



**PROFILE:  
RICHARD OULAHAN**

Richard Oulahan has been with Esperanza Unida, Inc., since 1973 and has served as the agency's Executive Director since 1978. Originally from New York City, Oulahan learned Spanish as a boy in Mexico City, where his father was bureau chief for *Time* magazine. He came to Milwaukee in 1965 to attend Marquette University, but left in the fall of 1967 to travel for three months in Europe and attend a university in Mexico for six months. He returned to Marquette in 1968 for another year, then dropped out to find employment and spent the next several years working in nursing homes, factories, a mental hospital and at a social service agency where he helped prepare Hispanics for the GED exam. He graduated from the University of Wisconsin-Milwaukee in 1980 with a bachelor's degree in Spanish and political science. Oulahan has two grown children.

**“POWER COMES FROM BELOW . . . ”**

“They used to come in at Christmas, give us a check, offer to help . . .

“Now they were losing their jobs . . . the heart of our community . . . laid off when the plants began to close . . . telling us ‘we don't have any work, we don't have any education, we're losing our houses, our cars, our whole world is crumbling . . . can you guys *do* something?’”

From that heartbreaking beginning in the early 1980s, Richard Oulahan and his colleagues at Esperanza Unida have helped spark a renaissance in Milwaukee's Latino community . . . and they've done it by remembering three simple rules:

- Dead-end training leads to dead-end jobs
- Power comes from below
- Mistakes are part of the game

During the past 17 years, the people at Esperanza have started a dozen training schools that double as businesses. Some have been closed or sold to community residents. Today the organization offers training in six fields: Auto repair and sales, child care, welding and metal fabrication, commercial printing and graphic arts, construction, and customer service. Esperanza also operates the only Spanish language bookstore in Milwaukee, a coffee shop, a legal resource center, an office building with an international flair, and a variety of on-site student support programs.

More than 2,000 people have been trained since 1984 and more than 70 per cent have been placed in family-supporting jobs. Each training cycle lasts for 12 weeks and the 40th class will graduate this year. Earned revenue for the businesses associated with the six training schools during FY00 was \$1,648,542, with a net profit of 2.5 per cent, including fully allocated overhead and management expenses. All told, earned revenue from the training school ventures and the other businesses totaled \$2,564,188, with a net profit of 9.1 per cent.

**“PEOPLE HAVE *NOT* BEEN LIFTED OUT OF POVERTY . . . ”**

Oulahan is scathing in his criticism of the welfare-to-work programs that proliferate today in Wisconsin and elsewhere.

“They're a total fraud,” he says, and for proof he points to studies conducted recently by

the state of Wisconsin. “Seventy per cent of the people who’ve been taken off welfare in Milwaukee are still living in poverty,” he says, “and it’s causing incredible problems. Two or three families living in a single apartment. People crowding into shelters . . . lining up at food pantries . . . committing crimes . . .

“People have *not* been lifted out of poverty — but the powers that be still have the whole country fooled.”

The problem, he says, is that the goal has been to get people off welfare, not into jobs where they can sustain themselves and their families. And one of Esperanza’s core values is that it will not train people for “any job that doesn’t have a career ladder. We don’t have any illusions that if you just start working, everything will be okay.”

When Wisconsin Gov. Tommy Thompson’s administration invented the first welfare reform programs in the mid-1990s, the initial emphasis included training for skilled professions, and Esperanza received a \$500,000 grant to train welders and mechanics. But the state almost immediately shifted its emphasis to getting people off welfare. According to Oulahan, that meant “making them take low-skilled jobs. We refused to do that, so we lost our contract.”

The whole experience has left Oulahan frustrated with “our economic and political system. It doesn’t want to face the reality about wealth distribution and what we need to do to correct it. What we’ve got is broken. It doesn’t work. But the government keeps coming up with remedies that are dysfunctional.”

## ORIGINS

Which is why he and his colleagues rejected the idea of offering low-skilled training in the first place.

Esperanza Unida (Spanish for “hope united”) came into existence in 1971 and spent the next ten years helping residents in Milwaukee’s Latino community qualify for unemployment checks and workers compensation. But once massive layoffs and industrial plant closings began in the early 1980s, says Oulahan, “we started looking around to see if there was a vehicle that could help these people get into the economic mainstream.

