

A Study of Latino/a Business Owners in Greater Kansas City

June 2003

By Gwen Richtermeyer, Ph.D.
Director

BRIDG

RESEARCHING
SMALL BUSINESS AND
ENTREPRENEURSHIP



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Acknowledgements

The author and BRIDG gratefully acknowledge the assistance of the following individuals in designing and conducting this study:

Ian Bautista, El Centro, Inc.
Donna Bono, Generali Corp.
Douglas Bowles, Center for Economic Information, UMKC
Dr. Alex Holsinger, Sociology Department, UMKC
J. Beto Lopez, USBank & Hispanic Chamber of Commerce
Jacque Martinez-Pullen, Kauffman Foundation
Ana Melgosa, Don Bosco Center
Michael Rosales, Commerce Bank & Hispanic Chamber of Commerce
Hernado Ruiz, Hispanic Economic Development Corp.
Dr. Marta Tienda, Princeton University
Catalina Velarde, Hispanic Economic Development Corp.

This research is supported by a grant from the Ewing Marion Kauffman Foundation and the Hispanic Chamber of Commerce of Greater Kansas City and with funds provided by the Outreach Development Fund, University Outreach and Extension, University of Missouri.

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Executive Summary

This study of Latino/a business owners in the greater Kansas City area is the result of a collaborative effort between many organizations, primarily the Hispanic Chamber of Commerce, the Kauffman Foundation and BRIDG (Business Research & Information Development Group).

Using survey research and interviews, this study identifies the problems most often experienced by Latino/a business owners at start-up: financial, selling, capitalization, technology and control of time. At the current time, the most pressing problems for business owners are: cash flow, sales volume, marketing, competition and control of time.

There are several broad opportunities highlighted in this report for business assistance service providers to consider in order to assist this audience:

- *Specific services and mentors for companies at a mid-level stage of development;*
- *Family business programming;*
- *Exit strategy development for those who wish to leave their business to a family member;*
- *Programming that includes community as part of a company's development; and,*
- *Management programming that includes mentoring and coaching future Latino/a business owners.*

The research confirms the need for multiple learning strategies when attempting to reach Latino/a business owners. Providing a variety of formats and delivery methods will

increase the willingness of participants to attend workshops, seminars and classes.

Investigating issues of trust between Latino/a business owners and service providers (especially White service providers) reveal what can be understood as a broader cultural requirement — the need to have a sufficient level of comfort with a service provider before taking his or her advice or counsel. This relationship will take time, especially for non-Latino/a service providers.

The desire for bilingual and/or Spanish language capability is also important when service providers wish to do business with this community. Recognizing this need may motivate more service providers to partner together to provide this capability.

The study also reveals a need for services that help companies who are beyond start-up. Respondents whose businesses are in a growth stage of development perceive that there are few services available to help them get to the next level. They want programs, services, mentors and opportunities to learn from those who have been there before.

Respondents were mostly male, middle aged, experienced in their chosen line of business, and in business for an average of eight years. The primary focus of the research study was to discover areas of need in terms of programming, services and products that may increase and enhance the starting and growing of Latino/a companies in the Kansas City Metropolitan Area.

Background and Purpose

The Hispanic Chamber of Commerce of Greater Kansas City (HCC) wanted to better understand the business needs of local Latino/a¹ business owners in order to provide more relevant and timely services and programming. The Kauffman Foundation previously supported a small qualitative study conducted by the Hispanic Economic Development Council (HEDC) that provided some of this information and focused primarily on new immigrants. As such, HCC approached the Kauffman Foundation in the summer of 2002 to undertake a broader study. Ana Melgosa made the initial connection to BRIDG (Business Research & Information Development Group), an initiative of the Business Development Program, University Outreach & Extension. BRIDG conducts applied primary and secondary research on small businesses and entrepreneurs throughout the state of Missouri.

BRIDG was at that time conducting a state-wide needs assessment of the learning experiences and preferences of small business owners and entrepreneurs and welcomed the opportunity to study this specific audience. Over the next several months, BRIDG and HCC finalized the study plan. BRIDG developed interview protocols that were approved by both staff at Kauffman Foundation and HCC.

