

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: RULES COMMITTEE	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: JUNE 30, 2006

SUBJECT: DRIVING A STRONG ECONOMY (DSE) REFERRAL

At the June 20, 2006, Redevelopment Agency Board meeting, Boardmember Chavez recommended that the recommendations contained in the San Jose Entrepreneur Center Program Evaluation Report, "Independent Evaluation of the San Jose Entrepreneur Center" (attached) be referred to DSE for review. It is recommended that this item be agendaized for review at the next scheduled DSE meeting on September 25, 2006.



HARRY S. MAVROGENES
Executive Director

Attachment

Independent Evaluation of the San Jose Entrepreneur Center

FINAL REPORT

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EXECUTIVE SUMMARY

Introduction

Paul Terry & Associates (PTA) was hired by the Redevelopment Agency of the City of San Jose to evaluate the San Jose Entrepreneur Center's operations and facility management, tenant mix, and range of services. The report makes specific recommendations on operations and services for both users and tenants so that the San Jose Entrepreneurship Center (E-Center) can continue to improve and expand its business support services to the San Jose small business community.

Caveats and Limitations

Based on the specific request of the client and the limitations of the evaluation contract, this evaluation focused on the current management, tenant mix and range of business services only. (Therefore, this was not a fiscal audit of the E-Center.) There was a limited budget and timeline for the evaluation process and sources of information were limited to interviews with E-Center management, tenants, other San Jose business service providers and a select group of E-Center users surveyed. PTA was specifically asked not to evaluate individual programs or on-site courses at the E-Center. Tenant roles and activities were reviewed, yet the evaluation was specifically not intended to assess or complete a program audit of any E-Center tenants.

There was no analysis of the external environment other than information provided in interviews with City officials, current government contacts, a select group of E-Center tenants and review of the Silicon Valley Workforce Investment Network's Santa Clara County Small Business Study. In sum, this may only be the first phase of an E-Center evaluation. This evaluation should be used as an assessment of overall successes to date and as a guide to areas of improvement as the E-Center continues to expand to service a wide range of needs for new and emerging entrepreneurs.

Methodology & Focus

PTA used primary and secondary sources and incorporated both qualitative and quantitative approaches to focus on the E-Center's services. PTA conducted in-depth face-to-face interviews and phone interviews with Oversight Committee members, key E-Center management, staff, on-site tenants and some very limited contact with other non-profit representatives in the San Jose area. PTA used an on-line survey to contact small business owners who have taken E-Center classes within the last three years. PTA also reviewed the E-Center website, marketing materials, and documents and agreements pertaining to the operations and management of the E-Center.

Key Observations & Recommendations: *Facility Management, Operations & Marketing*

Management

The Oversight Committee, currently comprised of five members, has been holding monthly meetings since November 2005 to share information about member services, discuss joint marketing opportunities and learn more about other San Jose based services for small businesses. The Committee is currently in the process of developing regular procedures and needs to take initiative and oversight as soon as possible. The Oversight Committee should continue to formalize its operations and develop a governance system with systems and by-laws to clarify Committee member and tenant responsibilities. It is important that the Oversight Committee schedule regular times (monthly or at least quarterly) to meet in private to discuss policy issues for the E-Center. Monthly public meetings can continue to be open to all and be used as a forum to share information and build tenant relationships. The addition of a small business member to the Oversight Committee and the development of an Advisory Board of small business owners should move forward as planned.

Operations

The current E-Center Manager (a salaried SBA employee) is on-site three days per week and oversees facility operations, such as the use of training rooms and network areas, and coordinates Center programs and services, as well as the marketing of the E-Center. The E-Center Manager is the “go to” person for any security or operational issues and works closely with all tenants to schedule and coordinate a very wide range of workshops and classes. (The E-Center Manager is reported to be well-regarded and respected for her support in this part-time position.) An intern was recently brought on-board to cover the front lobby of the facility and be available as a greeter when the E-Center Manager is not on-site. When there is a budget, the E-Center would greatly benefit from a full-time on-site E-Center Manager (directed by the Oversight Committee) who would be even more available to both users and tenants. It is recommended that the Oversight Committee address the issue of on-site signage – especially in the building lobby – so that clients and visitors can find tenants and get information on services offered. It is also important that the E-Center’s website include clear and current information about tenants and their services (especially since it is cited in the surveys as one of the most important sources for E-Center use.)

Marketing

Currently, the SBA is the lead agency for collateral development and has overseen most of the marketing efforts for the E-Center. (This includes 10,000 copies of the program calendar printed quarterly and distributed all over San Jose.) In addition, each service provider has their own marketing efforts, website and collateral materials. The business services survey conducted by PTA indicated that the top promotional vehicle for the Center has been word of mouth. There is therefore a much larger market that has not been tapped with effective promotional outreach. (Any additional outreach efforts have been affected by the lack of a marketing budget.) The E-Center is encouraged to develop a three to five year strategic plan and a long-range vision for the Center to meet the needs of small business owners. This will clarify target audience and approach. The E-Center would also benefit from a specific marketing plan to promote itself as a destination location for City events and business exchanges. The City of San Jose is encouraged to take credit for the E-Center, run an on-going promotional campaign about its programs, collaborate on areas that they are already developing and increase recognition throughout the City for its services and the E-Center presence and successes.

Tracking

The continued operational success of the E-Center is going to be based on reputation, image, word-of-mouth and the tracking of its success. It is key that the E-Center define its specific objectives, track actual results and communicate outcomes to all constituents. Currently, the SBA-sponsored organizations track their number of class participants, clients counseled and services provided. Each tenant organization tracks its own clients and SBA compiles data related to training and counseling from its three sponsored agencies. Recent SBA reports indicate that thousands of people received services each year from the E-Center, with combined use of all service providers, lenders and Chambers increasing from 2,700 per year in 2000 to 14,000 per year in 2005. The E-Center must continue to track and report methodology and results by tenant organizations and the E-Center overall and extensively inform the tenants, users, the City and the public at large on the E-Center’s successes and impact. Collecting and publicizing E-Center user stories is also a great way to get out the message and drive in new traffic.

Key Observations & Recommendations: *Tenant Mix*

The current tenant organizations include direct service providers, on-site finance institutions, and local ethnic chambers. Tenancy at the E-Center is an evolving process and new tenants are determined on an ad-hoc basis depending on the program or service needs. Recent recruitment has included an organization which will provide training services in Spanish to underserved communities and a financial institution which will offer micro-loan classes and counseling to start-up businesses. The E-Center is encouraged to continue recruitment of tenants who can provide services not currently offered, such as directed corporate and government procurement services (with direct participation of the Small Business Assistance Center of San Jose), more “full-time” and on-site financial services/education effectively integrated into the E-Center, and additional services for ethnic communities.

Chambers should be encouraged and directed to provide services to the ethnic communities in the neighborhoods as well as directing members to use services currently offered on-site. Full-time or nearly full-time tenancy should be a requirement for all current tenants to create an on-site environment with more participation and energy.

A variety of training courses and a mix of counseling services for pre-business and existing business clients are provided at the E-Center by current tenants. All service providers have an established range of services, detailed operations, and (in most cases) experienced key staff. Business services required by pre-business clients are covered by the range of workshops, one-on-one counseling and the small business library on-site. Tenants reported that co-location with other service providers was a very positive aspect of the E-Center, encouraging networking, affiliations and referrals. Tenants reported that they try to inform each other about the range of business services they offer and invite other tenants to events. All tenants interviewed indicated they refer their clients to other E-Center tenants although these referrals are not tracked. It is clear that person-to-person relationships encourage cross-referrals, coordinated efforts and mutual program support. Tenants are encouraged to continue and expand their networking and affiliations with other tenants. Monthly tenant information-sharing meetings to support and learn about each other's services would be helpful. These meetings would need to be structured to focus on tenant needs in order to encourage attendance and participation.

It is important that the E-Center define the criteria for tenancy that includes participation in E-Center programs and E-Center promotion activities. This will allow tenants to better understand their responsibilities to the E-Center and promote a collaborative environment. The E-Center should also encourage annual reports of activities from each tenant on a yearly basis, in order to better communicate information about E-Center activities to each other and the public.

Key Observations & Recommendations: *Business Services*

The focus of the E-Center is to offer a range of small business services in one location to provide support, advice, information, and access to resources for both pre-business and emerging small business owners. E-Center tenants have been providing quality training and counseling services on-site for over five years. Service providers, counselors and trainers have a range of skills and expertise to offer E-Center small business users. Results from the PTA survey indicate high satisfaction with business classes and individual counseling, especially for pre-business and first-year business owners, and survey respondents were very pleased with the courses they had taken. Overall, a large majority of the survey respondents find the Entrepreneur Center to be a useful resource in setting up and/or running their business.

Services are provided by four primary services agencies to address both general business topics, in finance, marketing, accounting and management, as well as specific topics, such as international trade, technology, legalities, licensing and procurement. E-Center classes are provided on-site at a variety of days and at times to meet the schedules of a range of users and offer a range of fundamentals in specific topics for active business owners. Access to business services class enrollment is efficient due to on-line registration. Business services are enhanced with the use of technology for training programs, as well as access to a small business information center.

Some service providers and Chamber tenants actively offer networking opportunities, business exchanges, speaker series and other events. Public events are an important method for driving clients to the facility and should be increased. E-Center tenants should also be encouraged to create and support networking or mentoring groups, as well as small business matchmaking events. The E-Center could develop a networking schedule and implementation strategy that could outline specific goals and activities, such as a commitment by each tenant to host a certain number of events per year, and a process to promote joint tenant events.

Ideally, the mix of services should help clients identify business opportunities and market growth. This can be accomplished by offering workshop series and longer-term training opportunities on-site. The E-Center could also develop an industry-related focus with in-depth offerings, especially for specific growth areas such as biotech, contracting, food and distribution.

In addition, the E-Center should continue to increase culturally specific and language specific services and increase on-site financial counseling services for both pre-business and experienced business owners. It will also be key to help facilitate better connections regarding procurement programs in San Jose. This will also mean encouraging more on-site activities that have been developed by small business assistance advocates who are in the community and working with neighborhood based businesses.

NEXT STEPS

The evaluation conducted to date represents a first phase assessment of the E-Center, looking at several key areas for improvements and suggesting specific recommendations.

A second phase evaluation could include the following research:

- In-depth program audit regarding the overall mix of services and a programmatic review of offerings and affiliations for more extensive coverage;
- Review and recommendations pertaining to Spanish and other language offerings;
- Specific strategies on developing or using satellite locations, off-site orientations and expansion course offerings to fit the needs of neighborhood businesses as well as the wide range of participants at the E-Center;
- Industry-focus services through workshop series, on-line course offerings and/or an industry-specific business incubation;
- The role and scope of full-time management on site – its application and implementation; and
- The development of a three to five year strategic plan embracing many of the current strengths and recommendations for improvements.

