

**W. K. Kellogg Foundation
South Valley Economic Development Center
Virtual Incubation Project
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**Evaluation Report by:
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Pivot Evaluation
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2017 Virtual Incubation Project Program Evaluation

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Introduction

The W. K. Kellogg Foundation has been investing in community development for many years. Their focus on family and child development addresses the major inequities associated with low socio-economic conditions. In our community, it's is easy to find W. K. Kellogg Foundation funded efforts. While measuring community impacts empirically and attributing causal relationships between efforts and outcomes remain challenging, it is clear our community would look remarkably different without W. K. Kellogg Foundation commitment and support.

There are three organizations associated organizations: Rio Grande Community Development Corporation, South Valley Economic Development Center (SVEDC), and Social Impact and Non-profit Community (SINC). The director at SINC resigned and SVEDC adopted management responsibilities on an interim basis. Additional opportunities have also required the SVEDC vision to adapt and expand. As such, the description of SVEDC programs and activities changes regularly as time passes.

The SVEDC Mission:

The South Valley Economic Development Center is the community hub for new and emerging businesses.

The SVEDC Vision:

The South Valley Economic Development Center is dedicated to fostering economic revitalization in New Mexico with a focus on the South Valley of Albuquerque.

The SVEDC has provided a space and resources for new businesses in the South Valley since 2005 to promote economic growth in the South Valley. The current SVEDC staff, beginning in late 2015, upgraded and implemented new processes to support the vision and mission. They provide programs to support businesses that need step-by- step guidance and other resources. Both physical and business principles training support clients and have been improving in content and coverage ever since late 2015. Examples of physical space include offices and a commercial kitchen for food production. Examples of business principles include networking opportunities, access to business consultants, and training lectures on topics such as marketing.

SVEDC provides food service start-up guidance for the industry via the Mixing Bowl and for other businesses and industries via Business Incubation. A third program, the Virtual Incubator, provides start-up planning where entrepreneurs begin developing and planning their business and then graduate to one of the other two programs. After a brief pilot period, the W.K. Kellogg Foundation funded the VI Program official launch.



Program Description

The South Valley Economic Development Center (SVEDC) serves the entrepreneurial community in the South Valley by addressing the issues that inhibit the economic progress through entrepreneurship. They address issues such as the lack of adequate finances, knowledge, and access to traditional assistance organizations and capital. The SVEDC improves on the traditional resources by adapting the services to match the cultural, racial, and linguistic demographics of the area in an inviting and welcoming environment. Entrepreneurs in the South Valley can obtain the guidance and resources that they seek in their language. The Virtual Incubation (VI) program celebrates its first-year anniversary at this writing.

The SVEDC offers around-the-clock building access, administrative services, office equipment, conference and meeting areas that encourage collaboration, as well as access to business guidance experts. The SVEDC addresses the needs of entrepreneurs through leadership that promotes community input for the types of services offered.

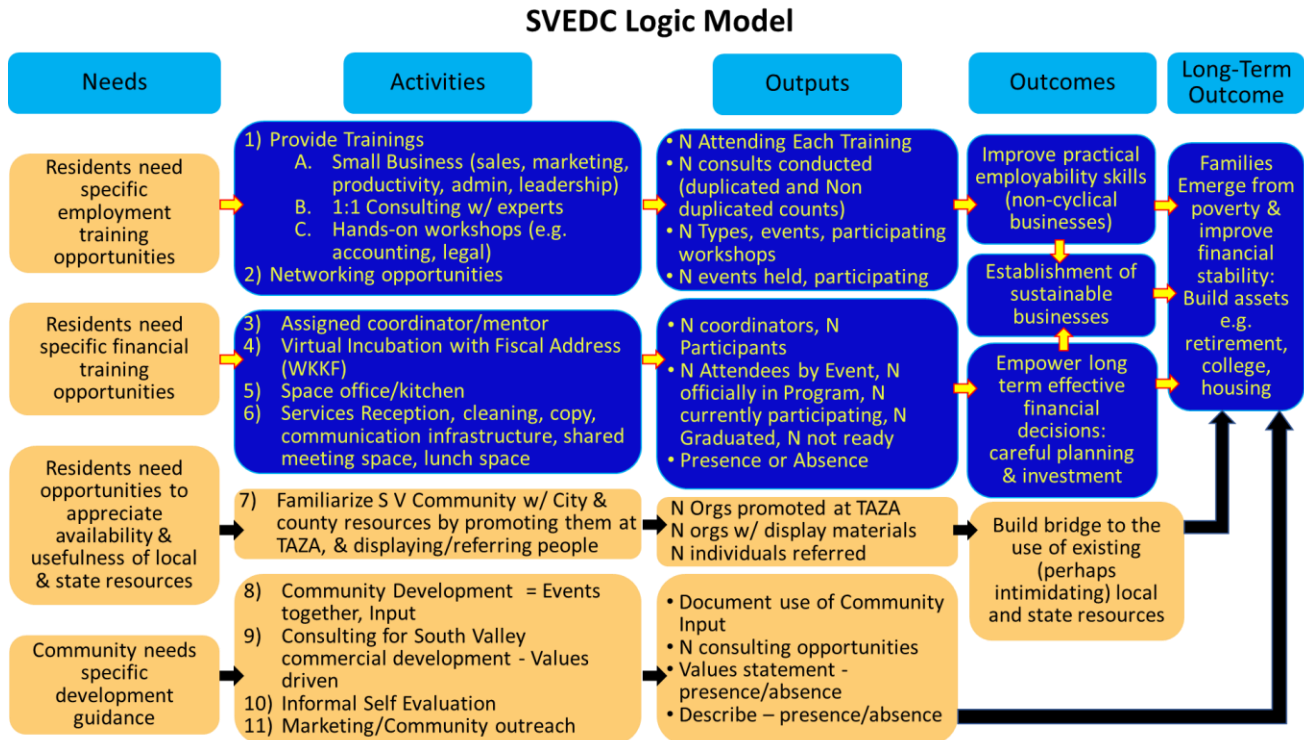
Community input indicated more demand for startup incubation services than existing physical office space allowed. Program staff decision to expand offerings outside the physical building led to establishing the Virtual Incubation program. Program staff reasoned that during startup phases a significant amount of planning goes into deciding if the venture is worth pursuing financially and is feasible given the entrepreneur's constraints. This pre-startup planning helps entrepreneurs avoid executing plans with too much risk or impossible requirements (e.g. more cash than is available). Once completing the Virtual Incubation program, food businesses may graduate into the Mixing Bowl program. The Virtual Incubation program goal is to promote the establishment of successful, sustainable businesses that will lead to the amelioration of the economic hardship of South Valley families.