A comprehensive mailing list of Latino/a business owners in the Greater Kansas City was not available. This fact necessitated developing a database that combined many different lists and referrals. BRIDG developed this database in the winter of 2002, and subsequently mailed surveys to individuals contained in this database.

A separate report provides an overview of the literature concerning minority entrepreneurship, including national and local statistics that set the context for the study and its findings.

This report is organized as follows:

First, the methodology used in the research is outlined.

Next, the findings are discussed —

- 1) *demographics of survey respondents and firmographics of their businesses;*
- 2) *learning preferences and experiences;*
- 3) *delivery methods; and,*
- 4) *problems identified when they began their business and problems they currently face for five major areas — financial, capitalization, management, technology, and marketing.*

The survey findings are followed by a section where I discuss the findings from the interviews conducted.

Last, I review the study's findings and discuss possible overall implications.

Methodology

This study used both quantitative and qualitative methods to better understand the business needs of Latino/a business owners in the greater Kansas City area. First, a survey was developed that was largely based upon a survey used in a larger Missouri study of the learning needs of small business owners and entrepreneurs. The survey was written in English and in Spanish. Copies are included in the appendices.

A contact database was developed based on lists provided by HCC that included both members and prospects; referrals provided by other individuals and organizations aware of the study; and names from a national business database. We used the national database to identify ethnic enclaves and pulled names from zip codes which contained at least ten percent Latino/a population. A total of 651 Latino/a business owners were identified from all of these sources.

We followed the Dillman Method, the recognized authority on mailed surveys, for this study. While more time-consuming and costly, this method has been shown to increase response rates, a particularly important factor in survey research. The Dillman Method proposes that each person receive a minimum of three mailings. The first is a full mailing which includes the survey, an explanatory letter, and a postage-paid, addressed-return envelope. One week following the first mailing, a reminder postcard is mailed to everyone who has not returned the survey. Two weeks following this second mailing, another full

mailing which includes a different letter, is mailed to all non-respondents. For this study, the first and third mailings included both the English and Spanish versions of the survey, and the postcard reminder was also written in English and Spanish. Sixty-three (63) surveys were returned for either incorrect address, company no longer located at that address and forwarding order had expired, or the focus on Latino/a entrepreneurs was not applicable. We received a total of 65 surveys, representing a 15.4 percent response rate². Eight (8) or 12 percent of the completed surveys were in Spanish.

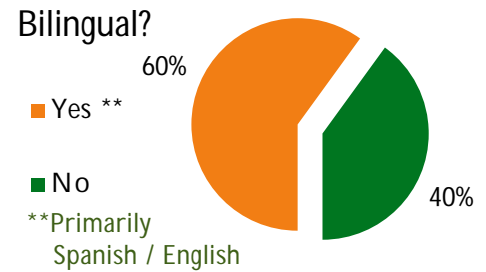
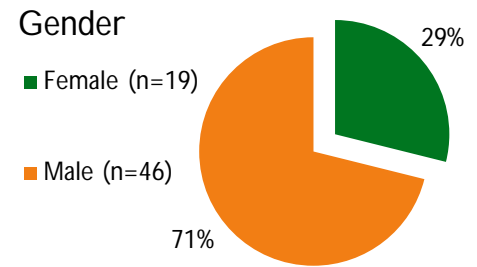
In addition to the survey, I conducted twelve telephone interviews with Latino/a business owners who were referred to BRIDG from individuals at HCC, HEDC, El Centro and the Kauffman Foundation. The criterion for the referral was that the individual business owner was considered to be successful. While this criterion is subjective, the purpose of the interview was to delve more deeply into the opportunities and challenges each faced as they started and grew their businesses. Therefore, it was important to identify individuals within the Latino/a community who had been in business for at least two years and had enjoyed business growth.

Using the list of interview referrals, we contacted the business owners and asked if they would agree to participate in the study. If agreed, an appointment was set for the interview. The interview took approximately 20 to 30 minutes. None of the interviews were conducted in Spanish.