It will also be key to review and improve the marketing budget and outreach plan and explore how to increase funding from other sources as well as how to assist each tenant in promoting its services. The E-Center is a valuable resource that should be developed and promoted more. There are success stories that need to be told.

If appropriate, PTA would also be available and qualified to conduct additional research of the overall small business community to assess the demand for business support services, as needed. A more scientific random sample should be undertaken for such a study, with clear indications on the type of services the E-Center should be offering. PTA recommends further research of this group to complete this analysis and then a strategic plan to implement changes.

INTRODUCTION

Paul Terry & Associates (PTA) was hired by the Redevelopment Agency of the City of San Jose to perform an independent evaluation of the San Jose Entrepreneur Center (E-Center), a collaborative small business support center. PTA was hired to evaluate the E-Center's operations and facility management, tenant mix and range of services of the E-Center.

The PTA evaluation focused on the key areas of: facility management, operations, marketing, tenant mix, and business services, specifically looking at how the E-Center responds to the needs of both tenants and small business owners, and overall participant satisfaction with E-Center programs. This report highlights both the strengths and areas of improvement of the E-Center's management and operations, tenant mix, and business services. The report also makes specific recommendations to improve operations and services for both users and tenants. The purpose of the evaluation was to outline some key areas for improvement for the E-Center so that the City of San Jose can feel confident to continue to support and expand its business support services to the small business community.

CAVEATS & LIMITATIONS

Based on the specific request and contract, this evaluation focused on the current management, tenant mix and range of business services only. (This is not intended to be a fiscal audit of the E-Center.) There was a limited budget for the evaluation and therefore scope of investigation. Sources of information were limited to interviews with E-Center management, tenants, other San Jose business service providers, and selected E-Center users surveyed. (The PTA evaluation did not include perceptions from business owners in San Jose currently not associated with the E-Center.)

PTA was asked not to evaluate individual programs or observe on-site courses at the E-Center. As a part of the evaluation, tenant roles and activities were reviewed, yet the evaluation was specifically not intended to evaluate or complete a program audit of any E-Center tenants. There was no analysis of the external market environment other than information provided in interviews with City officials, current government sponsors and current tenants. Comparison of the E-Center's services with other small business programs was based on knowledge of and past experience with other programs.

This is only the first phase of an E-Center evaluation. This evaluation should be used as an assessment of overall successes to date and as a guide to areas of improvement as the E-Center continues to expand to service a wide range of needs for new and emerging entrepreneurs.

BACKGROUND

The San Jose Entrepreneur Center's mission is to provide small business owners and entrepreneurs with a full range of support services from one location in downtown San Jose. The Entrepreneur Center (E-Center) was created as a collaborative effort of the public sector, private industry and non-profit organizations to provide small business owners and emerging entrepreneurs with the resources, tools and information they need to be successful.

The E-Center was established primarily by the efforts of the U.S. Small Business Administration (SBA) as a "one-stop shop" where start-up and existing businesses could come to fulfill their business needs from financial training and expert consulting to technology information. A wide range of classes are offered at the E-Center and both business advisors and chamber representatives are on-site to counsel start-up and existing business owners in the areas of business development, international trade, financing and technology. There is also a Cisco Internet Development Center and business reference library on-site.

The Entrepreneur Center defines its key services as follows:

- *Training* - in all aspects of small business management;
- *Technical Assistance* - expert counseling for start-up businesses and entrepreneurs, targeted consulting for established small and medium-sized businesses;
- *Technology* - development of Internet and technology skills;
- *Financial Programs* - micro-loans, conventional financing, commercial real estate financing and venture capital; and
- *Procurement* - assistance with public and private procurement and certification programs.

The E-Center has been open for over 5 years providing classes, one-one counseling and ethnic Chamber events and programs to the small business community in San Jose. The E-Center has been able to offer a range of effective services in short "bites" to many thousands of pre-business participants, emerging entrepreneurs and existing small business owners.

METHODOLOGY & FOCUS

In fulfilling the scope of services for this project in the three primary areas, Paul Terry & Associates (PTA) used primary and secondary sources. PTA also incorporated both qualitative and quantitative approaches to focus on operations and facility management, tenant mix and business services.

PTA conducted in-depth face-to-face interviews and phone interviews with Oversight Committee members, key E-Center management, staff, tenants and other non-profit representatives in the San Jose area. PTA completed qualitative surveys with E-Center tenants, participated in three Oversight Committee meetings, and observed the facility in daytime operation. PTA surveyed small business owners who have taken classes at the E-Center within the last three years to determine how they used the E-Center, and how satisfied they were with the resources available to them at the E-Center. PTA also reviewed the E-Center website, marketing materials, and original documents and agreements pertaining to the operations and management of the E-Center.

Based on the scope of services, the evaluation of the E-Center focused on three primary areas:

1. Facility Management, Operations & Marketing

This focus was on the internal operations of the E-Center, services provided by staff, support provided to tenants and the role of the Oversight Committee. To complete these tasks, PTA conducted face-to-face interviews with Oversight Committee members, key E-Center management from the SBA and the E-Center manager; conducted phone interviews with tenants; attended Oversight Committee meetings; and observed on-site operations. PTA also reviewed the E-Center's current marketing and promotional outreach efforts.

2. Tenant Mix

The focus was on the current mix of services, how tenancy is determined and supported, as well as suggestions for any changes or expansion. PTA completed qualitative surveys and phone interviews with tenants and other non-profit business services providers, and reviewed services offered at the E-Center based on surveys completed by tenants.

3. Business Services

The focus on business services included the overall range of programs, the general satisfaction of participants and how clients and students felt that the E-Center tenants were meeting the needs of pre-business and existing business owners. PTA surveyed E-Center users, interviewed and surveyed tenants, and reviewed E-Center materials that highlight the range of services offered.

This evaluation indicates areas of improvement and suggests ways that the E-Center could improve program offerings, reach a larger market and be more inclusive for all level and types of small businesses.

FACILITY MANAGEMENT, OPERATIONS & MARKETING

INTENT

As requested by the San Jose Redevelopment Agency, the first objective of this independent assessment was to evaluate operations and management of the E-Center, including the role of the Oversight Committee. Additional objectives included evaluating tenants' opportunities for input or feedback and ascertaining ways to improve business outreach and marketing.

APPROACH

PTA reviewed E-Center reports, memos and marketing materials available for the last two years, conducted face-to-face interviews with all Oversight Committee members, and interviewed senior SBA managers and on-site E-Center management staff. PTA also conducted surveys and in-depth phone interviews with representatives from most current E-Center tenant organizations. PTA reviewed the E-Center's website and surveyed how users have found out about the E-Center and its services.

CURRENT FINDINGS

Oversight Committee

As part of the Entrepreneur Center's lease agreement in August 2005, the San Jose Redevelopment Agency Board directed staff to establish greater local oversight of the E-Center. The Redevelopment Agency, City of San Jose, U.S. Small Business Administration (SBA), San Jose State University Foundation (SJSUF) and Silicon Valley Small Business Development Center (SVSBDC) staff all agreed to establish an Oversight Committee comprised of the aforementioned organizations. As stated in a December 2005 update memo from the Redevelopment Agency, the Oversight Committee was charged with being responsible for the day-to-day management of the E-Center, including the establishment and approval of budgets, policies and goals of the facility, as well E-Center tenant selection.

The Oversight Committee is currently comprised of five members and is in the process of developing its operational perspective on key issues. Thus far, it has been operating on an informal basis. Specific roles have been adopted by some members (such as a Chairperson and fiscal rep – SJSUF member – to track budgetary issues). Other member responsibilities have yet to be defined.

The Committee held its inaugural meeting in September, 2005 and has since held regularly scheduled public meetings on the first Wednesday of each month since November, 2005. All E-Center tenants and any other interested parties are invited to attend and encouraged to participate in a round-table discussion during the meeting – with a clear opportunity for input and feedback. The minutes from Oversight Committee meetings are distributed to any tenant, staff member or interested party of the E-Center. A San Jose Redevelopment employee takes the meeting minutes and sends minutes to all attendees by e-mail. Attendance is tracked at each meeting.

Each member contributes to discussions and the Committee is developing regular procedures to share information about member services, discuss joint marketing opportunities and learn more about other San Jose based services for small businesses. The Committee is developing more consistent procedures and is well informed about the past and current procedures by SBA representatives at each meeting. (The addition of a small business representative to the Oversight Committee and the development of an Advisory Board of small business owners has not been completed as of 4/30/06.)

The Redevelopment Agency Board is funding 92% of the lease payments for the E-Center with a total E-Center financial commitment of \$224,000 for one year (August, 2005 to July, 2006). While the Agency funds 92% of the lease agreement, the Agency funds only 46% of the total E-Center annual operating budget. The remaining 54% of the E-Center operating budget comes from corporate donations and rent payments. (This effort seems to be still "driven" by the SBA.) The San Jose State University Foundation

(SJSUF) is the E-Center fiscal agent. Regular budgets are prepared by the SJSUF and are reviewed at Oversight Committee meetings.

On-Site Management & Facility Operations

The E-Center has a Manager on-site three days per week, who is employed by the SBA. The Manager provides additional support from the San Francisco SBA office one day per week and tele-commutes from her home office one day per week. Due to E-Center budgetary constraints, the SBA pays for the E-Center Manager salary and provides direct supervisory support, as well as access to additional expertise from other senior SBA management.

The current E-Center Manager has been in place for over two years and is the “go to” person for any security or operational issues. She has an open and informative style to create liaisons and encourage cooperation between tenants, outside instructors and other service providers. The E-Center Manager oversees facility operations, such as the use of training rooms and network areas, and coordinates Center programs and services, and the marketing of the E-Center. Her responsibilities include coordinating the use of the Center, compiling the quarterly class calendar, as well as managing and updating the ACTEVA database to track class attendance and report data to the SBA.

Upon the opening of the E-Center in 2000, an operating procedures document was created which included information on some staff roles, the process for welcoming and registering clients, communications systems between tenants, the telephone system, security, E-Center marketing materials, storage, training funds and housekeeping. This document has not been updated since 2000, but E-Center management has expressed a desire to create an updated operating manual as needed.

Marketing

SBA is the lead agency for collateral development and has overseen most of the marketing efforts for the E-Center. (It is key to note that each service provider also has their own marketing efforts, website and collateral materials – to inform and attract clients on their own.) The E-Center website was created with help from and in collaboration with major tenants. The limited marketing budget available has been managed by the SBA and additional outreach efforts have not been undertaken due to the lack of a sufficient marketing budget.

