

GETTING STARTED

Self-employment is considered an eligible work activity. With the help of microenterprise programs, county departments of social services can offer the option of self-employment to transitioning TANF recipients. This brochure is a resource guide for microenterprise development in the era of TANF.

What is a microenterprise?

A **microenterprise** is a business with 5 or fewer employees that can usually be started for less than \$35,000. A **microentrepreneur** is the business owner. Typical microenterprises include childcare, gardening, specialty food production, arts and crafts, and business and personal services such as computer repair or hair and nail care.

If you would like to learn more about this and other microenterprise initiatives please complete and mail your following information:

Name _____

Address _____

City _____ State _____ Zip _____

Mail to:

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*MICROENTERPRISE
FOR
TANF RECIPIENTS*

A Tool
for
Self-Sufficiency

WHO ARE THE BEST CANDIDATES FOR MICROENTERPRISE DEVELOPMENT?

Clearly, self-employment is not the answer for everyone. The personal commitment and high degree of motivation essential for self-employment cannot be taught.

The Aspen Institute estimated that in 1997 at least 2 million of the 10.5 million self-employed individuals in the United States were low-income microentrepreneurs.

Considering the TANF regulations on work hours and time limits, how can TANF recipients spend time on starting a business? For microenterprise to be an attractive option to clients and caseworkers, it must be considered a work activity.

Many tasks involved in business start-up are considered allowable work activities. Work activities such as market research, creating and designing products, making sales calls, applying for licenses, preparing brochures, creating a business plan, and running financial projections are necessary to start a business.



Microenterprise programs that assist TANF recipients will document their work for caseworkers. A MEDP works one-on-one with TANF clients to create an Individual Self-Employment Plan, which spells out exactly what Welfare-to-Work activities the client will engage in while enrolled in business training. Weekly hours spent in workshops and homework, and time spent in research and development, are tracked by the client and monitored by the Welfare-to-Work coordinator.

Consider combining job training and self-employment training. Employed clients can receive microenterprise services at the same time they complete job training and start a new job in their field.

HOW CAN MICROENTERPRISE HELP A TANF RECIPIENT TO BECOME SELF-SUFFICIENT?

To accurately determine who could be the best candidates for self-employment, we need to first make sure all those who want to explore this employment option get the opportunity. The following is a list of recommendations for an effective outreach and referral system:

All TANF recipients should be aware of the availability of microenterprise development services. Representatives from microenterprise programs can make presentations for county job training contractors, One Stop Career Centers, and community meetings. Contact information for microenterprise programs can be included in client mailings.

A supportive environment with eligibility and assessment staff will encourage open discussion of self-employment. Clients who have experimented with independent work or even operated a business informally may be reluctant to disclose this.

Contract with a service provider to do business-readiness assessment. Add business-readiness test to client assessment.



A fluid referral system helps keep clients engaged in support services that promote self-sufficiency. Client referrals for microenterprise services may come from the eligibility and assessment staff, job training and placement contractors, or from outreach efforts. For internal referrals, it may be helpful to have a county staff person dedicated to working directly with the microenterprise program. Some of the best prospects for microenterprise development come from job training programs.

It is important to position the microenterprise program as a support service, not a competitor to existing county contractors.

WHAT CAN MICROENTERPRISE PROGRAMS DO FOR COUNTY AGENCIES?

Microenterprise programs can help county agencies in a variety of ways, including:

- Do community outreach and program marketing to clients
- Assess clients for potential viability as business owners
- Provide business training and technical assistance
- Monitor and report client compliance with Welfare-to-Work regulations
- Provide and manage microloan funding
- Track clients and prepare activity reports
- Refer clients to additional community resources

Once a TANF recipient has started a business, the microenterprise program will provide ongoing services to ensure that it is successful. Workshops, post-loan technical assistance, and support groups are just some of the follow-up services a microenterprise program can provide.



No need to start from scratch

No county department has to “reinvent the wheel” if it wants to add a microenterprise development component to its toolbox. GMEN is a resource for any community seeking to start or expand microenterprise services. GMEN provides training, technical assistance, publications, resources, and connections with established programs to support county efforts.

