



**Economic Structuring:
Enterprise and Job Creation for
Stability, Sustainability and Livability
on Moloka`i, Hawaii**

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Overview

It is our observation that the citizens of Moloka`i have a strong sense of self-sufficiency and a belief in the individual and family to produce an environment where people thrive, providing inspiration and passion for local people to create new opportunities. The rural health and wealth for the citizens of Kaunakakai depend on people creating economic opportunity for their present and future.

One very important way to accomplish this is for the people to establish businesses where they can produce local products and services to participate in local, regional and global markets. Individual and family enterprises provide the pathway to social, cultural and economic stability and productivity. The people of the Kaunakakai geographic area are enhancing their efforts to control the physical, biological, social, cultural and economic aspects of their environment through ownership of local businesses.

Background

The Center for Social Ecology and Public Policy (CSEPP) received a one-year grant January 1 through December 31, 2011 from USDA Rural Development Microenterprise Assistance Program to provide technical assistance to citizens of Kaunakakai, Moloka`i, Maui County, Hawai`i to establish new enterprises or improve upon small businesses already in operation. The resources provided by this grant made it possible for CSEPP to place cultural and economic specialists on the island of Moloka`i to identify and work with individuals and families who had ideas for starting their own business or had plans for expanding and maturing an existing business. CSEPP's technical assistance plan is a reflective process that took individuals through a time-tested, step-by-step approach towards sustainable business development and implementation. This approach emphasizes nurturing relationships and building support through informal individual and family networks thereby ensuring, preserving and growing Molokai's cultural and natural resources.

The CSEPP team talked with and interviewed more than 50 persons interested in opening or expanding a small business. Of the 50 persons interviewed, 44 chose to receive Technical Assistance by moving through the CSEPP 10-Step business development plan. By the end of the project, 7 new micro-enterprises were open in the small town of Kaunakakai and another 5 new micro entrepreneurs were in different stages of opening their small business and 17 existing business received Technical Assistance. See Analysis chart on page 5 for a breakdown of the business industry categories receiving technical assistance. Our clients were from a diverse social, cultural, ethnic and economic population.

The Process

The CSEPP model for culturally-based business development is not a linear prescribed format. We understand that people in different geographic locations, people of differing ethnic and cultural backgrounds need different approaches, not the one size fits all model. Our "10 step process" is not intended to be a sequential formula, as each micro-entrepreneur will have come to us having done different pieces of their business start up. It is our job to meet the client at their level and not require the client to conform to a linear business development model. This process allows our clients to create and develop their dream, at their own pace, and in their own way. The CSEPP process contrasts with conventional small business assistance programs offered by local, state and federal agencies which are constrained by regulatory requirements. These requirements limit their ability to proactively seek out prospective new business persons and potential new business opportunities. The flexibility of the CSEPP process thus benefits its clients in this unique approach. Meeting with people in their homes, coffee shops, or other community settings is empowering for the individuals and allows them to be in charge and direct their own future.

The USDA Rural Micro entrepreneur Assistance Program (RMAP) Technical Assistance (TA Only Grant) covenants stated: "Recipient of a Technical Assistance Only Grant is to provide business based technical assistance and training to eligible micro-entrepreneurs." With the covenants laid out by the USDA, CSEPP began to put into process our 10-step model. It was our goal, to identify and establish a minimum of seven new businesses in the Kaunakakai Community Development Plan (CDP) area. The CSEPP team accomplished this, and more. How we accomplished this, is identified in the 10-Step Process below.

- 1) Identify individuals and families who have ideas about creating their own businesses. We did this by interacting with the people in their social and cultural networks within the community.
- 2) Evaluate ideas and prospects for start-up businesses by informally sitting and talking with clients in their geographic place, according to their schedules, and at their pace.
- 3) Assist the client in understanding and identifying their informal networks and community-support mechanisms that are available for them to draw upon in making their business work.
- 4) Identify and understand the culture of the individual and the culture of the target market audience to understand what core elements are present to establish a business.
- 5) Perform one-on-one business development services, as appropriate and needed to thoroughly address all levels of the micro-entrepreneur start-up business and/or growing and maturing an existing business.
- 6) Inform micro-entrepreneurs about local and state resources and funding available. Assist in securing financial assistance, as appropriate, to ensure that the business has all the options to succeed.