“We couldn’t find one, except at the technical college, and there were five things that made it impossible for the people in our community to go there. It cost money . . . they needed to have a high school degree . . . it wasn’t located in our community . . . the classes were all in English . . . and it was usually a two-year program. All those things mitigated against any of our people getting re-trained and into a job with a living wage.”

## Richard Oulahan talks about . . .

- Why welfare-to-work programs are a fraud
- His refusal to train people for low-skilled jobs
- The five reasons traditional training doesn’t work for people in his community
- The dangers of depending on outsiders
- Why nothing gets done unless you make mistakes
- Why he said no to a \$500,000 contract
- Why it has to be a lifetime commitment
- Using a nutcracker to open a refrigerator

At the same time, the people at Esperanza realized it would cost about \$5,500 to train a single person to perform a skilled trade, and Oulahan says “nobody wanted to provide the funding. So, if we were going to do it, we had to figure out a way to pay for it. And that’s when we realized you could generate revenue at the same time you were doing training.”

An abandoned auto dealership served as the site for the first training program and Esperanza used a federal grant to buy a tow-truck, a forklift and some other tools. The first 30 trainees were a group of dislocated workers from an Allis Chalmers plant. “We hired an auto mechanic from the union to train them,” says Oulahan, “and we started working on customer’s cars. It was minor stuff at first, simple things like oil changes.

“Really, that was the beginning. We just basically had to do it ourselves, not wait for somebody else to do it for us.” During FY00, the auto repair and sales shop earned \$513,535 in revenue, with a net profit of \$130,628 (25.4 per cent).

## **POWER FROM BELOW**

Oulahan is quick to emphasize he’s a follower, not a leader.

“Everything we do,” he says, “is driven by the people in our community.” Nonprofits from all over the country come to Esperanza for guidance, but Oulahan says most of them “don’t believe power comes from below . . . they still look to the power structure above them for support. But institutional forces push you toward serving *their* interests. I know that’s a pretty general concept, but it’s an important one to us. Fifty per cent of our employees were students here at one time and half of our Board members are long-time community residents.”

Oulahan says “the biggest problem in the inner city today is that it needs an economic infrastructure that’s controlled by the community itself, not by an outside force. And that’s what we’re all about.” When he talks about “infrastructure” he means buildings, equipment, tools and people with expertise who won’t go away. “If you hire a lot of technical assistance and consultants,” he says, “they’re here and then they’re gone.”

Creating community-controlled infrastructure has been the heart and soul of Esperanza’s business strategy since the first training school opened in 1984. “Back then,” he says, “our institutions were being run by people who said they wanted to help us create wealth . . . but they came in, remodeled buildings, made a lot of money — and left with all the profits.

“It’s taken a lot of patience,” he admits, “because it doesn’t happen overnight. There are dark years when nobody really sees what’s happening. And it costs a lot.” How much? Oulahan just smiles: “Whatever you’ve got and a whole lot more. Whatever you can beg, borrow and steal . . .” But over time the fruits become obvious. For example, during the 1990s Esperanza was able to develop a \$5 million commercial building because it had the necessary infrastructure in place. Oulahan just laughs. “When we first started in 1984,” he says, “we couldn’t even borrow five thousand dollars to fix our windows!”

## A WILLINGNESS TO TAKE RISKS

Of the six training school businesses being operated by Esperanza today, two are profitable, three are slightly underwater and one is struggling (please refer to the fact sheet elsewhere in this chapter for details). Over the past ten years, four others have come and gone, including an auto body shop, an auto parts dealership, a restaurant and an asbestos abatement company.

Oulahan doesn't consider that a bad track record. "You have to take risks," he says. "Our community and our organization and our Board basically feel we don't have a lot of choice. If we're sitting here losing resources every day and people are being destroyed by our economic system, what do we have to lose if we go out on a limb and try to make something work? You can't be crazy. You've got to be careful. But the idea that you have to have all your resources on board before you start something isn't going to work.