The SVEDC staff set a process for accomplishing this goal. The organization aimed to have 30 participants with diverse backgrounds, particularly nontraditional entrepreneurs, in the VI Program within the first year as a stepping stone for the goal of 90 participants in the program by the 3rd year. SVEDC guidance counselor connects participants to other resources such as the Small Business Administration consultant. Through this participation, SVEDC aims to increase the number of new businesses in the South Valley, leading to an eventual increase in household income and improvement of quality of life for program participants. A sustainable business provides owners and their children assets for education and retirement.

For this goal, SVEDC has assigned 6 staff to the overall program, 5 of whom are bilingual, for the support and guidance of the program participants. The SVEDC staff invest in the success of the clients served by offering various programs with content commonly needed by startup companies. SVEDC counts on the strong support and collaboration with numerous organizations. With these resources, SVEDC provides trainings, workshops, and networking opportunities about small business management (Figure 1). The SVEDC conducted workshops monthly with volunteer instruction, classes on topics such as: cashflow, excel, marketing, vendors, and suppliers, bidding and contracting, taxes, and leadership. Participants paid no fees, but some charge a fee for materials. The coordinator provides personalized guidance for each entrepreneur, accompanied by physical resources and service support within the facilities.



Figure 1. SVEDC Logic Model. Dark blue cells indicate the Virtual Incubation program the WKKF grant supports.



An integral part of the program is that the staff understand needs of the community. Because of this, SVEDC already has self-evaluation processes in place, by developing a continuous improvement culture for themselves and by attending related community meetings on topics meaningful to the community. The SVEDC staff take an active role in providing input into the evaluation process, including designing the surveys and collecting the data from the clients on a quarterly basis. The clients actively responded to surveys throughout their participation in the program. The following evaluation extends and upgrades these self-evaluation efforts.

The essence of the VI program is its flexibility and modular approach that allows individuals to enter and exit the program as their circumstances permit. Participants can build on their effort at a speed that matches their schedule. The effectiveness of the program relies on this flexibility and adaptability as much as the number of new businesses created. This program allows individuals to explore the possibilities of a new business without compromising their financial resilience. When the exploration results in the participant’s clear understanding of the outcomes relative to risks, that defines success.

Evaluation Activities

The stakeholders in this project include SVEDC staff, clients, client employees, and the partner organizations working to supply knowledge and resources to the entrepreneurial community for



the economic improvement of the entire community in the South Valley. SVEDC program staff actively design and evaluate their analysis tools. Program clients engage in the quarterly surveys with the understanding that they contribute to program improvement. Evaluators have begun describing stakeholders' relationships using social network analysis graphing tools within this report. SVEDC and the evaluation organization plan to build on this initial analysis in coming years.

Methods

This study uses single group pre-test post-test quasi experimental methods to describe outcomes. Process evaluation methods provided the SVEDC an opportunity to add to their own self-assessment practices. The study used a participatory approach to generate planned program description and program activities executed. SVEDC has the interest and capacity to conduct their own basic evaluation tasks, making them exceptional in terms of program evaluation capacity. This effort included a process evaluation that addressed the intake and participation process relative to data collection and monitoring of ongoing program participation.

Further, the evaluation attempted to develop a visual representation of community engagement by sector using social network analysis methods. Evaluators collected a list of collaborators and partners along with descriptions of their interactions with the SVEDC.

These are the research questions for the first year of the Virtual Incubation program:

1. What population did the Virtual Incubation program serve?
2. What is the economic impact on clients of the Virtual Incubation program?
3. What was the community impact of the Virtual Incubation Program?

In year three of this grant, the evaluation will graduate to asking more substantial questions, such as:

1. Do participants in the Virtual Incubation Program establish sustainable and successful businesses?
2. Are the businesses in the programs able to increase the household income of their owners?

Data Collection

All new clients fill in an initial intake form with both qualitative and quantitative elements. The SVEDC collects quarterly surveys of various metrics from each participating organization and hoped evaluators could analyze responses. Examples of data collected in quarterly surveys include: income, expense amount, and number of employees. The participants provide qualitative feedback on the services they are receiving, as well. The SVEDC collects the number and type of events. Finally, the SVEDC coordinator tracks the number of consults and the referrals to partners for resources.

Pivot received results from the first three quarters of survey administration as the last reporting date arrived during report preparation. Since this study offers the first thorough analysis of the quarterly metrics, results described below suggest significant changes to the instrument. While



repeated measures and trend analysis may appear appropriate, the condition of the data limited such analyses.