The E-Center Manager gathers and coordinates information about class offerings in order to print and distribute a quarterly class calendar detailing the courses offered at the E-Center. The Manager also updates and manages the E-Center website to advertise its course offerings. The E-Center Manager coordinates standard tenant class offerings, encourages new program offerings and coordinates special requests, networking events and other seminars. The Manager is also responsible for E-Center identity at events and facility tours. (An intern was recently hired to cover the front lobby of the facility and be available as a greeter when the E-Center Manager is not on-site and not able to greet or direct activities.)

The E-Center usage data is tracked by most service providers on-site. Much of this data is compiled and collected by the SBA. According to the SBA’s E-Center Outcome Summary, E-Center users overall are increasing each year. (The combined use of all service providers, lenders and Chambers has increased from 2,700 per year in 2000 to over 14,000 per year in 2005.)

AREAS FOR IMPROVEMENT

The following areas for improvement have been compiled and prioritized based on interviews with E-Center management and tenants, Oversight Committee meetings and facility observations, web site review, surveys, and general document review by PTA. The interviews revealed areas where there could be improvements, however it should be noted that overall, the interviewees were satisfied with the E-Center and its offerings and tenants appreciated the opportunity to have offices on-site.

Oversight Committee

- There currently is no document that defines the “mission” of the E-Center and the specific role of the Oversight Committee and its members’ responsibilities or the Committee’s operating procedures. In short governance is not yet well defined.
- It is not clear whether monthly Committee meetings are meant as a time for review and discussion or should be an opportunity for policy-making.
- Contact between Committee members beyond the monthly public meetings has been minimal to date. There is no scheduled private forum for Committee members to address “macro” and specific policy issues in a confidential manner and there is no procedure for interviewing/approving new members.
- There has not been a small business advocate appointed to the Oversight Committee and the Advisory Board, as one source for that referral, has not been developed to date.

On-Site Management & Facility Operations

- There is a need for full-time management to cover both the duties being managed by the current, part-time Manager as well as the additional activities of expanded programs, additional marketing and expanded neighborhood outreach.
- There is a need to improve signage and increase program information in the facility lobby to better direct E-Center users to the appropriate service or tenant. It is not clear from the E-Center’s building lobby which tenants currently reside at the E-Center and when visitors can access their services.
- There is now an intern working as a receptionist/greeter, but it is an issue for some tenants that there is not enough information and clear directions for visitors at the front door due to a lack of personnel.
- The E-Center needs to improve access for after hours and weekend use IF there is a legitimate request by a non-tenant that has been approved by the Oversight Committee.
- Some tenants are not always informed about issues, events and changes. Better communication systems will help address this information gap.
- Security issues have been questioned especially if there are events after hours.
- It was reported by many tenants that parking is not easily affordable for many E-Center users.

Marketing

Areas of improvement for marketing efforts have been compiled and include the following:

- There is no long-term, strategic marketing plan for E-Center growth over the next two to three years.
- Word-of-mouth has been stated from many sources (interviews and surveys) as the primary reason people come to the E-Center. (Additional word of mouth efforts and publicity will be very helpful to encourage more word-of-mouth and direct referrals.)
- It has been often stated that there is a lack of funds for marketing the E-Center beyond what is currently being done – the quarterly calendar, the website and “front door” flyers.
- It is not always clear where the calendar is distributed and how many copies are delivered to each location and if they are replenished during the quarter.
- The E-Center website has been noted by E-Center users as a primary source for learning about the E-Center. However, the website does not include a current list of tenants and their services, specific information about financial assistance and loan office hours on the Financial Assistance page, or active links to procurement information.
- It has been reported that there are spam issues related to the E-Center’s email marketing efforts. And these issues need to be resolved so that class marketing via email can continue, helping to increase the response to E-Center training program outreach.

- There is not enough or consistent outreach to neighborhoods and areas outside of downtown San Jose for both marketing of the E-Center and neighborhood based orientations.
- To date there has not been enough coordination of co-marketing with other governmental agencies that frequently serve the same population (e.g. permit office, clerk-recorder, etc.).
- The information and insights gathered by the “in-the-field” advocates has not been consistently shared with E-Center management to help connect communities and direct class content and delivery.

RECOMMENDATIONS

These recommendations have been compiled and are based on specific suggestions from E-Center management, on-site tenants and review of all surveys, interviews and on-site observation by PTA. (Note that budget, timeframe and implementation strategies have not been included in this evaluation.)

Oversight Committee

1. The Oversight Committee needs to take “executive action” define governance and focus with vision, mission and goals. Then, by-laws and operating agreements will help improve overall management of the E-Center, clarify member duties, tenant responsibilities, and meeting purpose.
2. The Committee’s role is to “manage the day-to-day operations of the E-Center.” Therefore, since activities are currently limited to hosting a monthly meeting, additional “hands-on” management needs to be implemented.
3. The Oversight Committee needs to schedule a regular time to meet in private to discuss policy issues for the E-Center, define its roles and then report results at the monthly meeting.
4. There needs to be a resolution and appointment of a small business advocate on the Oversight Committee and the Small Business Advisory Board developed for that referral.
5. The Oversight Committee monthly public meetings need to be continued and used to promote and build tenant relationships and be a dynamic opportunity to encourage participation and collaboration.

On-Site Management & Facility Operations

1. If funds available, it is recommended that the E-Center hire a full-time E-Center Manager, directed by the Oversight Committee, so that there is someone on-site to develop additional events, encourage neighborhood participation and represent local micro-business needs. (This is not a criticism of the current, part-time E-Center Manager who is appreciated by current tenants and senior management.)
2. The E-Center will need to improve signage in the lobby so that visitors can get information on services offered.
3. There needs to be a proscribed way to increase evening and weekend access for additional services. There could be specific responsibilities from one of the on-site tenant to sponsor any non-tenant events – if approved by the E-Center management.
4. There is a need to utilize technology to improve communications among tenants (such as an email list serv). A distribution system for announcements and follow-up on key issues will help.
5. There is also a need to address other tenant and user requests including increased access hours, improved library access and technology in the classroom – with updates on status at the least.
6. Parking is an issue that cannot be easily solved given the facility’s location. However, clear directions to parking options, and perhaps limited validated parking locations could help access.

Marketing

1. The E-Center will need to develop a three to five year strategic plan and a long-range vision for the Center. This plan will help clarify target audience needs and the appropriate approach to meet them. (This is a long-term goal and could be a focus of the Oversight Committee in the next year.)
2. The E-Center would benefit from a marketing plan to promote itself as a destination location for City events and business exchanges for resident tenants. The City of San Jose should take credit for the E-Center, run a promotional campaign about its programs and develop more recognition throughout the City for its excellent services.
3. The top promotional vehicle for the Center has been word of mouth. A larger market that has not been tapped with effective promotional outreach and a consistent, promotional campaign will be helpful.

4. The E-Center should continue to support more neighborhood contact with off-site orientations and on-site tours to attract more participants with very relevant services.
5. Based on feedback from interviews, agencies such as the City of San Jose and the Santa Clara County Clerk Recorder's office need to continue to promote the E-Center with each applicant seeking business licenses or fictitious business name filings. (City Management spokespeople report this is now being promoted by the City Center offices and "in-the-field" advocates.)
6. The E-Center needs to update the website on a regular basis and designate a webmaster (and a budget) to keep the website current. It will need to evaluate and make changes quarterly to help promote program outreach.

CONCLUSIONS

The E-Center provides consistent service to tenants, class participants, business owners and visitors. The Oversight Committee is taking over more direct supervision of the E-Center and meetings are becoming more participatory and informative. While there are issues such as not having a full-time E-Center Manager and lack of signage for visitors, the E-Center does function effectively and serves over 8,000 visitors per year – according to compiled E-Center tenant reports.

Marketing outreach, website updates and a more assertive public relations campaign should help promote the E-Center and attract even more users. Some of the recommendations for expanded tenant collaborations and referrals, additional on-site meetings and conferences, orientations in the neighborhoods and improved web-based marketing will also help.

The Oversight Committee will need to take a more participatory and assertive role in the E-Center management – to set-up and manage with authority. It is key that tenants are "pulling their weight" and serving the common mission of the E-Center with services and expanded programs – based on need. This commitment needs to be reviewed and monitored by the Oversight Committee so that expectations are being met – or adjustments with tenancy will be suggested.

TENANT MIX

INTENT

As requested by the San Jose Redevelopment Agency, the second objective of this independent assessment was to evaluate the existing tenant mix. This also included a review of how tenancy is determined and suggestions for ideal or additional tenants, if appropriate.

APPROACH

PTA developed a qualitative survey and emailed the survey questions to a senior representative from each on-site tenant organization. PTA conducted in-depth phone interviews with most active tenant organizations and other off-site San Jose business service providers. (See Appendix I for a list of interviewees and Appendices II and III for a list of interview questions.)

PTA reviewed listings and descriptions of all service offerings at the E-Center. Based on the quarterly calendar, PTA designed a summary of tenant services by each tenant based on the quarterly calendar (see Appendix VII). This was used in the tenant interviews to verify services offered for each tenant, as well as the frequency and estimated enrollment or attendance of those services. Tenants submitted completed surveys to confirm their service offerings. PTA also inquired about and received information on additional services being planned or under development at the E-Center.

CURRENT FINDINGS

Tenant Mix

The original E-Center tenants were chosen by the SBA and other initial partners to address the areas of venture capital, procurement and international trade. As current business needs changed, the focus changed to micro-enterprise and more non-technology based businesses. Ethnic Chambers, SBA resource partners and loan assistance organizations were added to help address the business support needs for this market. The current tenant organizations include direct service providers, on-site finance institutions, and some local ethnic chambers. At the time of this report (4/30/06), current tenants include:

Technical Assistance Service Providers

- Service Corps of Retired Executives, Silicon Valley Chapter 405 (SCORE)
- Silicon Valley Center for International Trade Development (CITD)
- Silicon Valley Small Business Development Center (SV-SBDC)
- SBDC - Technology Advisory Program (SBDC-TAP)
- Small Business Technology Institute (SBTI)
- AnewAmerica Community Corporation (now participating on-site on a periodic basis – as of April 2006)

Financial Institutions / Lenders

- Bay Area Association of Government Guaranteed Lenders (BAAGGL)
- Bay Area Development Company
- Lenders for Community Development
- TMC Development Corporation
- Innovative Bank (now participating on-site on a periodic basis – as of April, 2006)

Ethnic Chambers

- Japanese American Chamber of Commerce
- Vietnamese American Chamber of Commerce
- Portuguese Chamber of Commerce
- Greater San Jose Hispanic Chamber of Commerce
- Hispanic Chamber of Commerce, Silicon Valley (confirmed to be on site by June, 2006)

Overview

Tenancy and the tenant mix at the E-Center has been an evolving process. New tenants are determined on an ad-hoc basis by both the Oversight Committee and senior SBA management depending on the missing program or service needs and/or the non-profit that can provide this service. Recent recruitment has included AnewAmerica Community Corporation, which will provide classroom training services in Spanish to underserved communities and Innovative Bank which will offer micro-loan classes and counseling to start-up businesses. Some ethnic Chambers have changed their status or are less active and others have requested more space and better locations within the E-Center.