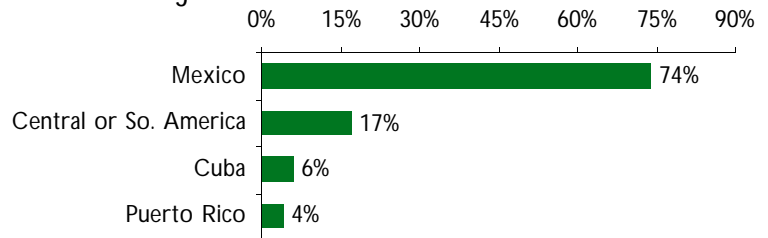
Demographics

Over two-thirds of the respondents were male, and the average age was 46. About three-fourths of the respondents indicated their ancestral **origin** as Mexico. Four out of five stated their **primary language** as English; two in five stated it as Spanish. Sixty percent of the respondents as **bilingual**, and the dominant languages as English and Spanish. The following graphs provide the detail for these demographics.

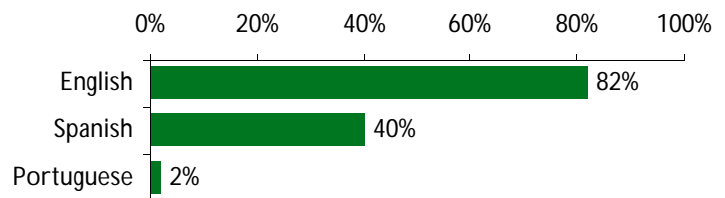
Over one-third of the respondents state they have either a baccalaureate or graduate degree. An additional one-quarter have had some college. The following chart displays the levels of education attained by respondents.



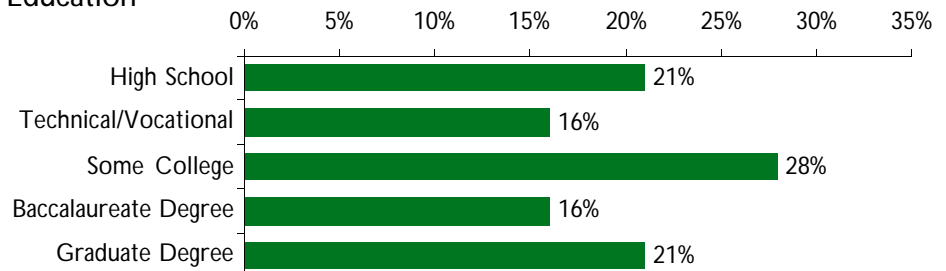
Latino/a Origin



Primary Language



Education



Nine individuals with baccalaureate degrees provided the discipline in which the degree was granted. Of those nine, degrees were awarded from the following schools:

Table 1
Degrees Awarded

School	Number of Degrees
Business	3
Engineering	2
Biological Sciences	2
Education	1
Arts & Sciences	1

In addition, 12 respondents provided the disciplines in which graduate degrees were awarded. These included the following:

Table 2
Graduate Degree Disciplines

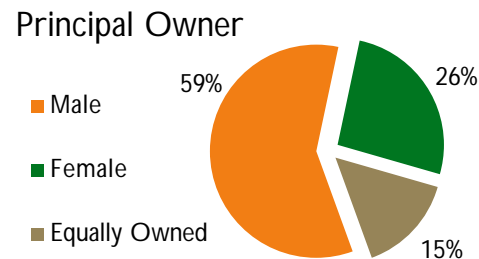
Discipline	Number of Degrees
Medical Fields	5
Business	4
Arts & Sciences	2
Engineering	1

There are additional graphs in Appendix A that provide information on education levels within various industries and also by sales groups.