Full Disclosure

The evaluator for this report participates in the Business Incubation program. Participatory approaches to evaluation provide many benefits. In this case the evaluation benefited from experience with quarterly metrics and familiarity with activities and participants. Methods described above provide objectively verifiable data and findings.

Limitations

Data Collection.

Linking survey data from various quarters posed challenges due to enrollment throughout the year leading to missing data early on without a date to associate with that enrollment. Most of these cases likely began as the year progressed, but there was no date to validate this common practice. Additionally, some participants did not understand the importance of the quarterly survey and neglected to respond. SVEDC staff became diligent about following up with non-respondents and increased response rates. Therefore, within the data file, evaluator could not determine the difference between late enrollees and non-respondents. SVEDC staff continue to address these data collection issues. The practical implications of these factors are that the data set contained unusual amounts of blank values. SVEDC staff and evaluators introduced a significant portion of these blanks values to produce a functional data set. In the future, these blanks should have special codes to identify the source of the missing data. For example, a code could be entered for all individuals who join the VI program part way through the year so that data is not counted as a blank missing value, but nonexistent data – an important distinction for this context.

Additionally, there are multiple sources of data with varying levels of formality. These data sources have no mechanism for linking among them. Evaluators expect to facilitate data collection process improvement for this issue SVEDC has observed.

Since the VI program enrolls participants continuously, analysis of participation requires keeping track of the duration of participation in addition to head counts. SVEDC staff observed this problem already and have begun addressing the problem by including dates in data collection forms.

Keeping track of dates becomes more important as participants matriculate through the various linked programs (e.g. VI to Mixing Bowl to independence). SVEDC staff may wish to reconsider the terminology they use to describe this matriculation process. Specifically, the term graduation may apply to being promoted from the VI program to the Mixing Bowl or it could apply to becoming an independent business.

One of challenges in performing a pre-post test is the need for two points in time for each participant for analysis. Due the fluidity in entry and exit from the VI program, the number of individuals who do not stay long enough to fill out two surveys within the year is high. For all of



those participants, the evaluators inserted a second entry with blank answers, so that they could merge the surveys across time.

Because of missing values and the lack of dates, counts likely underestimate actual values.

Categorization of Employees

SVEDC wishes to capture data on employment opportunities created by the new businesses. A huge challenge is how to classify employment of owners and volunteers due to the variability in payment. For example, not all business owners are able to earn adequate wages, especially during the beginning stages of a business. SVEDC staff will continue to improve the classification of employees to request this information from the participants in a manner that is easy for the participants to follow and respond to accurately.

Findings & Conclusions

SVEDC Data Collection

The SVEDC staff have been developing the VI Program all year. As such, the program description continues to change. In this context, SVEDC staff have instituted new processes valuable to participants but without the necessary linkages to existing data sets. Descriptions below mention areas where the data collection linkages fell behind the process development. This process development necessarily precedes the need to link data sets, and the reader should conclude SVEDC staff have used bottom up procedures to meet participant needs. Developing the data set linkages most likely requires outside assistance after process development has been thoroughly completed and tested.

One area where data sets could be linked is monthly workshops. During the start-up year, 2017, staff maintained incomplete records of workshops and attendance. This is an area for potential linkages. For example, if an individual attended 20 workshops in a year, evaluators would want to count that person only once. Additionally, it is important to know how many times an individual attended workshops. For example, that individual attending the 20 workshops helps contribute to the evidence that the workshops benefit participants.

This is the first year that SVEDC formally analyzed their quarterly metric survey. Many of the variables collected produced unreliable results for various reasons. Questions that respondents did not answer could have been confusing or respondents did not know the content to answer the questions. For example, any questions about dollar amounts would have required a respondent to look up the actual amount. If the respondent answered the questions from their phone, they may not have had access to that data.

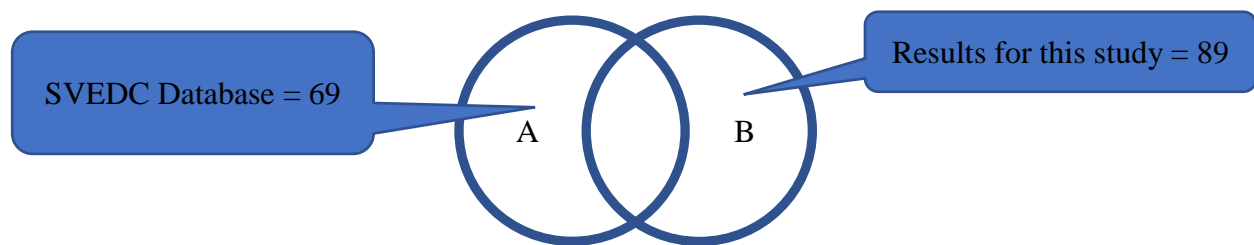
The survey asked quarterly data about annual elements. For example, annual household income would normally be reported by the previous tax year values and few would update that quarterly. Similarly, reporting quarterly employment numbers could allow SVEDC observe trends in employment; however, there is seasonal variation and too much variation among businesses for this to be meaningfully interpreted with these small numbers of participants.



Notably, the VI program participants answered the surveys irregularly across quarters. The nature of the program allows ease of entrance and exit into the program as participants explore and make decisions about starting a business. Therefore, the number of participants changes from month to month with implications for counting participants at any point in time. One solution is to use cumulative nonredundant counting of participants on an annual basis. The results in this report attempt provide a cumulative count of participants.