Services offered

A comprehensive variety of training courses and counseling services are provided by the tenants in the E-Center. All service providers have established services, detailed operations and experienced key staff. Most of the technical assistance service providers on-site are providing one-on-one counseling and training services in a variety of topics for both pre-business and existing business clients. The business services required by pre-business clients are covered by workshops, one-on-one counseling and a small business library on-site. The E-Center Manager works with tenants to schedule and coordinate the workshops and classes and is the valued link to make it "all happen".

Based on the Services Review Checklist (see Appendix VII) used during the tenant research stage, on-site service providers confirmed services. They reviewed effectiveness of current offerings, rated levels of success and cited other services that were in development. Primary offerings from service providers are addressing business needs of pre-start-ups and existing businesses – with one-on-one counseling and a wide range of short, intensive courses on pre-start-up issues, financials, marketing and management as well as effective consulting and classes on technical topics and international trade. (One tenant is expanding technical training and off-site services and has successfully expanded into a new non-profit entity.) Some active Chambers are offering morning networking meetings, promotion of business and trade delegations, leads groups for members, affiliations with the business schools and access to longer-term training programs.

Tenant collaboration

The co-location with other service providers was reported by all tenants interviewed as a very positive aspect of the E-Center. This encouraged networking, affiliations and referrals. Tenants interviewed reported that they enjoy being there and that they try to inform each other about the range of business services they offer and invite other tenants to events (with some limited success). Some tenants reported collaborating by sharing booths at local small business events and promoting other tenant organizations during events. All tenants interviewed indicated they refer their clients to other E-Center tenants although this is not tracked specifically. It was noted that it is the person-to-person relationships that encourage cross-referrals, coordinated efforts and mutual program support. (For example, technical assistance service providers have started to inform each other more frequently about each other's programs.)

AREAS FOR IMPROVEMENT

The following areas for improvement have been compiled and prioritized based on interviews with E-Center management, tenants, a survey of E-Center participants and current services reviewed by PTA. Both tenants and E-Center users mentioned areas where there could be improvements, additional support and more business services. However, it should be noted that overall, both groups stated they were satisfied with the E-Center and its offerings.

Tenant mix

- The process for inviting new tenants into the E-Center is currently not well defined.
- There is a lack of focus on the specific needs of micro-business owners located in ethnic neighborhood communities.
- There is currently no organization on-site focused specifically on meeting the needs of women business owners.

- There is a lack of financial education services that are sufficiently addressing the needs of pre-business and very small enterprises.
- Some tenants are not using the facility on a full-time basis – or even on a regular part-time basis.

Services offered

- A need for increased loan services and financial assistance was reported. (However, on-site financial service providers noted that limited E-Center activity in this area is due to a lack of appropriate clients.)
- There is limited participation from some ethnic Chambers due to internal capacity and inconsistent management. (Some Chambers have been less active due to changes in directorship within their organizations or inactive membership from time to time.)
- There are limited services for mid-level businesses or people in business for two to four years or more and looking to expand.
- Currently there are no long-term training classes (although NextLevel Business Training classes in Spanish have just started through one on-site Chamber).
- There is limited and inconsistent contact with the City and County for legal related issues (although some classes are offered quarterly).
- There seems to be a lack of counseling services that match the needs of micro-business start-ups.
- Survey respondents indicated a desire for increased class offerings at the E-Center – in spite of the hundreds that are currently being offered.

Tenant collaboration

- There are no written agreements with current tenants to outline expectations related to E-Center operations, services, marketing of the E-Center, and collaborations with other tenants. There is no monitoring process to confirm tenants are meeting expectations.
- There is no regular tenant meeting (although this has been done in the past) to support and promote each others' services.
- There is currently no functional information-sharing technology source being used to assist internal E-Center communication.
- There was a need expressed by some tenants for increased information-sharing about other tenants' mixers and business-related events.
- For the most part, referrals between tenant organizations are not tracked and reported officially.

RECOMMENDATIONS

While PTA has not determined the cost, the administration required, the development time and/or an implementation strategy, the following recommendations address service gaps and could increase participation of both pre-business and existing clients. The recommendations are based on interviews, surveys and consultant review.

Tenant mix

1. The E-Center (monitored by the Oversight Committee) should work toward creating and monitoring criteria for tenancy. This may include participating in E-Center programs, contributing to rent, providing complementary and non-competitive services, and being more involved and fully participatory in E-Center promotion activities.
2. The E-Center should encourage annual reports of activities from each tenant on a yearly basis, in order to better communicate information about E-Center activities to the public and each other.
3. Full-time use tenancy should be encouraged for all current tenants to create an on-site environment with more participation and energy. (For example, tenants need to commit to being present in their offices at least 60% of the working week.)
4. Continue recruitment of tenants who can provide services not currently offered - corporate procurement, long-term training classes, industry specific services, and additional Spanish language, Vietnamese and other culturally-specific services for ethnic communities – with a well-defined plan managed by the Oversight Committee.

5. The Hispanic Chamber of Commerce, Silicon Valley should be welcomed to confirm their active tenancy in the E-Center so they can participate in the full mix of E-Center activities and help attract Hispanic businesses to the E-Center.
6. The on-site Chambers should be encouraged (and perhaps "mentored") to expand contacts and provide services to the ethnic communities and the neighborhoods as well as continue to encourage current members to use existing small business services currently offered on-site. They also need to hold more events and conferences on site and help build "traffic" to the E-Center.
7. The E-Center should try to attract more financial institutions that offer micro loans or peer lending models as well as provide education of specific financial services for pre business and start-ups that will help and support very early-stage small businesses. (However, a recent new tenant bank may be able to help with their new services.)

Services Offered

1. As appropriate, the E-Center should increase the on-site financial counseling services available for both pre-business and experienced business owners – and promote this effectively.
2. Workshop series (4-6 sessions) or longer-term training opportunities should be offered on-site to help explore subjects in more depth.
3. Ideally, the mix of services should help more experienced businesses and also focus on business development – helping clients identify business opportunities, making sales presentations and landing contracts with a focus on growth.
4. Chamber commitment to on-site use and recruitment of potential program users needs to be re-stated and encouraged for the benefit of all.
5. The E-Center should increase its focus on industry-specific services – and help tenants and users focus on new market trends in construction, food, distribution and biotech opportunities.
6. The E-Center should continue to expand longer-term training services with 10-12 week commitments in completing business plans, marketing plans and loan or equity plans.
7. It should be clear (in lobby area signage and materials as well as on the website) which services are offered at the Center, by what clients, and when they are available.
8. There needs to be a stronger connection formed between City of San Jose and services that can help businesses both launch and stay connected to City, State and Federal procurement opportunities.

Tenant collaboration

1. The E-Center Manager should continue to focus on facilitating closer working relationships among tenants. This could include monthly tenant information-sharing meetings to support and learn about each other's services. These meetings will need to be structured to focus on tenant needs in order to encourage attendance and participation.
2. The E-Center should develop a networking schedule and implementation strategy and encourage all tenants to host at least one event per month.
3. The E-Center should encourage Chambers and service providers to hold joint mixers.
4. Joint promotional and PR messages need to be communicated through technology and print media to tell the story of the E-Center and its many, many success stories.
5. On-site service providers all provide important services and need to address issues regarding trust and competition and the potential overlap of services to reduce confusing new E-Center users.

CONCLUSIONS

The tenant mix at the E-Center has been developed to provide a wide range of services by governmental and non-profit providers. The mix of service providers, financial institutions and ethnic chambers make up an effective cross-section of resources for small businesses and new entrepreneurs. The on-site service providers have dedicated and committed counselors. Classes and workshops given by the tenants span a wide range of topics and are offered at a variety of times. Tenants are collaborating and referring clients to each other more and more.

Some ethnic Chambers have added specific services for their members such as lead groups, referrals to traditional business schools, affiliations to trade associations and enrollment in longer-term training classes. This mix of programs by ethnic Chambers can serve both the value of their memberships and increase overall participation at the E-Center.

There are some areas of improvement recommended as well as additional tenants who can reach other current business owners and potential entrepreneurs and offer on-going and high-quality services to new business (such as more services in Spanish and Vietnamese, for example). More sophisticated services for advanced businesses needs to be addressed. More collaboration between tenants and a strong expansion of networking would be helpful. Tracking this information for success and increased participation will help further.

BUSINESS SERVICES

INTENT

As requested by the San Jose Redevelopment Agency, the third part of the in-depth assessment involved evaluating the general satisfaction of participants using the E-Center's services. PTA was asked to evaluate how the business services of the E-Center and its tenants are meeting the needs of new entrepreneurs and small business owners. PTA was asked not to evaluate each program or analyze specific tenant services. The objective was to review program mix and the overall range of services.

APPROACH

PTA reviewed E-Center calendars for range of classes over the last year. PTA completed an on-line survey with selected E-Center users (primarily from databases of class participants supplied by the E-Center) to determine levels of use and satisfaction with services. (See Appendices IV, V and VI for survey results and survey questions.) PTA also utilized its intimate knowledge of two established Bay Area small business centers for reasonable comparisons.

CURRENT FINDINGS

Current business services

The focus of the E-Center is to offer a range of small business services in one location to provide support, information and access to resources for both pre-start-ups and emerging small businesses. The E-Center tenants have been providing quality training and counseling services on-site for over five years. Service providers, counselors and trainers are experienced and have a range of skills and expertise to offer E-Center small business users.

Accessibility

Access to business classes and enrollment is efficient due to on-line registration. Business services are enhanced with the use of technology for training programs, as well as access to a business information center, and referrals to off-site resources. Services are provided in person, on-line, by phone (SBA phone mentors) and at tenant sites by some tenants. (Some tenants actively offer networking opportunities, business exchanges, speaker series and other events.) E-Center classes are provided on-site at a variety of days and at times to meet day and evening schedules of participants.

Results/Outcomes

The SBA-sponsored organizations track the number of class participants, clients counseled and services they provide at the E-Center. Each tenant organization tracks its own clients and SBA compiles data related to training and counseling from its three sponsored agencies. The quality and satisfaction of the services is assessed based on evaluations at the end of each class or workshop. (These are collected and reviewed regularly by the E-Center Manager helping her assess content and instructor capabilities.)