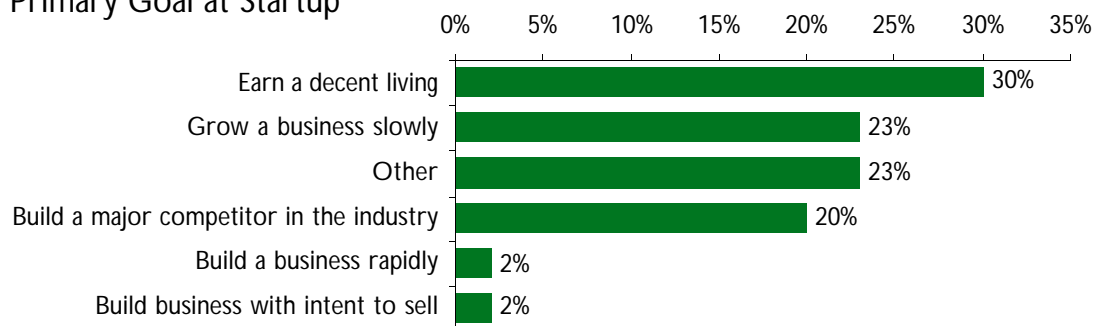
More than half of the respondents indicate that the **principal owner** of the business is male, with one-quarter female and 15 percent equally owned by males and females.

The average number of years' experience in the field is 19 (median 18 years), and number of years' management experience is 14 (median 10 years). Almost three-fourths (72 percent) state they previously worked for someone who owned their business and the same number and percentage state that this experience motivated them to become a business owner.

The following chart displays the **primary goal** or dream that respondents had when they began their business. As shown, as many wanted to grow a business slowly as wanted to grow rapidly or build a major competitor.



Primary Goal at Startup



Within the “Other” response category, a few respondents re-stated previous goals such as to earn a living or take over a family business. Additional responses included providing a needed service, doing what s/he loved, and creating an excellent environment —

- *Provide a service for Hispanics in their language.*
- *To do what I love doing, while earning a decent living.*
- *Grow a business known for quality customer service and sincere/ethical leadership for employee.*

The full text of all comments for the “Other” response category for this question is located in the appendix.

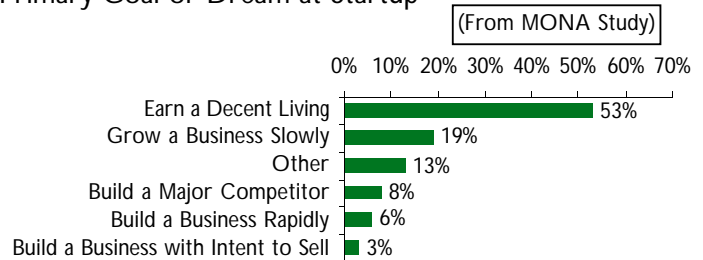
When compared to the results of a random study of small business owners and entrepreneurs in the State of Missouri (MONA) conducted by BRIDG in 2002,

Latino/a’s ambitions are quite high. As the following chart reveals, only eight percent of the respondents in this previous study had a **goal or dream (MONA)** to build a major competitor in the industry compared to 20 percent of the Latino/a respondents.

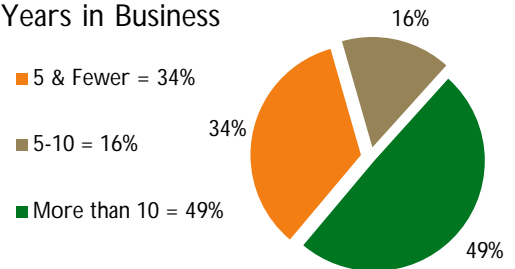
Many of the businesses have been around for a long time. Almost one-half of the firms began more than 30 years ago, with three businesses begun over 80 years ago. The average time in business is 16.6 years, with a median of 8. The **years in business** chart breaks out the length of time in business into groups of 5 years and less, 5-10 years, and more than 10 years.

Most respondents (71 percent) founded a new business, although 15 percent joined or inherited a family business, and 13 percent purchased an existing business. The following chart shows the breakdown for **how businesses started**.