The SVEDC client information and the quarterly survey datasets were unlinked, providing different numbers and identities of participants. Given limitations discussed above, the SVEDC staff client list showed 69 clients, 12 of whom had likely joined since the last quarterly survey. For the 3rd quarter, SVEDC made the response to surveys mandatory for continuation in the program and increased response rates dramatically. At the same time, there were 89 individuals who filled out the surveys in 2017 (Figure 2), 33 of whom are not listed on the current SVEDC dataset. Those participants may have been temporarily or permanently inactive by the time that the SVEDC dataset was shared with the evaluators.

Figure 2. The 2 circles represent the population of SVEDC participants.

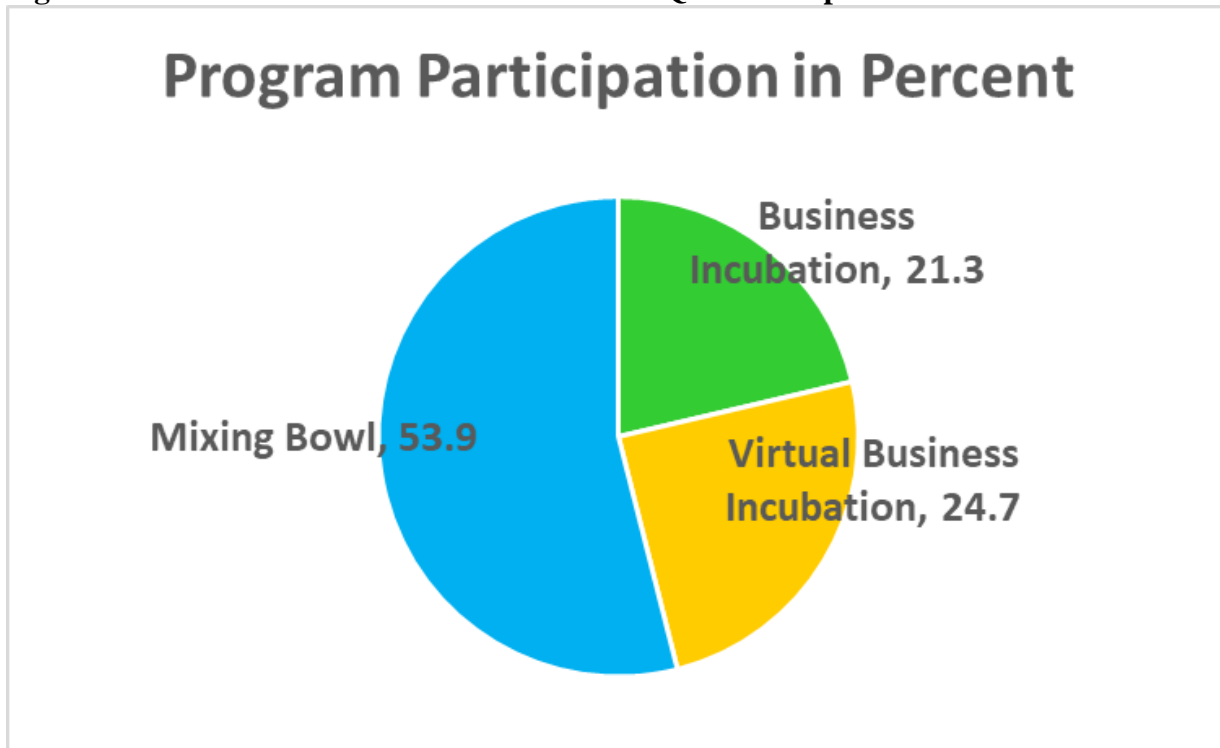


The portion of Circle A that does not overlap represents participants who have not been in the program long enough to respond to the quarterly survey. The portion of Circle B that does not overlap represents individuals who are no longer in any of the programs, and therefore not included in the current SVEDC client dataset. The discrepancy between those on the SVEDC database and the survey invitation list presents an opportunity to improve the record-keeping of enrollment dates and promotion dates to the Mixing bowl and Business Incubation.

By the 3rd quarter of 2017, survey results included 89 respondents, 22 (21.3%) of whom registered in the Virtual Incubation program (Figure 3). The Virtual Incubation program graduated 21 participants and promoted them to the Mixing Bowl. Evaluators used logical participation reports from VI program staff and survey results to determine yearly VI participant counts. Evaluators conclude that at least 34 participants used VI services at some point in the 2017 calendar year. The following results are based on the 21 participants' responses who were in the VI program at some point in the first 3 quarters of 2017.

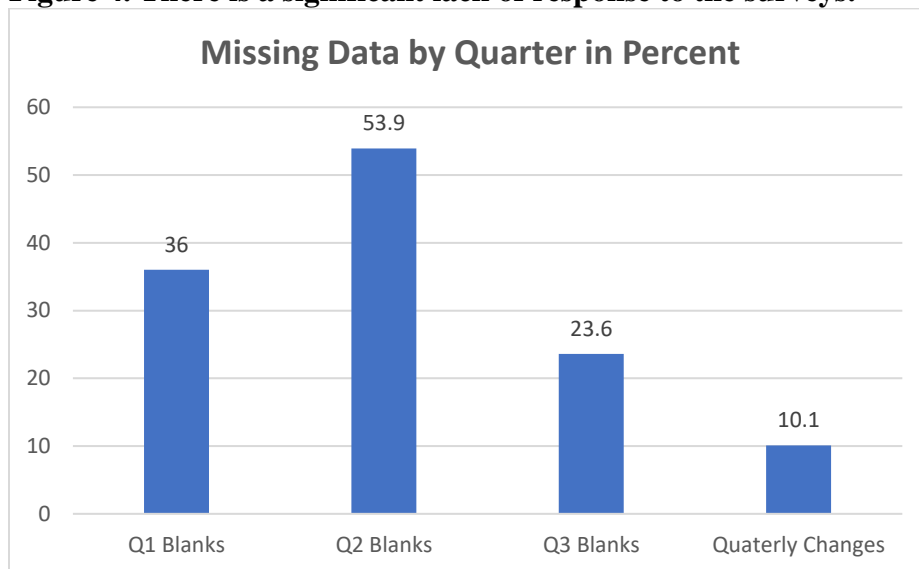


Figure 3. 2017 Results accumulated from first 3 Quarter responses from the 89 clients.



