C. Original Site Plan

Fiesta Gardens
Original Site Plan



Appendix D. Phone Interviews

MEXICANTOWN MERCADO EVALUATION SURVEY

Name of Participant_____

Type of Business_____

Mercado:	**1996**	**1997**
Summer	**Dia de los Muertos**	**Cinco de Mayo**

General Questions:

What year did you first participate in a Mexicantown Mercado?

What was your overall impression of the 1997 Summer Mercado?

Do you feel you were successful?

Do you think the Mercado was successful?

What changes do you feel are needed to make the Mercado successful?

Do you plan to continue participating in the Summer Mercados?

Do you plan to continue participating in the Holiday Mercados?

What kind of difficulties did you encountered at the Mercado?

How many Mercados have you participated in?

Finance:

Do you have a savings account?

Checking account?

What other banking services do you use?

Have you had any bank loans in the past? When?

How did/do you finance your booth in the Mercado?

Would you have preferred to have had a loan for start up costs?

What size loan would have been sufficient?

Do you believe you have access to capital?

Sales:

What was the amount of sales during a good week? _____ During a bad week? _____

How many weeks did you participate?_____

How many weeks did you consider good weeks?_____ bad weeks?_____

How many customers did you have on a good week?_____ Bad week?_____

What is your best estimate of the number of visitors you saw at the Mercado? _____

What were your total sales for the season?_____

Do you continue your business activities when you are not in the Mercado? Why/Why not?

Is the Mercado providing opportunities for the business owners to learn from one another?

Do you think this would be useful?

Would you be willing to participate in subsequent workshops?

Did you utilize any services offered by the Small Business Training Program at Wayne State University?

How often did you use their services?

What kinds of services in the training program (EMAP) did you use?

___One-on-One Counseling ____Business Plan Refining ____Customer Relations

___Capital sources ____Bookkeeping ____Marketing

Which of these services did you find most useful? (M)

Which ones did you find least useful? (L)

___One-on-One Counseling ____Business Plan Refining ____Customer Relations

___Capital sources ____Bookkeeping ____Marketing





Appendix E. 1997 Mercado Survey

Mexicantown Community Development Corporation
1997 Mercado Survey

The results of this survey will be used for an evaluation of the Mexicantown Community Development Corporation to help the Mexicantown Mercado to improve its services. The information you provide is confidential and for internal use only:

This survey asks questions about your sales and customers as well as some other questions related to your satisfaction as a vendor at the Mercado'97. A few minutes of your time will help us to improve the Mercado in the future. Thank you for your help.

Your sales

1. Please indicate the total amount of your sales during one good week.

$_____ During one bad week $_____

2. Please indicate your total sales for the entire mercado

$_____

3. Have you had any sales during these last few weeks as a result of your participation in the

mercado. Yes No If so, how much $

4. How many customers did you have during the mercado. Please consider the number of buyers

only. _____

5. Please give us your best estimate of the number of visitors you had during the mercado

_____

Mercado '97 Survey
Page 2

About our work

1. Please indicate your level of agreement with the following statements by circling the most appropriate number of the scale.

	Disagree				Agree
The amount of advertising was satisfactory	1	2	3	4	5
The entertainment activities were satisfactory	1	2	3	4	5
The security service was friendly and reliable	1	2	3	4	5
The Mercado was clean	1	2	3	4	5
The bathrooms were clean	1	2	3	4	5
Attendance was sufficient	1	2	3	4	5

About your "neighbors"

1. Please indicate your level of agreement with the following statements by circling the most appropriate number of the scale

	Disagree				Agree
They were friendly	1	2	3	4	5
They were clean	1	2	3	4	5
They were noisy	1	2	3	4	5
In general, they were good neighbors	1	2	3	4	5

Thank you for your help. If you have any additional comments on the Mercado '97, please write them down here:_____





Appendix F. Suggested Site Plan

Appendix G. Alternative Venues Resource List

Location	Contact	Phone
Briarwood Mall Ann Arbor, MI	Sharon Radwanz Sales Dynamics	313-994-4036
Fairlane Town Center Mall Dearborn, MI	Cheryl Johnson Specialty Leasing Office	313-240-5710
Lakeside Mall Sterling Heights	Kim Marshak Sales Dynamics	810-566-8985
Northland Mall Southfield, MI	Marilyn Zeigler Leasing Office	248-557-0460
Oakland Mall Troy, MI	Douglas Mossman Kogan Companies	248-647-3838
Southland Mall Taylor, MI	Becky Freeland Leasing Office	734-374-2800
Twelve Oaks Mall Novi, MI	Charles Haus Leasing Office	248-258-6800

Suggested Site Plan

Appendix F