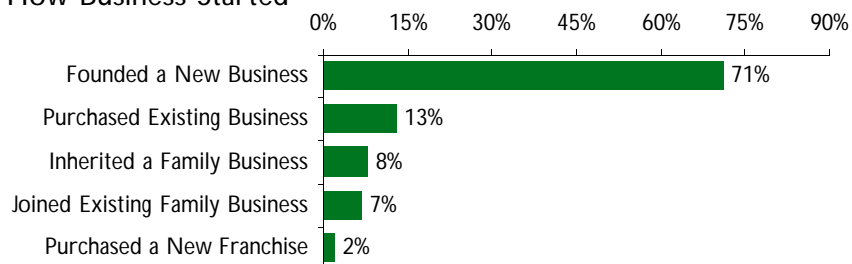
Primary Goal or Dream at Startup



Years in Business



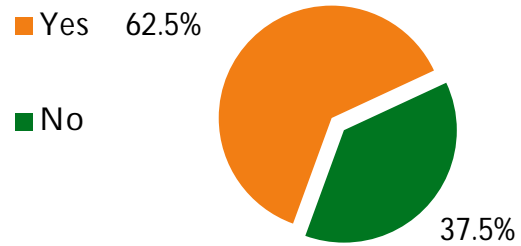
How Business Started



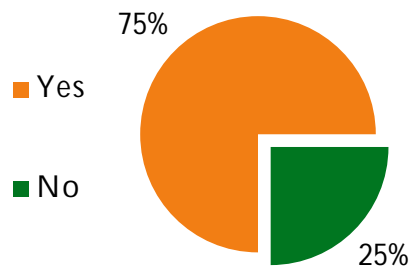
About two-thirds (62.5 percent) of respondents state they had a business plan when they began, and three-fourths (75 percent) state they currently have a plan. The following charts show the results regarding **business plans at start-up and now**.

When respondents retire, almost one-half (48 percent) hope to have a family member assume ownership. This is more than fifty percent greater than the thirty percent in MONA who planned to have a family member assume ownership. Slightly more than one-third (37 percent) hope to sell the business at retirement. The following chart displays the hopes for the **business at retirement**.

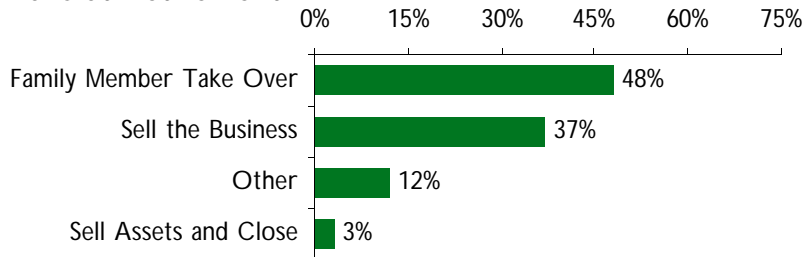
Business Plan at Start-Up



Business Plan Now



Plans at Retirement



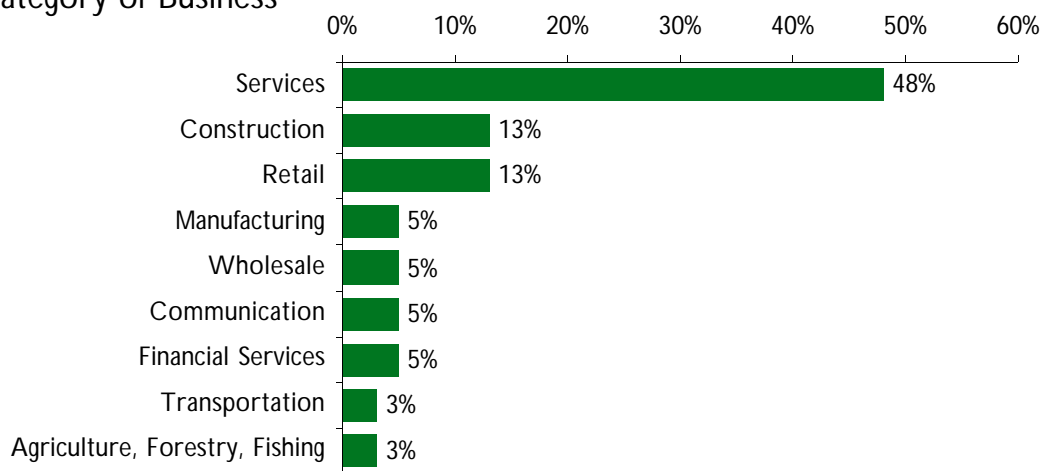
Firmographics

Almost one-half (48 percent) of the respondents' firms are service businesses, with another 13 percent retail and construction. Few (16 percent) of the businesses are operated out of the home. Again, compared to MONA, more respondents in this study were in services (48 percent compared to 38 percent in MONA), and fewer in retail (13 percent versus