Regarding the number of unanswered surveys, Figure 4 shows a noticeable increase in the rate of response between the 2nd and 3rd quarters. Once they noted the low response rates, SVEDC staff required participants to respond to the survey to continue receiving services.

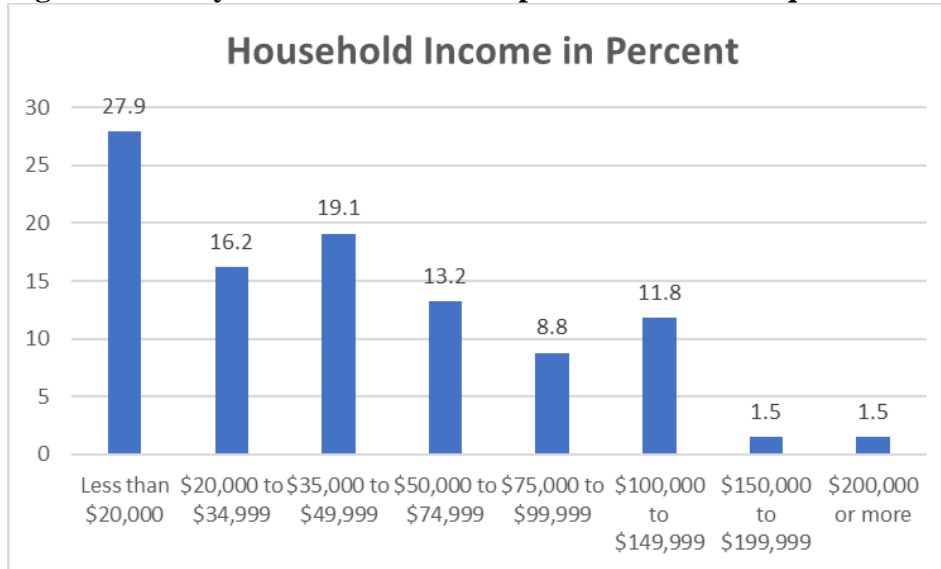
Figure 4. There is a significant lack of response to the surveys.



Household Income

Figure 5 shows the percentage of households in each income category for all programs combined. Participants often changed responses to the household income question from quarter to quarter. As asked in the quarterly surveys, results appear unreliable. It is possible that the question was not clear or the participants did not have immediate access to their yearly financial information. SVEDC staff already plan to eliminate this question from quarterly reporting and add it to an annual survey.

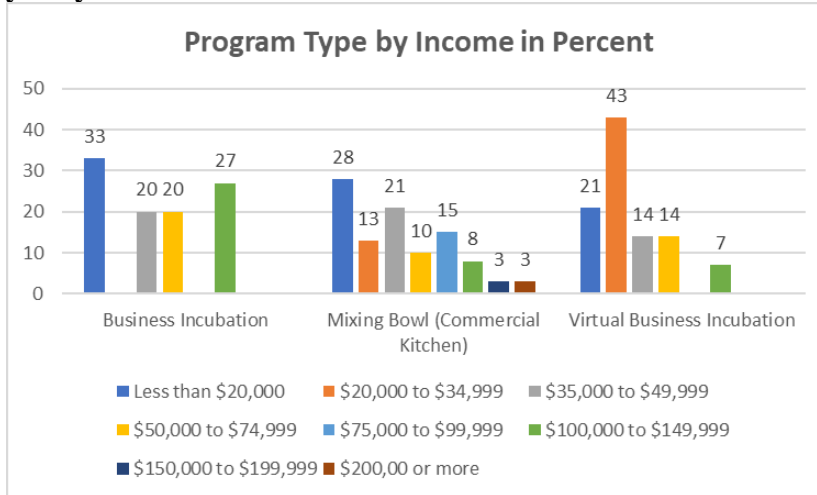
Figure 5. Yearly household income reported in the third quarter of 2017 for all programs.



The participants who enroll in the programs represent different levels of household incomes. In contrast with the Business Incubation program, 74% of the VI program participants reported household earnings lower than \$50,000 (Figure 6). The VI program supports people's entrepreneurship endeavors of people in the lower household income levels who may face barriers to participating in the other programs. The participants in their first year in the VI program may still be in the lower income brackets because they are in the process of planning and getting established. Analysis of their household income in subsequent years would show whether their economic conditions are improving.