"There's nothing wrong with making mistakes. We've made a lot of them – but we look at them as a natural part of development and growth. Nothing gets done unless you make them! You try one thing and if it doesn't work you try something else. Maybe we've stuck with a few things longer than we should have — but if the alternative is waiting until all the ducks are in line, it will never happen. Any time you create something, there are always pieces on the ground around it when its finished. So we're not afraid of mistakes. We just figure that something's always lost when you create something new."

Sometimes, taking a risk means saying no to a big pot of money. At one point in the late 1980s, Esperanza had the opportunity to convert to for-profit status and qualify for \$500,000 in financing from the state department of economic development. But Oulahan says "we realized that wasn't the right way to go. We didn't have much revenue back then, and it would have been nice to receive a big chunk of money, but we felt it would hurt us in the long run. We're not in business to make a profit. We're in business to get people into the economic mainstream. We would have had to start paying back loans and paying taxes and competing as a business. But we're not *really* a business — we're a community training program that generates revenue to support the training. We've lost money some years – but our social purpose has never changed. The idea isn't to make the businesses profitable – it's to make them as self-sustaining as possible. We measure our success by how many people are getting into jobs."

## THE PORTFOLIO GROWS

All of Esperanza's training businesses are intended to address the five challenges faced by those first community residents when the layoffs began: The programs are short-term, they're free, they're located in the community, the courses are bi-lingual, and you don't need a high school diploma to enroll (although many of the people who come to Esperanza decide to attend classes in the organization's learning center to obtain a G.E.D. at the same time they're enrolled in one of the training schools).

"We've never had enough cash," says Oulahan, "but it's like starting a fire. You put on some twigs, then you keep putting on more and more, and you get it burning . . ."

**1987 (construction):** "Jose Alicea was one of our first auto repair instructors," says Oulahan. "He said he'd give us six months – and then he stayed for three years! But he finally told us he wanted to go back to his old line of work in construction. I knew we needed his leadership and inspiration, so I asked what it would take to keep him

as an instructor. He said there wasn't really anything because he was tired of teaching auto mechanics . . . so I said, 'Okay, then start a construction program.'" Esperanza received a grant of \$70,000 from the city to rehab a house, then started doing commercial work. The business earned \$299,288 during FY00, with expenses of \$336,029.

**1989 (welding and metal fabrication):** "We did some research and discovered Wisconsin had a huge need for welders," says Oulahan. During the past 12 years, Esperanza has trained more than 400 people, a third of them women, and placed 75 per cent of them in permanent jobs – and the way the business started is testimony to Oulahan's belief that you can't wait until all the resources are in place. "A large waste management company was looking for somebody to make dumpsters for them," he remembers. "They gave us a letter of intent promising to purchase \$80,000 worth from us and we used it to get a community development block grant of \$200,000 from the city. And then the company bought its own manufacturing shop and never did buy a dumpster from us! But that was fine, because it caused us to diversify and look for other customers. We used the \$200,000 to build a shop, purchase equipment and hire instructors." During FY00, the welding and metal fabrication business earned \$272,924 and had expenses of \$310,667.

**1990 (Esperanza del Futuro Childcare Center):** "We started getting a lot of pressure from the women in our community," recalls Oulahan. "They said we didn't have enough programs for them." So he scrounged a \$20,000 grant from the Helen Bader Foundation, located a vacant building and created a child care training center. Today it's the second-most profitable business operated by Esperanza (only the auto repair shop does better): It earned \$398,550 during FY00, with a net profit of \$72,358 (18.2 per cent).

**1996 (customer service training):** When government officials and others started jumping on the welfare reform bandwagon, Oulahan and the people in Milwaukee's Latino community "realized we needed to create still more training programs for women – and we discovered there were a lot of decent paying jobs out there, with good benefits, for people who could do customer service. And the fact that many of the women in our community were bilingual turned out to be a real asset." Esperanza approached some of the companies that were looking for workers and Ameritech gave it a \$70,000 grant to start the program. The customer service training business earned \$74,329 during FY00 and had expenses of \$89,821.