Information provided to PTA by the SBA management (compiled from monthly reports generated by the on-site service providers) reported results from the last 5 years. Tracking by the SBA indicates that thousands of people receive services each year with the total served increasing from 2,700 per year in 2000 to over 14,000 per year in 2005 – if results from all services providers are combined.

Survey Results

PTA surveyed small business owners who have utilized the E-Center within the last three years. The survey attempted to determine how they used the E-Center, and how satisfied they were with the resources available to them at the E-Center. (Please refer to Appendices IV and V for complete survey findings and Appendix VI for a list of the survey questions.)

(It should be noted that given the budgetary constraints for this project, and the lack of ready access to resources for potential respondents, PTA was limited in the population that could be effectively targeted for this survey. As well, survey respondents are clients who have received services from the E-Center, and are thus not necessarily indicative of the overall population of small business owners in the San Jose area. Therefore, it is key to reiterate that the results here should be viewed as a client satisfaction survey, not necessarily a predictive assessment on the appropriate direction for the E-Center overall.)

Overall, a large majority of the survey respondents find the San Jose Entrepreneur Center to be a useful resource in setting up and/or running their business – 85% found the E-Center to be helpful (45% very helpful and 40% somewhat helpful). There is a clear correlation between the amount of time respondents have been running their business and how helpful the E-Center has been to them. About 93% of respondents who have not yet set up their business find the E-Center very or somewhat helpful while 89% who have been in business less than one year also find it helpful. It is interesting to note that even 79% of experienced business owners (16% of respondents) who have had their business for over nine years find the E-Center to be helpful to them.

Of the large majority of respondents who found the E-Center to be a useful resource, those who elected to give reasons cited the following as their top choices: classes (31% of respondents); counseling (16%) and the library (6%). (It is key to note that the survey was sent to primarily E-Center class participants and therefore, respondents may have more experience with classes than other E-Center services.) Of those citing reasons for not finding the E-Center to be as useful, 4% of respondents felt the services did not match their business needs, and 2% did not like the services they received. Respondents cited the array of services and resources offered, and the expertise available at the E-Center as the areas they liked most at the facility. Parking was the item they liked least at the E-Center.

During the past three years, respondents utilized both classes and counseling. Of the 206 survey respondents, they took at least 646 classes or workshops, they participated in at least 210 counseling sessions with 20% of respondents took as many as four to six classes or workshops, 4% took at least seven of these courses and 5% saw counselors four to six times. Overall, respondents tend to find the courses more useful than the counseling. (Again, it should be noted that those surveyed were mostly users who had taken classes. It should be noted as well that the majority of respondents also found counseling to be more useful than not useful in setting up or running their business.) The 206 survey respondents took advantage of various public events at the E-Center (e.g., lunches, mixers, trade shows, speaker series) sponsored by the various tenants.

Respondents participated in at least 249 public events, 5% attended four to six events and 6% attending over seven events. Overall, 57% of the survey respondents found the networking events to be more useful than not useful in setting up and/or running their business, though a significant number (30%) found the public events to be not useful at all. Of the 57 respondents who commented on the utility of Chamber of Commerce memberships 35% found them to be very or somewhat useful, and 49% stated they were not at all useful in setting up or running their business. Of the 48 respondents who commented on the utility of loan assistance, 25% found this service to be very or somewhat useful, and 60% stated it was not at all useful in setting up and/or running their business.

Respondents would like to see more classes offered in many of the business disciplines (e.g., marketing, finance, technology), as well as more structured networking opportunities. Otherwise there were no central themes in what respondents would like to see expanded at the E-Center. Overall there were far more positive open comments (28) than negative (2), with 8 suggestions for improvements.

Respondents heard about the E-Center in a variety of ways. The following were the primary promotional tools that seemed to work for these respondents: 27% from word of mouth, 23% from the E-Center website, 21% from the SBA (either through SBA website or other SBA contact), 12% picked up a calendar, 6% received a calendar in the mail, and 6% heard about it from organization located in the Center. (Detailed findings from the survey can be found in Appendices IV and V.)

AREAS FOR IMPROVEMENT

The following areas for improvement have been compiled and prioritized based on interviews with E-Center management and tenants and surveys of E-Center participants.

Service Needs

- There is currently no specific industry track or focus at the E-Center. (If added, this could provide in-depth services for more mature, sophisticated small business owners with specifics for vertical markets and other targeted needs.)
- The E-Center does not currently offer a comprehensive entrepreneurial development program or offer long-term entrepreneurship training options (such as offered by programs such as Women's Initiative in Oakland and San Francisco, and Renaissance Entrepreneurship Center in San Francisco).
- Some tenants and business owners surveyed indicated wanting more extensive finance classes and financing assistance available at the E-Center.

Accessibility

- It was noted that there is a lack of outreach at the E-Center about micro-enterprise in the ethnic business community. Since services are offered in only one downtown location, this may not address the business issues that are relevant for certain neighborhood communities.
- Services available in languages other than English are limited.
- The E-Center seems to need a closer affiliation with City Hall. (Silicon Valley Workforce Investment Network's Santa Clara County Small Business Study reported that the small business owners in their focus groups had little or no knowledge of business support services available at the E-Center.)
- Parking is consistently mentioned as a detraction for attendance and participation.

RECOMMENDATIONS

These recommendations are based on interviews, surveys, data collection and interpretation of all information compiled by PTA.

Additional Service Needs

1. The E-Center must define its missions and purpose. If it is a "one stop shop", this must be clearly communicated at every stage and with every contact. Some view the E-Center as a place that should be "all things for all people" while others feel it should be a place to obtain expertise in specific areas for specific users.
2. Based on reported satisfaction in the PTA survey, tenants should survey clients even more thoroughly and consistently to determine areas of dissatisfaction and take corrective action where appropriate.
3. The E-Center must increase technical assistance, ethnic-oriented services and services for the smallest sized businesses and pre-start-ups.
4. The E-Center should develop an industry-related focus with in-depth offerings, especially for specific growth areas such as biotech, contracting, food and distribution.
5. There should be a focus on long-term classes that create a product, such as a business plan, marketing plan or loan application.

Accessibility

1. The E-Center needs to focus on increasing public events that are coordinated by tenants and provide specific services that truly will drive clients to come to the facility.
2. The E-Center must continue to increase culturally specific and language specific services.
3. E-Center tenant organizations should focus on creating or supporting networking or mentoring groups and small business matchmaking events.
4. There needs to be better connections on business-related, procurement and government-sponsored programs with the City of San Jose. There needs to be a greater on-site presence of City staff that can provide insight and connections to what is needed in the neighborhoods.

Results/Outcomes

1. The success of the E-Center is going to be based on reputation, image, word-of-mouth and the tracking of its success. The E-Center should use both quantitative data and anecdotal stories (collected by tenants) to tell the story, get out the message, and drive in new traffic.
2. The E-Center should continue to track and report results by tenant organizations and the E-Center overall.
3. The Oversight Committee should request and review results and outcomes and then extensively inform the tenants, participants, the City and the public on the success of the outcomes and impact.

CONCLUSIONS

The E-Center continues to meet its primary mission – to offer a wide range of small business services through its on-site tenants and other service providers. Business service providers are, for the most part, skilled, committed and focused with both general business topics and specific tech-related classes and counseling offered. The SBA-sponsored service providers track class attendance and counselor services while some Chambers sponsor networking events, leads groups and conducts classes. Based on the PTA survey of E-Center users (mostly users of E-Center training courses), 85% of survey respondents found E-Center services to be helpful in setting up or running their businesses.

However, improved marketing, expanding services or outreach to satellite locations and increasing the focus on ethnic and language issues will further the reach and impact of the E-Center. The Oversight Committee should conduct an overall review of services that should be offered (rather than only accepting offerings that tenants supply or suggest) to ensure complete program offerings are complementary, non-competitive, not redundant and most importantly, of high quality and consistently presented.

There needs to be both more sophisticated services for existing businesses and more appropriate long-term training and micro-enterprise financial education for start-up businesses. The business services should also increase finance support and counseling for start-ups and include more services in Spanish and Vietnamese to focus on these underserved populations. Finally, support for consistent, on-going offerings at satellite locations (and sample direct services there) will help build trust and familiarity with E-Center services – which can help attract more micro-businesses to the downtown location.

NEXT STEPS

The evaluation conducted to date represents a first phase assessment of the E-Center, looking at several key areas for improvements and suggesting specific recommendations. A second phase evaluation should include the following research:

- In-depth audit regarding the overall mix of services and a programmatic review of offerings and affiliations for more extensive coverage;
- Review and recommendations pertaining to Spanish and Vietnamese language offerings;
- Specific strategies on developing satellite locations, off-site orientations and expansion course offerings to fit the need the neighborhood businesses as well as the wide range of participants at the E-Center;
- Industry-focus services through workshop series, on-line course offerings and/or an industry-specific business incubation; and
- The role and scope of full-time management on site – its application and implementation.

It will also be key to review and improve the marketing budget and outreach plan and explore how to increase funding from other sources as well as assist each tenants to promote their services. The E-Center is a valuable resource that should be developed and promoted. There are success stories that need to be told.

PTA would also be available and qualified to conduct additional research of the overall small business community to assess the demand for business support services as needed. A more scientific random sample should be undertaken for such a study, with clear indications on the type of services the E-Center should be offering.

APPENDIX I: INTERVIEW LIST

PTA interviewed the following people about the E-Center. Some interviews were in person but most were by phone and/or included surveys and question lists. PTA did follow-up as needed.

E-Center Management

Darlene McKinnon, U.S. Small Business Administration
Emily Navarra, E-Center Manager

Oversight Committee

Richard Keit, Redevelopment Agency of the City of San Jose
Jeff Gordon, San Jose State University Foundation
Mark Quinn, U.S. Small Business Administration
Jeff Ruster, Office of Economic Development of the City of San Jose
Becki Walker, Silicon Valley Small Business Development Center

E-Center Tenants: Service Providers

Patrick Cook, SBDC-Technology Program / Small Business Technology Institute
Susan Lewis, Silicon Valley Small Business Development Center
Warrick Rosten, Silicon Valley Center for International Trade Development
Lori Trippel, Service Corps of Retired Executives, Silicon Valley Chapter 405

E-Center Tenants: Financial Institutions

Fernando Alvarez, Bay Area Development Company / BAAGGL
Anthony Chang, Lenders for Community Development

E-Center Tenants: Ethnic Chambers

Carlos Figueroa, Greater San Jose Hispanic Chamber of Commerce
Susan Fukuba, Japanese American Chamber of Commerce of Silicon Valley
Maria Alice Jensen, Portuguese Chamber of Commerce of California

Non-tenant Service Providers in the San Jose Area (very limited connect time and access)

Jeff Butler, AnewAmerica Community Corporation
Rich De la Rosa, Hispanic Chamber of Commerce - Silicon Valley
Dennis King, Hispanic Chamber of Commerce - Silicon Valley

APPENDIX II: TENANT QUESTIONNAIRE

INTRODUCTION/OVERVIEW

1. How long have you and your organization been at the E-Center?

	<1 year	1 - 2 yrs	3 - 4 yrs	5 - 6yrs
Your Organization:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You personally in the E-Center:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. What is your role within your organization?

