

The New York Times

A Program Helps Sharpen the Business Acumen of Those on the Rise

By Katie Zezima
January 7, 2010
New York Times

BOSTON — Taza Chocolate, whose stone-ground organic chocolate bars are made in a factory near here, in Somerville, Mass., was growing. The next step, according to its co-founder, Alex Whitmore, was to hire a marketing manager, preferably someone with many years of experience.

But should the three-year-old business, still small by most standards, make such an expensive hire?

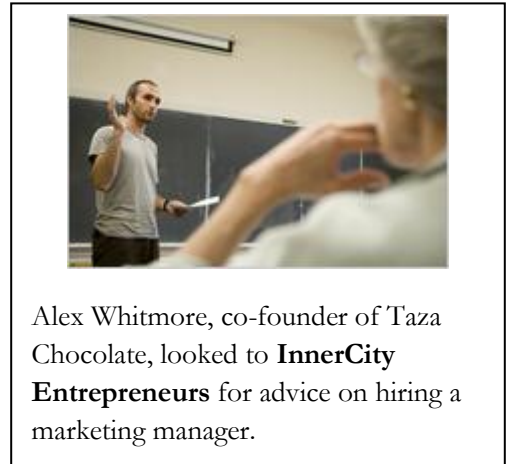
Mr. Whitmore, who had never before owned a business, ended up turning to **InnerCity Entrepreneurs** to figure out an answer. The program, which enrolls a small group of entrepreneurs for eight intensive months of classes, helps business owners expand companies that are thriving. Despite the economic downturn, the 25 entrepreneurs who took classes in the Boston area in the first half of 2009 secured nearly \$500,000 in financing from April through November, and none has closed.

While there are other programs around the country with similar goals, InnerCity's is longer and more intense. It is the brainchild of a [Boston University](#) professor, Daniel Monti, and Andrew Wolk, founder and chief executive of Root Cause, a nonprofit group that supports social innovators.

InnerCity Entrepreneurs became a nonprofit group in 2003 and started offering classes the next year. It is aimed at businesses, all located within an urban core, that are at least three years old and have a minimum \$250,000 in annual revenue. The group makes a particular effort to help female and minority owners.

The goal is not only to help individual owners grow and create a peer network group, but to help cities thrive.

“Eighty percent of business development is focused on start-ups, and only 20 percent of start-ups survive,” said J. Jean Horstman, the chief executive of **InnerCity Entrepreneurs**. “These business owners have been in the trenches, and they need to climb up onto a ridge and see where they fit.”



Alex Whitmore, co-founder of Taza Chocolate, looked to **InnerCity Entrepreneurs** for advice on hiring a marketing manager.

The program offers what it calls a “StreetWise MBA.” Owners use their own companies as case studies and must write a three-year growth plan for a final project.

The classes teach fundamentals that many executives, despite having owned a business, are often unfamiliar with, like hiring, financial planning, marketing and styles of management. Some skills come naturally, and others do not, Ms. Horstman said. Many companies, for instance, have trouble putting in place a marketing plan, she said, because they are afraid of too much self-promotion.

Companies must apply to the program, which charges a \$3,000 fee. Classes typically have 10 to 15 students, although just eight enrolled this year because of the troubled economy. A diverse pool is then chosen — someone with marketing experience might be in a class with a florist, machine shop owner or head of a wind power company — allowing students to share their expertise. The program also offers a peer network of alumni for participants to consult.

While the instructor guides the discussions, class members are encouraged to ask one another questions and share their own experiences.

“It’s a combination of an actual educational program where there’s course work, reading materials and networking that goes on around small businesses and local business organizations,” Mr. Whitmore said. “That’s really the powerful blend of ingredients that they bring to the table.”

The program expanded to Worcester, Mass., in 2007 and Lowell, Mass., this year. It worked with the Small Business Administration in 2008 — the agency uses the program’s curriculum in 15 cities nationwide as part of its Emerging 200 Entrepreneurship program, which helps existing businesses grow.

“People are more likely to have success and sustainability if they have solid management and technical assistance, not only at the beginning, but during the life cycle of a business,” said Ellen Thrasher, director of the office of entrepreneurship education at the S.B.A. “There are opportunities, even in an economy that’s struggling.”

Arthur Eberle, owner of Compliance Assurance Associates, an environmental services company in Memphis, said he took the class last year to help in the transition from sole proprietorship to a larger company.

Mr. Eberle said the class provided him with invaluable advice on hiring and firing employees.

Mr. Eberle said he recently hired a bookkeeper because the course helped him realize that he needed someone to handle the financials so he could focus on the direction of the company.

“I have an M.B.A. in marketing and I really think they did as good a job in that course as the four years I spent working on my M.B.A.,” Mr. Eberle said. “My M.B.A., frankly, was targeted theory and how they work in a Fortune 500 company. If I worked at Procter & Gamble, it would be fine, but I don’t.”

Mr. Whitmore said he asked his classmates whether he should hire an experienced marketing manager: “Is now the time to hire a \$60,000 or \$70,000 sales director?”

Taza, Mr. Whitmore’s company, produces fair trade chocolate. It has 25 employees, most of whom he hired “on the cheap,” but who are still “excited about what we’re doing.”

“They say when you pay with peanuts you hire monkeys, but we have some smart monkeys,” Mr. Whitmore said. “I’m not experienced as a marketing director. I don’t know what I’m doing. I want to hire someone with experience and pay them what they deserve, which is a lot of money.”

Kevin Low, who runs Secured Network Services, a computer business in Norwood, Mass., asked Mr. Whitmore if he considered paying the employee a smaller base salary that is more in line with others at the company and offering incentives based on profit and revenue.

“Your traditional salesperson may not fit in with your culture,” Mr. Low said. “Maybe someone will be willing to take less peanuts but you can reward them with additional incentives.”

Mr. Whitmore took the advice, and said it changed how he was going about the hiring. Instead of posting the position on a job web site, he said, he started to look for candidates at networking events. The company has interviewed several candidates and will make a decision by the end of this month.

“If we find the right person that really wants to be a part of a company like ours and a culture like ours, we can provide value for that employee, and a sense of belonging and fulfillment that money can’t provide,” Mr. Whitmore said.