- 7) Separate administrative functions from the development and marketing process as necessary. This can be essential as to not cripple their creative energy or overlook the importance of their ethnic and cultural background in the beginning stages of development. Once the creative development plan is clear and defined, the financial day to day functions, such as bookkeeping, accounting, and technical aspects for their business becomes equally important
- 8) Open the business with family and community celebration.
- 9) Stabilize and grow the new business by assisting with production, marketing, sales, promotion and other actions that will foster long-term sustainability.
- 10) Monitor, support, trouble-shoot and reflect on an ongoing basis until the business is established and adjustments have been made to optimize success.

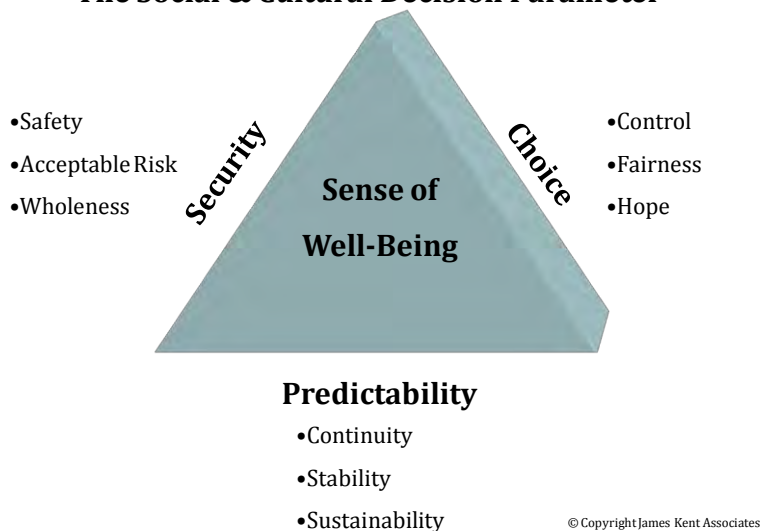
Providing technical assistance over the early business start-up period is critical to success by:

- Using cultural-based networking and marketing to ensure that the supportive resources are present;
- Identifying and putting into place the best practices for socially and culturally based marketing strategies;
- Understanding the culture of your target market;
- Assisting in determining marketing techniques such as, networking in the community, flyers, social media, email, phone, word-of-mouth, news print, and TV advertising.

Underlying the CSSEP 10-Step Process is the “Sense of Well-Being” model displayed below.

Understanding the Community

The Social & Cultural Decision Parameter



The 10 Steps are applied within a Social and Cultural Decision Parameter represented by a focus on an individual's Sense of Well Being. This Sense of Well Being, the middle of the

triangle, is the core of our microenterprise program. It is accomplished by insuring that three environments interact as expressed on each side of the triangle.

These three environments are Security, Choice and Predictability discussed below:

1. Security is defined as having: (a) safety from failure imposed by outside forces, (b) acceptable risk in the reality of the business venture and (c) wholeness, which is growing the business from a bottom-up integration of the entrepreneur's physical, social, cultural and economic environments.
2. Choice is the ability to not be trapped in an environment where one's future depends on events outside of the individual's influence. The essential elements to accomplish Choice are: (a) control, where the individual owns his destiny in the present and the future, (b) fairness where life's playing field is leveled (in this case, through microenterprise development) to insure participation in forming one's future and (c) hope which allows for a transcendence from the present where a person is currently to a future that serves the person and the larger society.
3. Predictability of events that affect daily life is essential to individual power. Achieving Predictability is to have the ability to ensure that the three following elements are in balance: (a) continuity by consciously interacting with one's environment in a manner that disruptions are minimized or avoided, (b) stability is consciously knowing what has to be reinforced or put in place in one's internal and external environments and (c) sustainability which is the ability to manage ones environment to accomplish harmony.

Accomplishment

The citizens of Moloka`i are resourceful and determined in their dreams of entrepreneurship. Each of our clients, as well as the greater community, recognize the special place in which they live and have thought through how their business can compliment and benefit culturally and socially in building a sustainable Moloka`i.

Our team participated in many microenterprise incubation sessions where ideas and strategies flowed and evolved over months. We talked with numerous individuals with potential business ideas, some were not ready to take action, but many were ready. We assisted fifteen existing businesses in various aspects of growing their business and/or reducing overhead and saw the opening of nine new microenterprises in Kaunakakai.