- Executive Director Supervisor Program Director
 Program Manager Program Assistant Other:

3. Are there others in your organization we should interview for their insight?

1. _____
2. _____

E-CENTER RELATED QUESTIONS

4. What do you like **most** about the E-Center? (Rate: 5 = most, 1 = least)

- Downtown location
 Co-location with other service providers
 Opportunity to network with other tenants
 On-site management
 Affiliations with outside professional groups
 Sharing information with other tenant organizations
 Other: _____

5. What do you like **least** about the E-Center? (Rate: 5 = most, 1 = least)

- Downtown location
 Lacks full range of small business providers
 Not enough opportunities to network with other tenants
 Lack of on-site management
 Limited affiliations with outside professional groups
 Lack of E-Center sponsored events
 Signage and other on-site operational issues
 Other: _____

6. What improvements in E-Center operations, would you recommend?

1. _____
2. _____

APPENDIX II: TENANT QUESTIONNAIRE CONTINUED

MIX OF TENANT SERVICES

7. Do you feel the E-Center offers the right mix of services?
 YES MAYBE NO

If maybe or no, what else would you like to see?

8. Given the overall programs being offered, do you think the E-Center is meeting the needs of small business owners in the City of San Jose?

Yes I do because:

No, I think there can be improvement such as:

9. Do you actively collaborate with other service agencies in the E-Center?
 YES SOMETIMES NO

If yes or sometimes, please give specific examples:

MARKETING-RELATED

10. Do you make referrals to other services providers? YES NO
Do you track those referrals? YES NO

If yes, give specific examples of referrals made:

11. How well does the E-Center market on your behalf? What could they do better or more often?

12. How do you and your agency help market the E-Center? Is there more that you could do?

CONCLUSION

13. Is there anything else you'd like to share about your perspective on the E-Center to help us prepare for our interview with you?

14. Are there any other organizations or individuals we should talk to in order to deepen our understanding of small business services and tenant mix at the E-Center?

APPENDIX III: NON-TENANT SERVICE PROVIDER QUESTIONNAIRE

INTRODUCTION/OVERVIEW

1. How long have you and your organization been providing business support services?
2. What is your role within your organization?
3. What is the range, frequency and depth of services your organization provides to small businesses in San Jose?

E-CENTER RELATED QUESTIONS

4. What is your knowledge of the E-Center, it's tenants and the services offered?
5. Based on what you know, what do you like most about the E-Center?
6. Based on what you know, what do you like least about the E-Center?

MIX OF TENANT SERVICES & COLLABORATIONS

7. Do you feel the E-Center offers the right mix of services? What else would you like to see?
8. Given the overall programs being offered, do you think the E-Center is currently meeting the needs of small business owners in the City of San Jose? How could it better meet those needs?
9. Do you collaborate with business service agencies in the E-Center? If yes, how often does this occur. Please give specific examples.
10. Do you make referrals to business service providers in the E-Center? Do you track those referrals? If yes, give specific examples of referrals made.
11. Are you interested in being included (or more included) in the E-Center's activities?

CONCLUSION

12. Is there anything else you'd like to share about your perspective on the E-Center?

APPENDIX IV: QUANTITATIVE BUSINESS SERVICES SURVEY

Introduction & Approach

PTA surveyed small business owners who have utilized the E-Center within the last three years to determine how they used the E-Center, and how satisfied they were with the resources available to them at the E-Center. (It should be noted that given the budgetary constraints for this project, and the lack of ready access to resources for potential respondents, PTA was limited in the population that could be effectively targeted for this survey.)

Given the aforementioned constraints, the sampling approach used was a “nonprobability convenience sample”, based on lists of respondents that were readily available through E Center contacts.¹ These lists included a population of 2101 patrons who took classes at the E-Center (ACTEVA list) within the past three years, and a list of approximately 2200 SCORE clients obtained from that organization’s database. Due to several factors, including the limited response rate from the SCORE sample and the lack of control over the SCORE list due to proprietary restrictions using their database,² PTA relied primarily on the ACTEVA list for our core findings presented below in this report. (The SCORE survey results are presented for comparison purposes where appropriate.)

Respondents on both lists were sent a survey of 17 questions using an online research tool (Zoomerang). There was a mix of closed- and open-ended questions that surveyed the following:

1. How frequently respondents utilized the various E Center resources
2. How satisfied respondents were with the resources they used
3. Overall satisfaction with the E-Center’s ability to assist them in running their business
4. Demographic business information
5. Overall comments about the E-Center

A complete copy of the survey questions can be found in the Appendix VI.

Respondents

Respondents on the ACTEVA list were given an incentive of a free technology course donated by SBDC-TAP. Respondents were entered into a drawing for the free course, with the winning name chosen at random. The survey was sent April 4, 2006, with two subsequent reminders emailed the following two consecutive weeks. The survey yielded a 10% response rate with the ACTEVA group, which is quite high for a survey of this nature. 3% of the SCORE sample responded to the survey. (As there was no way to verify that each person on the SCORE list completed the survey only once, they were not offered any incentive for completion.)

It should be noted that both the ACTEVA and SCORE respondents are clients who have received services from the E-Center, and are thus not necessarily indicative of the overall population of small business owners in the Bay Area. Therefore, it is key to reiterate that the results here should be viewed as a client satisfaction survey, not a predictive assessment on the appropriate direction for the E-Center overall.

¹ The main shortcoming of nonprobability samples is the inability to determine the statistical accuracy of a survey, such as the margin of error and the level of confidence. These statistical metrics can only be assumed when using more costly random sampling methods of the overall population which were not feasible for this project given the budgetary constraints. Data obtained is consequently based solely on respondents who have signed up for small business classes at the San Jose Entrepreneur Center.

² PTA did not have access to SCORE’s proprietary database and was unable to send the surveys directly to respondents. We were thus unable to verify that respondents only completed the survey once. Though it is highly unlikely that any respondent would actually take the survey more than once, PTA felt it prudent and safest to utilize the SCORE respondent results as supporting information only, as well as indications for future research needed as appropriate.

Results

It should be reiterated here that the following results reflect only those responses of people taking courses. This population may not have similar attitudes to others who do not take classes, and who might only participate in counseling sessions or public events offered at the E-Center.

A Useful Resource

Overall, a large majority of both the ACTEVA and SCORE respondents find the Entrepreneur Center to be a useful resource in setting up and/or running their business. From the ACTEVA list, 85% found the E-Center to be helpful (45% very helpful and 40% somewhat helpful).

There is a clear correlation between the amount of time respondents have been running their business and how helpful the E-Center has been to them:

- 93% of respondents who have not yet set up their business find the E-Center very or somewhat helpful.
- 89% who have been in business less than one year also find it helpful.
- It is interesting to note that even 79% of experienced business owners (16% of respondents) who have had their business for over nine years find the E-Center to be helpful to them.

Of the large majority of respondents who found the E-Center to be a useful resource, those who elected to give reasons for their high marks cited the following as their top choices:

- Classes (31% of respondents)
- Counseling (16%)
- The library (6%)

Of those citing reasons for not finding the Center to be as useful:

- 4% of respondents felt the services did not match their business needs, and
- 2% did not like the services they received.

Respondents cited the array of services and resources offered, and the expertise available at the E-Center as the areas they liked most at the facility. Parking was the item they liked least at the Center.

Range of Services & Satisfaction

During the past three years, respondents utilized both classes and counseling. Of the 206 ACTEVA respondents:

- They took at least 646 classes or workshops (an estimated average of 1103 classes).
- They participated in at least 210 counseling sessions (an estimated average of 369 sessions).³
 - 20% of respondents took as many as four to six classes or workshops.
 - 4% took at least seven of these courses.
 - 5% saw counselors four to six times.

Overall, respondents tend to find the courses more useful than the counseling. (It should be noted that the majority of respondents also found counseling to be more useful than not useful in setting up or running their business.)

³ Respondents were asked to provide a range of the number of classes or counseling sessions they participated in (i.e., 0, 1-3, 4-6, 7+). For each category of response, the minimum number was used here as a conservative, factual minimum estimate. If one used the mean average in the range, the approximate number of classes taken would be 1103, and respondents would have had approximately 369 counseling sessions.

The 206 ACTEVA respondents took advantage of various public events at the E-Center (e.g., lunches, mixers, trade shows, speaker series) sponsored by the various tenants.

- Respondents participated in at least 249 public events.
- 5% attended four to six events.
- 6% attending over seven events.⁴

Overall, 57% of ACTEVA respondents found the networking events to be more useful than not useful in setting up and/or running their business, though a significant number (30%) found the public events to be not useful at all.

Of the 57 ACTEVA respondents who commented on the utility of Chamber of Commerce memberships:

- 35% found them to be very or somewhat useful, and
- 49% stated they were not at all useful in setting up or running their business.

Of the 48 respondents who commented on the utility of loan assistance:

- 25% found this service to be very or somewhat useful, and
- 60% stated it was not at all useful in setting up and/or running their business.

Respondents would like to see more classes offered in many of the business disciplines (e.g., marketing, finance, technology), as well as more structured networking opportunities. Otherwise there were no central themes in what respondents would like to see expanded at the E-Center. Overall there were far more positive open comments (28) than negative (2), with 8 suggestions for improvements.

Outreach Results

Respondents heard about the E-Center in a variety of ways. The following were the primary promotional tools that seemed to work for these respondents:

- 27%: word of mouth
- 23%: E-Center website
- 21%: from the SBA (either through SBA website or other SBA contact)
- 12%: picked up a calendar
- 6%: received a calendar in the mail
- 6%: heard about it from organization located in the Center

Detailed findings from the survey can be found in Appendix V.