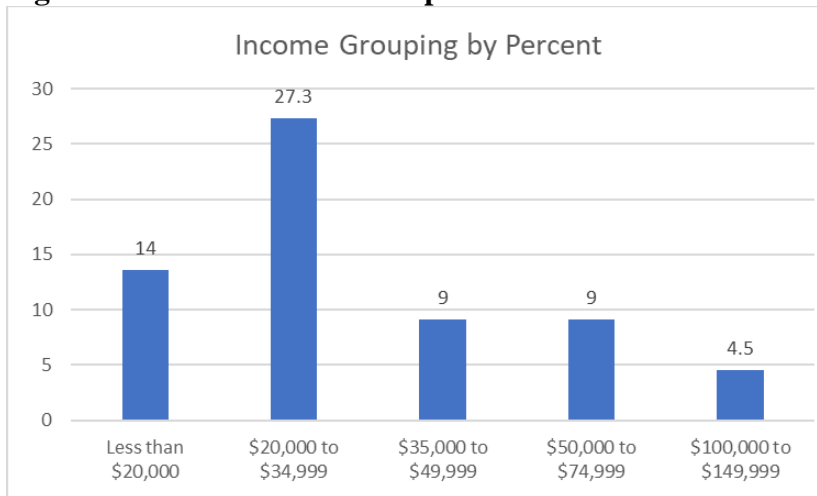
Figure 6. The Mixing Bowl and the Virtual Incubation programs serve clients with lower yearly household incomes.



Virtual Incubation Program Results

Of the 22 participants in the VI program, only 14 gave information on their annual household income in the third quarter (Figure 7). Of the ones who answered, 41.3% earned a household income below \$35,000. This indicates that the VI program is reaching the intended population.

Figure 7. Household income reported for 2017 Virtual Incubation respondents.



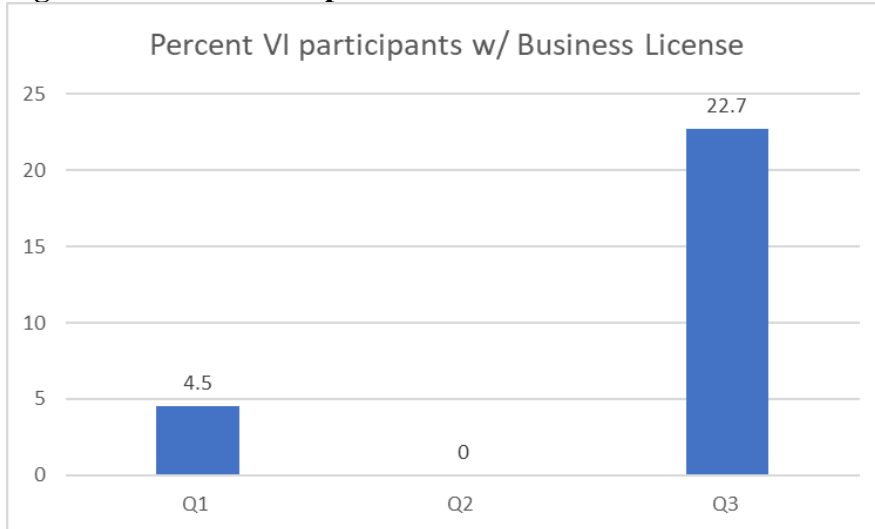
The surveys included request for Gross Revenue data. Evaluators added Gross Revenue across quarters for each participant to get a 9-month total. We estimated an annual Gross Revenue by dividing the 9-month Gross Revenue total 9 and multiplying the results by twelve to calculate an annual estimate. This process was not necessary for the businesses in the VI program because VI clients reported no revenue in any of the quarterly surveys.



Obtaining a Business License

While obtaining a business license demonstrates a commitment to starting a new enterprise, it is not the first step. Much planning goes into establishing a business. However, obtaining a business license demonstrates a client's progression in the planning process. Results in Figure 8 show that by the 3rd quarter, 23% of the VI program participants obtained their business licenses.

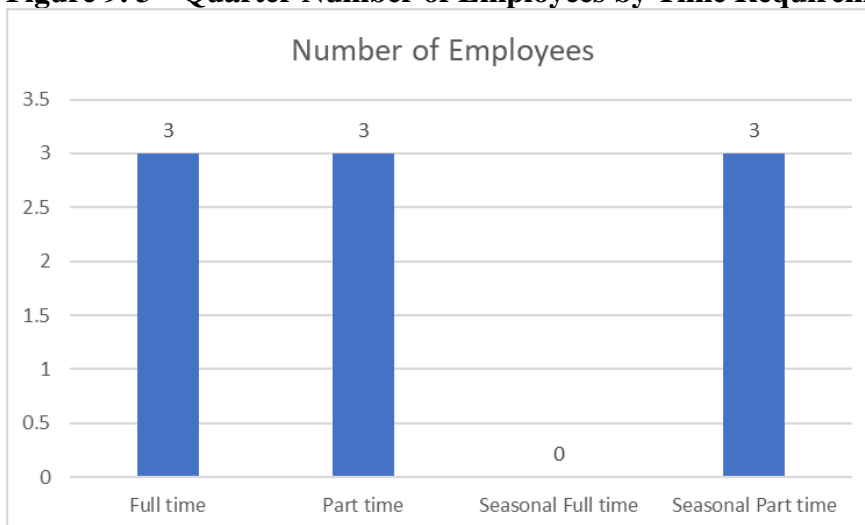
Figure 8. Percent of respondents with business licenses across reporting periods.



Job Creation

The businesses in the VI program created jobs in the community. VI participants employed 9 individuals in the 3rd quarter. These employees spanned full time, part time, and seasonal part time positions. Two businesses reported holding stable positions for more than one quarter. The Number of Employees in the 3rd quarter is the sum of the Types of Employees, including managers, professionals, service providers, technicians, laborers and helpers.

Figure 9. 3rd Quarter Number of Employees by Time Requirements



Financial Information

The SVEDC program surveys attempted to collect data on business expenditures and contributions on a quarterly basis, including payment in wages and salaries, local purchases, and spending on upgrades. The sum of all organizations reported paying gross salary and wages of \$900. Given that VI clients employed 9 people in the 3rd quarter alone, evaluators question the accuracy of this value.