**1996 (commercial printing and graphic arts):** "We're always looking around to see what types of jobs are needed in the community," says Oulahan, "and we discovered that not many people of color were getting into the printing industry. Those that did usually wound up working in a bindery or in some other low-wage job with no chance for advancement. At the same time, we were running an auto body shop and training school, but it took six months to train people and we could only train five at a time. We decided that just wasn't enough, so we closed it down — even though it was profitable — and started a printing school instead." Esperanza received a \$250,000 federal grant to hire instructors and buy a state-of-the-art press. Its commercial printing and graphic arts business is now five years old and still struggling to find its footing. During FY00 it earned \$89,916 but had total expenses of \$161,550.

## **THE "FAILURES"**

Even though it was profitable, the auto body shop "failed" because it didn't meet Esperanza's social purpose objectives. The other three businesses that are no longer part of the Esperanza portfolio went away for a variety of reasons.

“We tried to do an auto parts business by pulling parts off donated vehicles,” says Oulahan, “but we learned stockpiling parts isn’t cost-effective – you need to have a big lot and only pull parts when you’re selling them. We just couldn’t handle that.”

The restaurant business “drained a lot of capital,” says Oulahan, and also failed to meet its social objectives: “We weren’t able to train people for skilled jobs,” he says, “so we shut it down.” But, he hastens to point out, “we rent the space now to a local guy who’s made the restaurant a great success.”

The asbestos abatement business started when Esperanza decided to buy and rehab an abandoned commercial building. The building had lain vacant for years because potential buyers were scared off by the projected cost of asbestos removal – more than \$300,000. Esperanza found a better way. “We created a training program,” says Oulahan, “and moved the asbestos out as part of the training. It cost us only \$15,000 – and then we sold the business to the guy who was running it for us.”

## **CRITICAL SUCCESS FACTORS**

In addition to **drawing power and direction from below, providing training only in skilled professions, concentrating on infrastructure development and being willing to take risks**, Oulahan emphasizes five other factors that have been critical to Esperanza’s success.

**Long-term commitment:** “You’ve got to make the commitment and say, ‘This is what we’re gonna do and we’re not gonna back off,’” says Oulahan. “You have to be willing to say this is a lifetime commitment. Really. You can’t back out once you start. You have to be in it for the long haul and believe you’re gonna make it work . . .”

**Ingenuity:** “Sometimes you have to use a nutcracker to open a refrigerator,” laughs Oulahan. “It works most of the time if you persist! You can’t be stuck on saying, ‘Here’s the way it must be done.’”

**Going it alone:** “Coalitions are good,” says Oulahan, “but part of the reason we’ve succeeded is because we knew we had to do this by ourselves. A lot of institutions offer assistance, but they only go so far . . .” However, Oulahan also emphasizes the importance of being flexible when others want to help: “You can’t be rigid or ideological,” he says. “You don’t want to sell your soul, obviously, but you can’t be so pure that you can’t work with somebody — unless it becomes obvious that it goes against the interests of the community, as it did with the welfare to work programs.”

**Asking for help:** Going it alone may be the prime directive, but Oulahan also points out that “each of our businesses has an advisory committee we can go to with problems or ideas and to help us keep in touch with the industry.” For example, advisers for the auto repair and sales program come from both the auto mechanics union and auto dealerships.

**Trusting the staff:** “One thing we could have done more of in the beginning was to involve more of our staff members in our decision-making,” says Oulahan. “It seemed like there was such an urgency to get things done, but now we have the luxury of weekly departmental meetings and it’s really incredible how staff members are able to pull together, deal with problems and get past things.”

## FINAL WORDS OF ADVICE

Oulahan has been discouraged by the number of organizations that come to Esperanza for guidance but fail to follow through.

“What we’d like to do is create an institute where people could learn the model,” he says. “Then we could send somebody back with them to their local communities to help them start something from the bottom up.”

At one point, Esperanza was featured on a national evening news broadcast and received “hundreds of calls from people around the country.” To help them, Esperanza collaborated with World Hunger Year to produce a 100-page replication manual in 1999 — but Oulahan doesn’t think it’s enough. “What people really need,” he says, “is technical assistance. They have constant questions and need to have constant access to one of our people: ‘Okay, here’s what we’re doing. What do you think about that?’

“I think a lot of the people who call us or visit are coming from the right place,” he concludes, “but a lot of them don’t understand what they really have to do. They’re trying to find ways to subsidize their work because they know the government doesn’t care enough about what they’re doing. That’s a good way to look at it, but there’s a big gap between concept and reality . . .”

