

Prisoners with enterprising convictions

Rebecca Knight

When Juan Vasquez is not at work, he tries to get his business idea - a bilingual tech support company - off the ground. Like many would-be entrepreneurs, he spends his weekends honing his business plan, scouting for customers and looking into potential funding sources. At night, he attends classes on management at a local university.

"The idea is computer care and repair for people who don't speak English," says Mr Vasquez, who is fluent in Spanish. "I already have a pretty long list of clients, so I am hoping that, within six months, I can do it full time."

But Mr Vasquez, 34, is not your average budding entrepreneur. He has spent almost half his life in prison, serving a 12-year sentence for attempted murder and, most recently, a two-year sentence for robbery.

While behind bars for the second time, he decided to make some changes. After getting a qualification in computer maintenance and engineering, he enrolled in the Prison Entrepreneurship Program, a four-month course taught by volunteer executives and business school students that shows inmates how to develop and launch enterprises.

The scheme - a mini-MBA with seminars on finance and accounting, as well as units on writing, public speaking and interviewing techniques — has already transformed the personal and professional lives of hundreds of inmates and helped them to be productive on re-entering society.

"I met people I never would have met in my life - millionaire executives, MBA students from round the country, including ones from Harvard and MIT," says Mr Vasquez. "They gave me my self-esteem back. I'd almost thrown myself away, I'd almost given up, but Pep showed me that life is not over."

To date, more than 300 inmates have graduated from the initiative. The overwhelming majority - 98 per cent - has found steady employment and about 40 graduates have started their own businesses. The programme has a recidivism rate of less than 5 per cent.

"Prison is like college for criminals," says Catherine Rohr, who founded Pep in 2004 and is its chief executive. "We leave them with little alternative than selling drugs or getting back into a gangs once they get out. Leaders of the underworld are extremely influential; if we impact them, then we have an impact on their neighbourhoods, their communities, their families. All of society wins."

Admission to the programme is com-Catherine Rohr: 'All of society wins' petitive, according to Ms Rohr. She recruits prisoners who have been "successful in the underworld", those who have led gangs or who have had success selling drugs. "These are people who understand proprietary sales force, they understand marketing and they understand profit margins," says Ms Rohr. "They know how to execute. The one thing they don't understand is risk management because they got busted."

John Jackson, CEO of Price Gregory, the Houston-based pipeline construction company, who serves on the programme's governing board, says: "There are a lot of entrepreneurial skills inside a prison if you can just re-channel that. With a little bit of help and a little bit of direction, these guys could really make a go of it."

Ms Rohr had the idea for the scheme while working at a private equity firm in New York. A colleague invited her on a tour of a jail in Texas. "I thought all the worst things. I thought I was going on a zoo tour to see a bunch of caged animals," says Ms Rohr. "But, instead, I saw human beings, I saw people who were repentant and people who had changed. I was humbled."

She recruited fellow executives to host an introductory business course at the prison the following month. "I thought: what if we equip these guys with some business tools so they could go legit?" says Ms Rohr, who earned her MBA at the University of California, Berkeley, Haas School of Business. "That's when I decided to start a business plan competition at the prison." She and her husband sold their apartment in New York and moved to Texas to start the programme. Ms Rohr began by signing up area business executives to give guest lectures.

Some, including Mike Humphries, senior vice-president at Tanglewood Investments, were initially sceptical. But, once he saw the project in action, he was won over. "The spirit of reconciliation in the room is palpable," he says. "These are guys who have made a commitment to changing their lives and are going to give everything it takes to get back on their feet."

At the end of the programme, the inmates create a business plan, complete with 12-month Excel operating budgets and financial analysis and give an oral presentation to an executive judging panel. Business plans include ventures such as tree removal, landscaping, T-shirt printing and leather tooling. Ms Rohr recruits top MBA students to serve as peer advisors on the participants' business plans. These provide advice on both the conceptual and grammatical aspects of the business plans and help make the inmates' plans more realistic and feasible.

Today, the scheme involves business school students from Stanford, Rice and the Wharton School at the University of Pennsylvania, among others.

Catharina Lavers, a second-year student at MIT's Sloan School of Management, has advised an inmate on his plan to start a metal shirring and crimping business, making temporary accommodation for construction sites. As the inmates do not have internet access, she provided market research and pricing information.

"I wanted to work with people who others had given up on," she says.

Stephen Nelson, a Pep graduate who served a five-year sentence for burglary, hopes to start a mechanic shop and used car business. He worked with MBA students from Texas A&M University. "They gave us great feedback and huge research packets with information on the market and competitors," he says.

The bulk of funding for Pep comes from individuals and private foundations but the scheme also receives donations from corporations. Last year, the programme had a budget of \$1.7m, up from \$680,000 in 2006. This year, the initiative is on track to raise \$3.1m.

The programme is run from the Cleveland Correctional Facility outside Houston and recruits from 65 Texan prisons. Pep recruits only male inmates, mainly because men constitute more than 90 per cent of the inmate population.

Once participants are released, they are eligible for continuing classes, led by executives and university professors, to help them reintegrate and start their businesses. Completing the coursework also makes the former inmates' eligible for small business financing through the scheme's network of angel investors.

Mr Nelson says that graduating from the programme was one of the proudest moments of his life. "My family came into the unit and we wore caps and gowns," he says. "Before this, I had never completed anything in my life. It gave me hope. It made me feel like somebody. Something changed in me."

Fonte: Financial Times, London, November 24 2008, Primeiro Caderno, p. 14.