Evaluators added the total local purchases for the VI program participants for the entire year, which totaled \$14,000 among the 8 organizations that reported their local purchase amounts. The amount of funds spent in upgrades for the entire year summed up to \$2,000 among respondents that reported spending funds on upgrades. Respondents reported spending less than \$10,000 on real property.

In addition to expenditures, SVEDC is interested in finding other forms of income for the participants. Additional funding for the organization in the VI program came in the form of investment income. VI program participants reported additional funding, totaling less than \$25,000. Evaluators believe this question requires modification, as the breadth of potential alternate sources of income may not trigger alternate responses. The survey may require a healthy list of examples or multiple prompts.

Table 1. Financial information for VI participants.

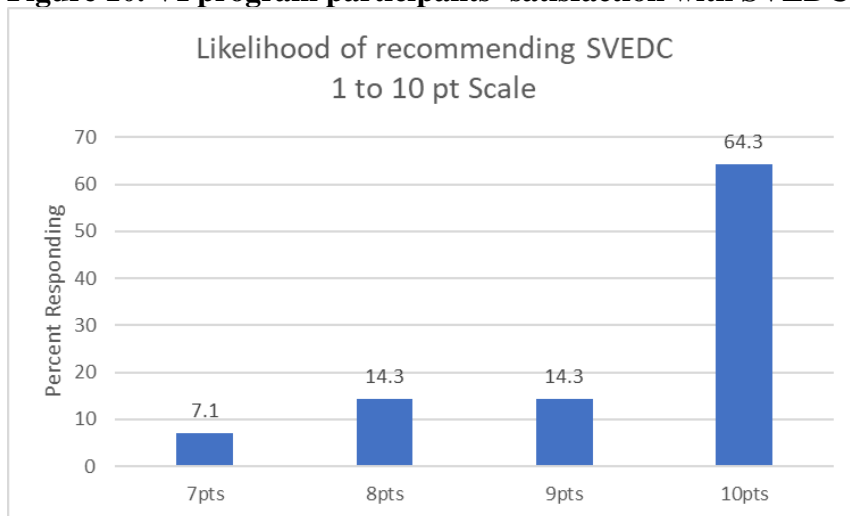
Financial Items	Total
Salaries & Wages	\$900
Local Purchases	\$14,000
Upgrades	\$2,000
Real Property	< \$10,000
Additional Funding Sources	< \$25,000

Client Input

The survey asked participants about the likelihood of recommending SVEDC to other starting businesses. All participants gave a rating higher than 6, and 9 individuals (64.5%) gave the program a 10. Only one individual revised their satisfaction down over the 3 quarters; however, that only dropped to an 8 which can only be interpreted as a satisfied customer. The comments indicate that the participants are happy with the customer service and the business information quality. One participant within the Virtual Incubation program gave constructive criticism: the front desk staff appear to have too many duties on their plates and may also benefit from more experience and training for tasks such as equipment maintenance. Overall, the participants are finding the SVEDC useful for learning to launch and grow their small businesses. Respondents appear to appreciate staff at all levels.



Figure 10. VI program participants' satisfaction with SVEDC in the 3rd quarter, 2017.



Survey Language

The SVEDC staff offered the surveys in both English and Spanish. Out of the all program participants (VI, BI, and Mixing bowl, who answered the survey multiple times, four of them switched from answering the survey in English to answering the Spanish version. In total 6 individuals (13%) preferred responding in Spanish by the 3rd quarter survey.