In the process of reviewing all clients receiving TA during 2011, the reviewing team made two new discoveries. Each of the clients who opened businesses in 2011 consistently *had a high multiplier effect*, in other words, showed the ability to provide and promote economic diversity that enhances local economic stability. For our context in this report, the economic multiplier effect refers to the individuals' capacity to build and foster economic and social resilience within their community. The money used to create business stays home and creates more money for all of Molokai. In addition we noticed that while each of

our client business needs varied, they each fell into three distinct categories for receiving Technical Assistance (TA) that allowed for efficiency in time and resource application in our TA programming. The three categories are; *Immediate, Short Term and Long Term.*

Immediate TA involved assisting some existing business owners to, for example: 1) find an accountant; 2) expand the business by finding an outlet on the mainland to buy their products; and 3) learn how to do simple adjustments in their business practices to leverage their product production and sales.

Short Term TA involved removing road blocks such as assisting with organizing an enterprisers business books in order to apply for a small business loan from a local bank, structuring the use of a loan once received, or securing a piece of essential equipment.

Long Term TA client was a start up business that went through the 10-step process with us from discovering their business idea to fully having the business established.

Analysis

The following chart displays the analysis of clients assisted by CSEPP. The numbers represent individuals who received TA, some show up in more than one category total. We further broke down the data to show which industry our client represented.

INDIVIDUAL PARTICIPANTS	
Total # of individual micro-entrepreneurs for which TA was provided	44
Total # of Microloans awarded	6
Total # of Microloans made in rural areas	6
Total # of Microloans made to ethnic, and minorities	6
Total # of Microloans made to women	5
Total # of Microloans made to disabled	0
Total # of Businesses opened	7
Total # of micro-entrepreneurs in continued research	5
Total # of existing businesses receiving TA	17
Total # of clients choosing not go forward with TA	15
INDUSTRY CATEGORIES	
TA Provided to AG Industry	9
TA Provided to Health Industry	2
TA Provided to Manufacturing Industry	2
TA Provided to Service Industry	14
TA Provided to Retail Industry	16
TA Provided to Utility Industry	1
Total # Individuals receiving TA	44

Conclusion

Agriculture Secretary Tom Vilsack has spoken often about the efforts to rebuild rural America as the corner stone to revitalizing America. In 2010, Secretary Vilsack said “this economic revitalization will be built on four pillars: energy, climate change, broadband, and the broad set of changes to help develop local food systems we call ‘Know Your Farmer, Know Your Food’.” The people of Moloka`i have the determination and resourcefulness to build upon all four pillars.

The culturally and socially sustainable businesses CSEPP assisted to expand and start up are what Secretary Vilsack’s 4-Pillar revitalization is all about. To accomplish Secretary Vilsack’s mission, microenterprise action must be grounded in cultural appropriateness. Cultural appropriateness is engaging the business entrepreneur at their current level of functioning --honoring that the client brings to the business creation, the expertise of their cultural context within which they live and from which they must construct their business. CSEPP brings the expertise in knowing how to recognize and operate within a cultural context to produce business people that can succeed because they are building from the ground up. These observations about culture are important to note and have become a bench mark for CSEPP in all of their undertakings in the social and economic arena. It is the conclusion of the Center for Social Ecology and Public Policy therefore that this USDA, RMAP Grant for Technical Assistance Only exemplifies, promotes, and implements Secretary Vilsack’s revitalization of rural America. Each time a small town takes steps towards rebuilding and growing from the ground up, we return to the heart and soul of that community.

Recommendation

Based on our finding, it is recommended that further Technical Assistance be funded for both existing micro-entrepreneurs and new start-up enterprises. This future work would provide broader and deeper sustainability to the residents of Moloka`i.

Contacts

For more information on this project, our process, or any other detail, please contact any of our team members.

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Appendix

The Geographic Location

Kaunakakai is a [Census-Designated Place](#) (CDP) in [Maui County, Hawai'i, United States](#). It is the largest town on the [island](#) of [Moloka`i](#). The population in the CDP was 3,425 in the [2010 Census](#). The median income for a household in the CDP was \$34,492, and the median income for a family was \$39,348. Males had a median income of \$30,543 versus \$22,337 for females. The per capita income for the CDP was \$14,201. About 15.5% of families and 20.6% of the population were below the poverty line, including 27.4% of those under age 18 and 11.8% of those ages 65 or over. Kaunakakai Moloka`i is a rural isolated community with long-term job loss and high unemployment along with high welfare and social service recipients. The January 2010 unemployment rate of Kaunakakai was 15%--more than twice the rate of the State of Hawai`i.¹

¹<http://2010.census.gov/2010census/>