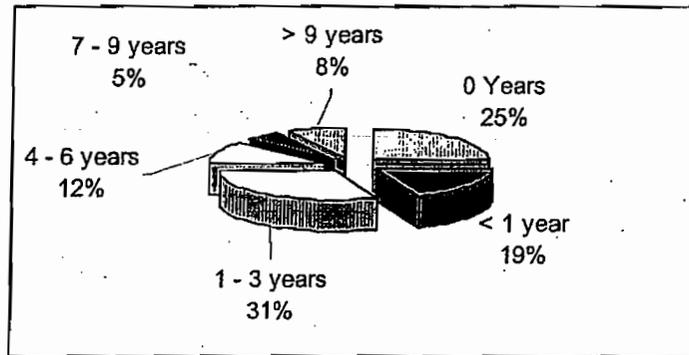
⁴ The same frequency ranges were used for the events as the aforementioned classes and counseling sessions. Using the mean of each range, respondents attended approximately 377 public events.

APPENDIX V: DETAILED SURVEY FINDINGS

Composition of Respondents

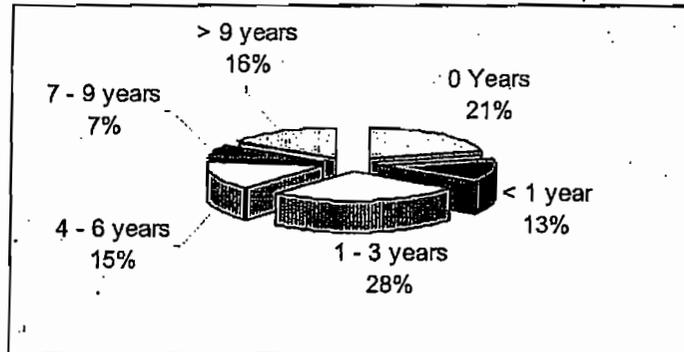
Respondents were primarily business owners, with a large majority currently operating their own business. 75% of respondents have been in business for three years or less, and 44% have had their businesses running for less than one year or have not yet started:

Amount of Time Running Their Business

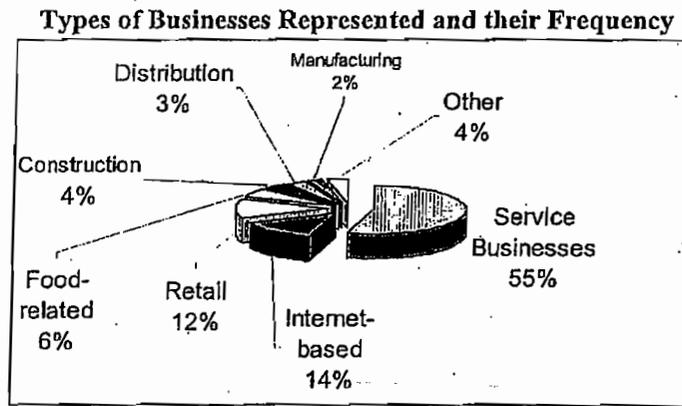


Conversely, more respondents have had experience running businesses in the past. 38% have been working for themselves for at least four years. Nevertheless, the majority of respondents are still fairly new to running a business:

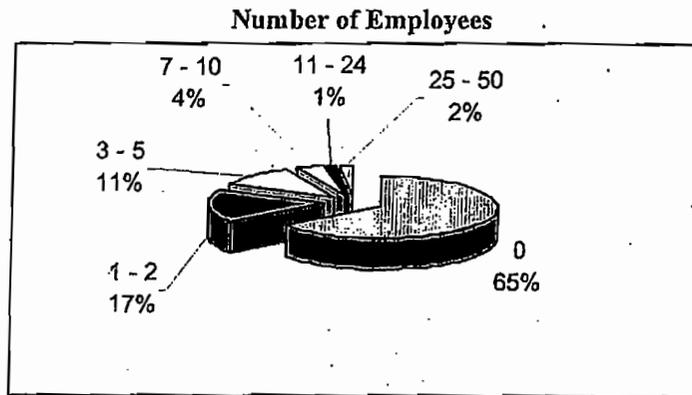
Amount of Time Working for Themselves in Current or Past Businesses



The majority of the respondents were running service businesses:



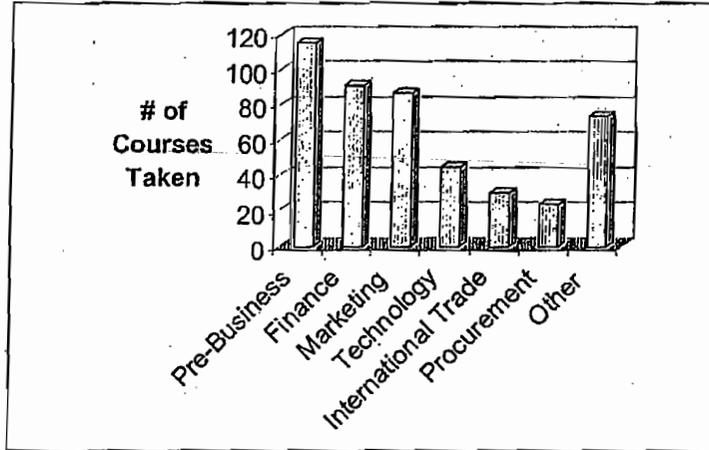
Most of the businesses are very small, with few or no employees:



Courses and Workshops

The most popular courses offered are on the topics of Pre-Business, Marketing and Finance. It is worth noting that although Pre-Business courses had significantly higher attendance according to these respondents, 8% of those respondents took from four to six finance courses, versus only 3% taking four to six Pre-Business and Marketing courses. The SCORE respondents had the same prioritized preferences for courses, though the percentages actually taking courses were considerably lower overall, as would be expected given that the ACTEVA list is comprised of only course participants.

Number and Type of Courses Taken

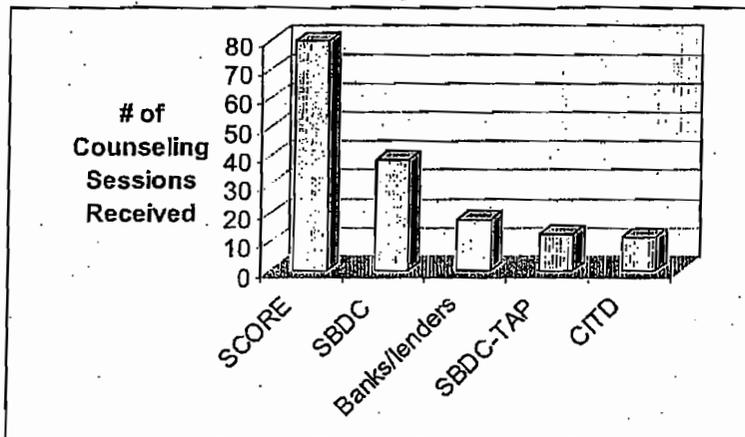


Counseling

More of these respondents took advantage of the courses offered than the consulting provided at the E-Center. It should be noted, however, that these particular respondents came from the ACTEVA list of people who have enrolled in courses at the E-Center; this list of enrollees would naturally yield a larger number of people taking courses than taking advantage of counseling sessions.

SCORE clearly provides the largest number of counseling sessions at the E-Center, as reflected in the following results from the ACTEVA list. (This is also impacted by the nature of the SCORE model, which is to serve each client for 5 or 10 hour sessions while TAP will work with fewer clients but provide much more in-depth services and with a longer length of engagement for each client.) As expected, respondents from the SCORE list used SCORE services much more than those of other providers.

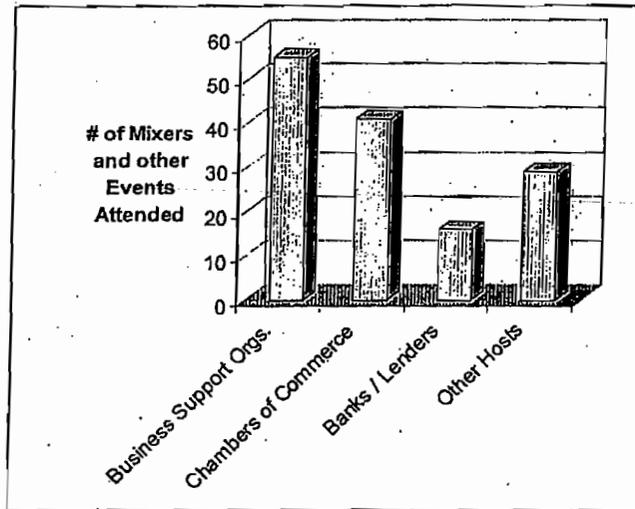
Number of Counseling Sessions Received



Public Events

More respondents attended public events (e.g., mixers, lunches and speakers) provided by the various business support organizations (e.g., SCORE, SBDC, TAP, CITD) than those provided by the Chambers of Commerce. Nearly the same number of SCORE respondents attended Chamber mixers as SCORE-sponsored events, and did so with much greater frequency than those sponsored by SCORE (7% attended over 4 public Chamber events, as compared to no respondents attending more than 4 SCORE events).

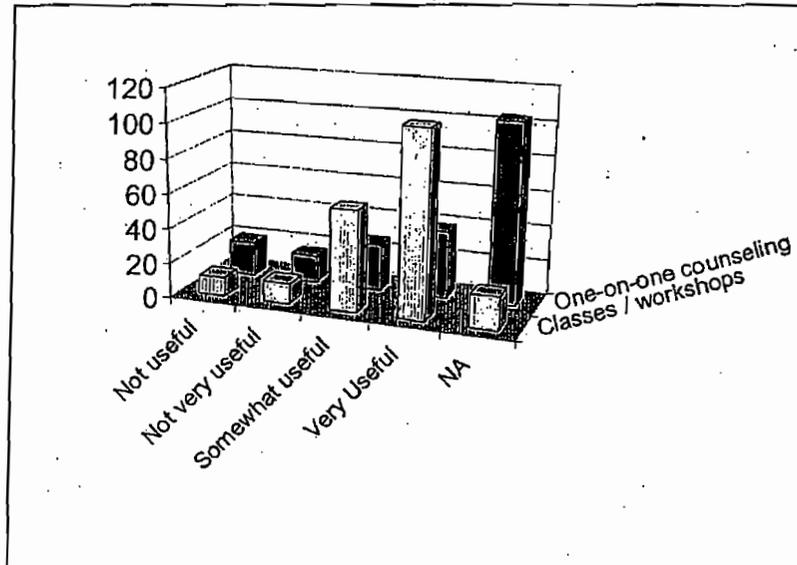
Number of Public Events / Mixers Attended



Counseling & Classes

As discussed above, more respondents participated in classes than counseling sessions as reflected in the following graph (note the high number of "NA" responses for counseling). 88% of course participants found the various courses taken to be somewhat or very useful in setting up or running their business. Of these course participants who also participated in counseling sessions, two-thirds found the counseling to be somewhat or very useful.