Survey Data Collection & Database Maintenance Conclusion

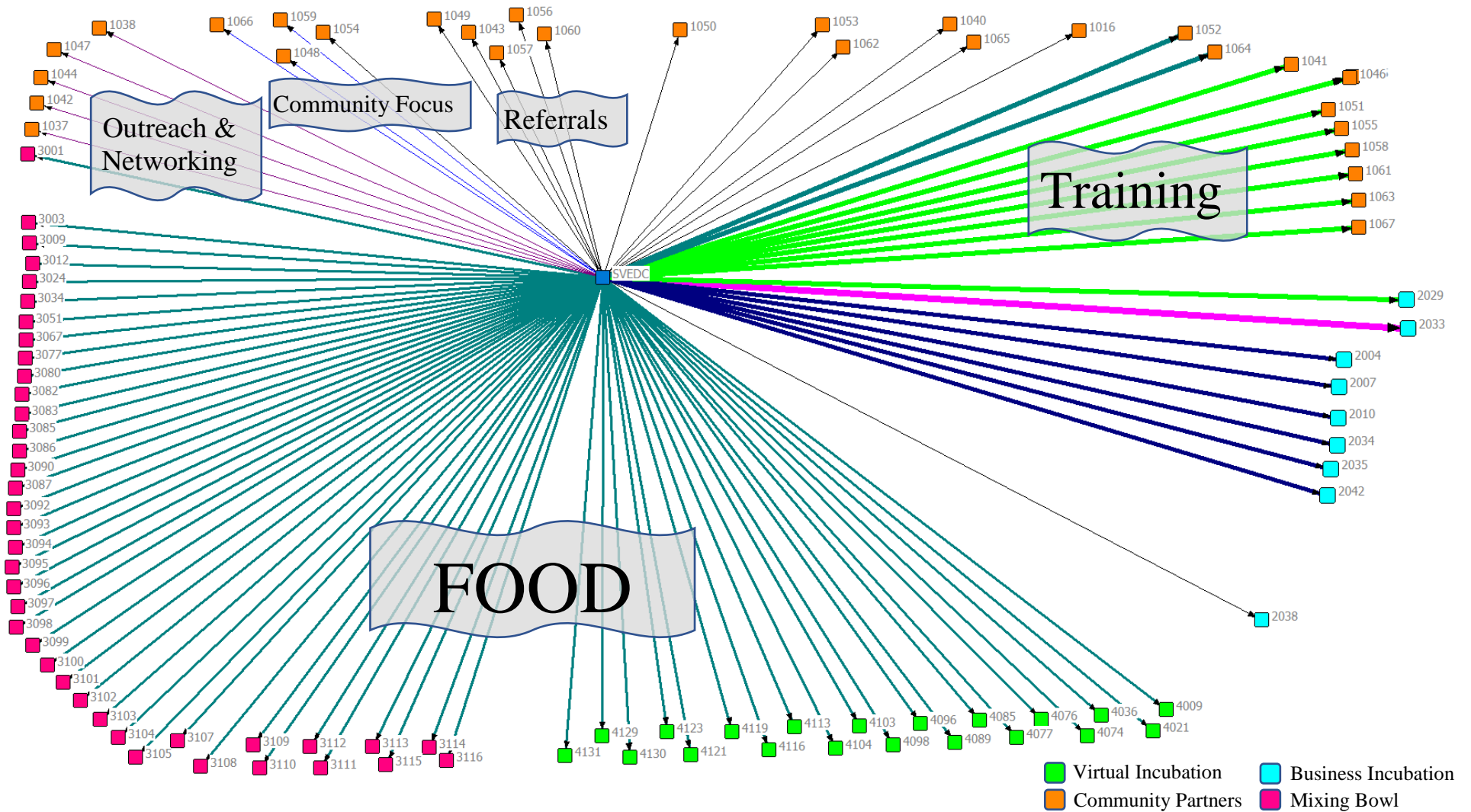
After attempting to analyze the breadth of data SVEDC collects and assembling results for this report, evaluators observe that expansion has required process development at such a rapid rate, portions of data do not link. This evaluation clarified for SVEDC staff the relationships among the new processes developed, and illustrated necessary linkages required for improved outcome monitoring. Collecting and analyzing the data this year helped SVEDC staff to understand how to improve their data collection instruments. At this writing, SVEDC modified some of its data collection methods and plans more modifications related to these findings. SVEDC begins implementing upgraded processes and instruments the 1st quarter, 2018.

Social Network Analysis

The social network analysis (Figure 11) displays the distribution of relationships that SVEDC has with the community. The squares show the number of clients in each of the 3 programs plus SVEDC's partners. The majority of the services offered go to the food industry. The results imply that the SVEDC could consider market saturation within food businesses in the South Valley as part of their consulting. To determine this for certain, SVEDC may wish to conduct market studies in the South Valley as part of their support for startup businesses. At the same time, there is room for growth in the non-food Business Incubation programs. The social network analysis found that four of the participants in the programs serve dual roles – as partners (highlighted in bright pink and neon green in the graphic). This means that SVEDC is increasing the strength of its relationships by increasing the interdependencies among organizations. SVEDC staff plan to continue their social network analysis by adding more types of data to answer additional questions.



Figure 11. Social Network Analysis



Communication Plan

SVEDC will share these findings with the board and staff to support the implementation of improvements in the programs and in the data collection processes. Other staff, clients, or partners may also obtain the information as needed. SVEDC and its partners are consistently collaborating to evaluate and improve program processes. Partners have already provided feedback to SVEDC which led to reducing income barriers to program entry. SVEDC staff applied a low-income fee to break the financial barrier that partners identified as preventing entrepreneurs from enrolling in the program after attending the initial informational sessions.

Five Evaluative Conclusions

1. What population did the Virtual Incubation program serve?

SVEDC served a broad socio-economic stratum; however, they primarily served the low income population they focus on. This breadth of service likely facilitated SVEDC scaleup and business model execution.

2. What is the economic impact on clients of the Virtual Incubation program?

There were nearly the same number of participants who had graduated to the Mixing Bowl as in the VI program, although information about VI graduates to the Mixing Bowl could not be easily linked to this data set. That means economic impact could not be determined for this report. SVEDC and evaluators will collaborate to ensure various data collection instruments across the SVEDC processes can be linked, and collect dates of intake, transition, and exit. Such tracking will allow for firmer financial conclusions in the future. What the financial data did not show may be more important. There is no evidence that anyone lost their retirement investment because of their start up efforts. SVEDC wishes to facilitate sound financial investment without significant risk to the entrepreneur. After having observed such circumstances, SVEDC should consider that they have met early indicators of this goal.

Across all SVEDC programs, clear economic impacts exist. It is likely that with better data collection, the VI program will show early signs of economic improvement.

3. What was the community impact of the Virtual Incubation Program?

The social network analysis indicates that the social impact begins with VI members becoming engaged in other aspects of the community that support the SVEDC mission and vision. Further, SVEDC has developed a broad array of collaborators who support the mission and vision. In this sense, the community sees the SVEDC as one option for improving the lives of people in the South Valley.

4. SVEDC planned to serve 30 participants in the VI program during 2017.

Evaluators estimate that SVEDC served at least 34 participants during 2017, surpassing the goal stated in the W. K. Kellogg Foundation proposal.



5. Data File Integrity.

While this report describes a need for improved data management, results reported here represent a lower limit of accomplishment. That is, despite reporting challenges, the results presented here reflect SVEDC's commitment to transparent reporting. Given discoveries after report writing, evaluators estimate that results presented here underestimate actual accomplishments by 50%. SVEDC sees a clear path forward for making data management improvements in short order.

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