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## CURRENT FINANCIAL PERFORMANCE

*(fiscal year ending June 30, 2000)*

	<b>Earned revenue</b>	<b>Operating expenses</b>	<b>Profit/loss (dollars)</b>	<b>Profit/loss (per cent)</b>
Auto repair and sales	\$513,535	\$382,907	+ \$130,628	25.44
Child care	\$398,550	\$326,192	+ \$ 72,358	18.16
Construction	\$299,288	\$336,029	- \$ 36,741	-12.28
Welding/metal fabrication	\$272,924	\$310,667	- \$ 37,743	-13.83
Customer service training	\$ 74,329	\$ 89,821	- \$ 15,492	-20.84
Printing and graphic arts	\$ 89,916	\$161,550	- \$ 71,634	-79.67
<b>Sub-total</b>	<b>\$1,648,542</b>	<b>\$1,607,166</b>	<b>\$ 41,376</b>	<b>2.51</b>
International building	\$726,371	\$498,822	+ \$227,549	31.33
Legal resource center	\$ 84,383	\$ 84,844	- \$ 461	- 0.55
Bookstore/coffee shop	\$104,892	\$141,067	- \$ 36,175	-34.49
<b>Total</b>	<b>\$2,564,188</b>	<b>\$2,331,899</b>	<b>\$232,289</b>	<b>9.06</b>

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# Esperanza Unida, Inc.

## TYPE OF BUSINESS:

Six training schools that double as businesses (auto repair and sales, child care, welding and metal fabrication, construction, customer service, commercial printing/graphic arts), plus a bookstore/coffee shop, a legal resource center and an international office building

**Mission:** To train and place people in jobs that pay family-supporting wages

**Year founded:** 1984

**Structure:** Programs operated internally by a nonprofit

**Headquarters city:** Milwaukee (three facilities in Milwaukee's near south side community)

**Geographic market:** Milwaukee

## CURRENT FINANCIAL PERFORMANCE

(fiscal year ending June 30, 2000)

Please see chart on preceding page

## SOCIAL RETURN ON INVESTMENT

\* Number of people enrolled in training and placement programs: FY00: 156  
Since 1984: More than 2000

Number of people graduating from training and placement programs: FY00: 129

Number of people placed in family-supporting jobs: More than 70%

Average hourly wage and benefit levels of program graduates: FY00: \$8.96

Number of people who maintain employment for at least 365 days: Since tracking began in September 1999: 74%

\* An additional 56 people were enrolled in targeted training programs during FY00, including teenagers and former students

## INITIAL INVESTMENT

Planning time required before operations began: Ongoing

Dollars required before operations began (for the six surviving training schools): \$940,000

Sources of planning dollars: Grants from various sources

Time required to recover planning dollars: Will not be recovered

Time until the business generated positive cash flow: Only two are currently profitable

Additional working capital required before generating positive cash flow: Unknown

Sources of working capital: Grants from various sources and profits from other businesses

Time required to recover working capital: Ongoing

## PARENT ORGANIZATION:

Esperanza Unida, Inc. (founded 1971)

**Mission:** To demonstrate through unity and mutual respect we can provide services, guidance, training, education and economic development to empower people; to assist people in growing personally and becoming economically self-sufficient; to take initiative to provide caring support and protection of rights to minorities and others who will contribute with pride to the greater Milwaukee community

**Programs:** Community economic development, job training, job placement, counseling, high school equivalency courses, and representation for Milwaukee's minority, unemployed, underemployed and injured populations

**Annual operating budget:** \$2.52 million

**Number of employees:** 47 full-time, four part-time

**Number of people (unduplicated) served per year:** 230 receive job training and placement; more than 1,350 receive outreach, education and legal support services

## SENIOR MANAGEMENT TEAM

Executive Director: Richard Oulahan

Associate Director: Elsa Rodriguez

Business managers: Adamino Roman (auto repair and sales)

Jeannette Barquet (Esperanza del Futuro Child Care)

Patrick Miller (construction)

Dennis Klingman (welding/metal fabrication)

Devera Buchanan-Orr (customer service training)

(Acting) Antonio Cruz (commercial printing and graphic arts)

## Contact information

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