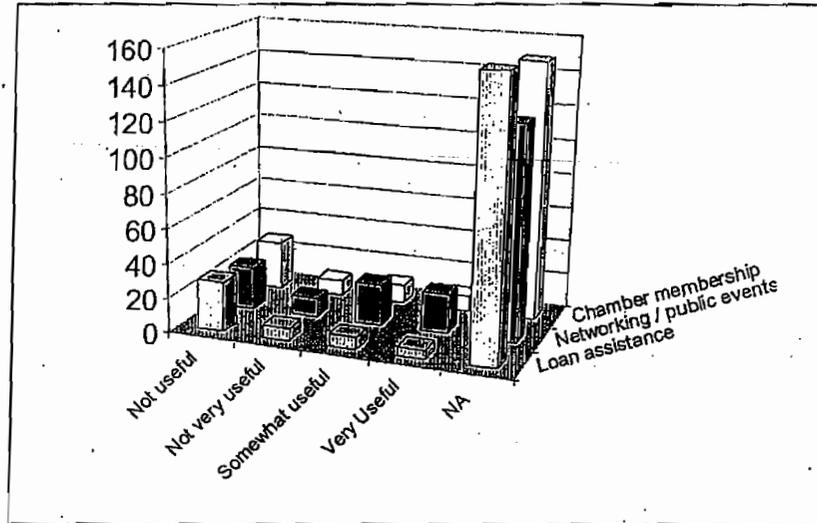
Classes and Counseling at the Entrepreneur Center and their Utility



Other Services

Of the 23% of respondents who took advantage of loan assistance, 75% found that assistance to be not at all or not very useful. The reason for this is unclear, though availability of providers on-site as mentioned by various tenants in the qualitative interviews might play a significant role. Similar levels of dissatisfaction can be found with the utility of Chamber of Commerce memberships. Conversely, though a large number of respondents found public events to be not at all useful, 57% of respondents attending public events found them to be useful indeed.

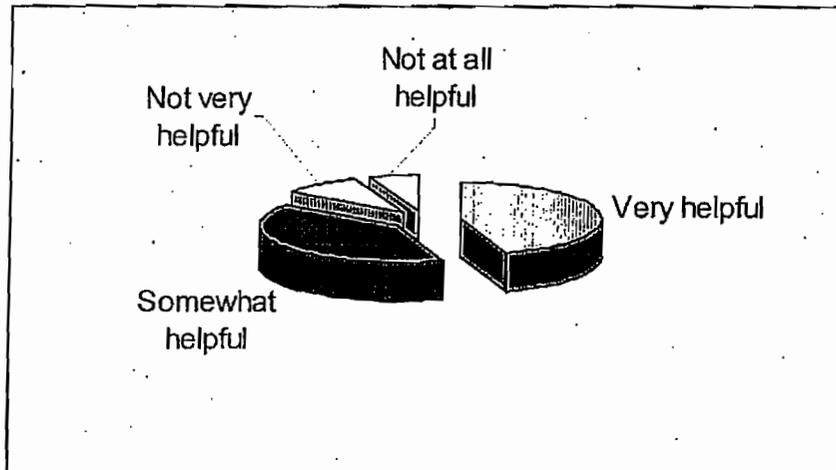
Other Services Received from the Entrepreneur Center and their Utility



Satisfaction

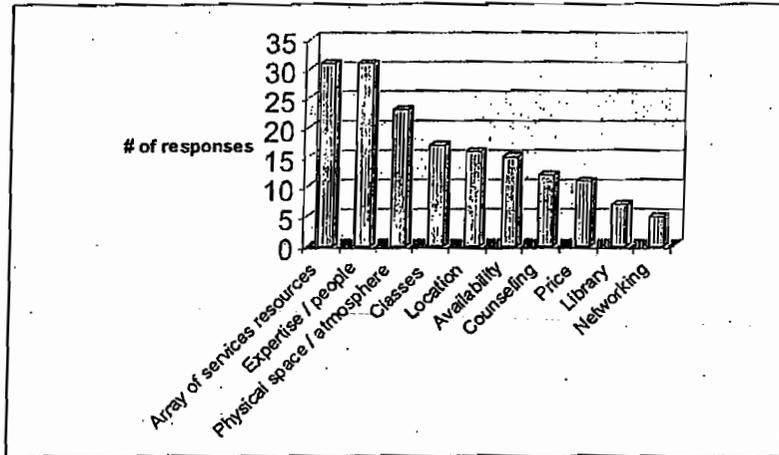
Overall, respondents of the ACTEVA list tend to find the E-Center to be helpful in setting up and/or running their business. 85% of respondents found the E-Center to be somewhat or very helpful. The main reasons given for their satisfaction were the classes (31% of respondents), counseling (16%), the library (6%), and the networking opportunities (4%). The main reason given for dissatisfaction was that services received did not match their need or were not relevant to their business (4%). 2% did not like the services that they received.

How Helpful the Entrepreneur Center has been overall



Respondents cited the array of services and the expertise available at the E-Center as the areas they like most in the E-Center.

What People Like Most at the E Center



When respondents were asked what they liked least about the E-Center, the following replies were given:

Parking	20
Location	13
Limited courses available	13
Cost of classes / not enough free classes	8
Services don't match need / not relevant to my business	6
Not clear how to use E-Center, contact people, or what resources are available	6
Lack of financial education and guidance	4
Not enough counseling / bad counseling	4
Classes too basic / classes not good	3
Hours of operation aren't convenient	2
Not enough marketing/outreach re: events & services	2

Word of mouth dominates the methods by which respondents heard about the E-Center, along with the E Center website and SBA referrals.

Word of mouth	56
E-Center website	47
SBA	43
Picked up calendar	25
Received calendar in the mail	13
Organization located at E-Center	12
Walking by	5
EDD	4
PROMATCH	4
Chamber of Commerce	3
Internet	2
Newspaper	2
This survey	2
Other*	5

* Unemployment Office, Redevelopment Agency, One-Stop Info Desk, BASES mailing list, State Board of Equalization

APPENDIX VI: BUSINESS SERVICES SURVEY QUESTIONS

The following questions are from the on-line survey powered by Zoomerang. (www.zoomerang.com).

ATTENDANCE / PARTICIPATION

1. How many classes or workshops have you attended at the Entrepreneur Center in San Jose in the past three years (please include all that you've taken)?

	ZERO	ONE - THREE	FOUR - SIX	SEVEN or more
Finance	[]	[]	[]	[]
International Trade	[]	[]	[]	[]
Marketing	[]	[]	[]	[]
Pre-business	[]	[]	[]	[]
Procurement	[]	[]	[]	[]
Technology	[]	[]	[]	[]
Other	[]	[]	[]	[]

2. How many private counseling sessions have you received from the following business service providers at the Entrepreneur Center in the past three years?

	ZERO	ONE - THREE	FOUR - SIX	SEVEN or more
SCORE*	[]	[]	[]	[]
SBDC*	[]	[]	[]	[]
SBDC TAP*	[]	[]	[]	[]
CITD*	[]	[]	[]	[]
Banks/other lenders	[]	[]	[]	[]

** On-line survey listed full names of organizations*

3. How many public events (lunches, mixers, trade shows, speakers series, etc.) have you attended at the Entrepreneur Center sponsored by the following types of organizations in the past three years (please include all that you've attended)?

	ZERO	ONE - THREE	FOUR - SIX	SEVEN or more
Small business support services*	[]	[]	[]	[]
Banks and other lenders	[]	[]	[]	[]
Chambers of commerce	[]	[]	[]	[]
Other institutional host(s)	[]	[]	[]	[]

** For example, SCORE, SBDC, TAP, CITD*

IMPACT OF SERVICES

4. Please check any of the following services you have received from the Entrepreneur Center and indicate how useful these services have been to you in setting up and/or running your business:

	Not at all useful	Not very useful	Somewhat useful	Very useful	NA
Classes / workshops	<input type="checkbox"/>				
One-on-one counseling	<input type="checkbox"/>				
Loan assistance	<input type="checkbox"/>				
Networking and public events	<input type="checkbox"/>				
Chamber of commerce memberships	<input type="checkbox"/>				

5. Overall, how helpful has the Entrepreneur Center been to you in setting up and/or running your business?

- Not at all helpful
- Not very helpful
- Somewhat helpful
- Very helpful

6. Why has the Entrepreneur Center not been as helpful for setting up or running your business? What could the Entrepreneur Center do to be more helpful for you? If you have no opinion, please type NA.

7. What have been the most helpful services and activities you have been involved in at the Entrepreneur Center? If you have no opinion, please type NA.

8. What do you like MOST about the Entrepreneur Center?

9. What do you like LEAST about the Entrepreneur Center?

10. What services would you like to see offered at the Entrepreneur Center that are not being offered?

11. How did you first hear about the Entrepreneur Center?

- I received a "Classes Calendar" in the mail
- I picked up a "Classes Calendar" at a public location
- The Entrepreneur Center website
- Word of mouth (told by friend, colleague, etc.)
- From the Small Business Administration (SBA)
- From one of the organizations located at the Entrepreneur Center
- Other, Please Specify: _____

BACKGROUND INFORMATION

12. Are you currently running your own business?

- Yes
- No

13. What type of business do you run or do you plan to start (please click all that apply)?

- Retail
- Food related (e.g. restaurant, cafe)
- Manufacturing
- Service business
- Construction
- Internet-based
- Distribution company
- Other, please specify: _____

14. How long have you had this small business? _____

15. Including your current small business and all previous businesses you've owned, how long have you worked for yourself? _____

16. How many employees do you have? _____

17. Are there any other comments you would like to make about the San Jose Entrepreneur Center?

APPENDIX VII: SERVICES REVIEW CHECKLIST

SMALL BUSINESS SERVICES	Service Offered	Frequency	Estimated Enrollment/ Attendance	Service Being Considered
CLASSES				
Finance				
International Trade				
Marketing				
Pre-Business				
Procurement				
Technology				
Special Programs				
Other:				
Other:				
EVENTS				
Board meetings				
Business exchanges				
Conferences				
Fundraisers				
Membership meetings				
Networking				
Open houses				
Trade shows				
Visiting delegations				
Other:				
Other:				
CONSULTING				
Accounting and bookkeeping				
Business planning				
Finance				
Human resources and personnel				
International trade				
IT services				
Legal issues and licensing				
Loans				
Marketing & sales issues				
Non-profit management				
Pre Business counseling				
Procurement				
Retail				
Web & Internet - related				
Wholesale / distribution				
Other:				
OTHER SERVICES				
Long-term classes				
Incubator				
Other:				
Other:				

KEY:

Service Offered:
X = currently offered

Frequency:
A = annually
Q = quarterly
M = monthly

Enrollment/Attendance:
H = high
M = medium
L = low

Service Being Considered:
X = services planning / wanting to offer