19 percent in MONA). The following charts break out the **types of businesses**, and the **sub-types of service businesses**.

Appendix A contains additional industry-related information. There's data on education levels by industry as well as by sales group and number of employees.

Category of Business

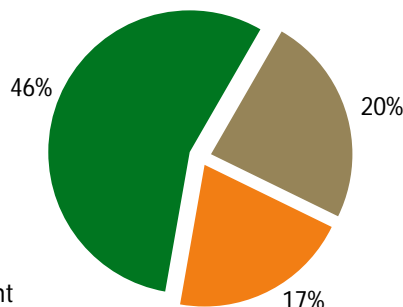


Service Sub-categories

Professional = 46%
(health, legal, education, engineering, etc.)

Personal = 20%
(laundries, beauty shop, auto repair, child care, etc.)

Business = 17%
(advertising, security, mail, computer services, equipment rental, etc.)



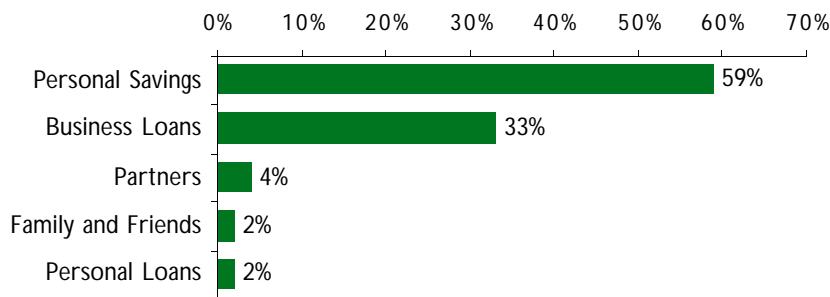
More than one-half (59 percent) of the respondents **financed their businesses** through personal savings, and one-third (33 percent) of them financed their businesses through business loans. See the following chart for a breakout of how businesses were originally financed.

Company sales reflect a broad range with approximately one-quarter of the respondents revealing annual sales of less than \$100,000 and about one-quarter with annual sales of \$5

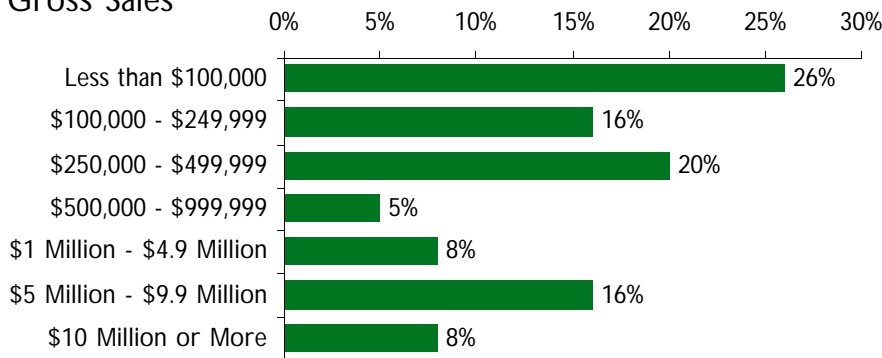
million or more. The following chart displays annual **gross sales** in seven categories.

There are some interesting differences at the high end for this study compared to MONA. As the following chart from MONA reveals, the two groups are close at the lower end, that is less than \$.5 million per year. However, 24 percent of the Latino/a business owners report gross annual sales greater than \$5 million compared to only six percent in **MONA**.

Financing the Business

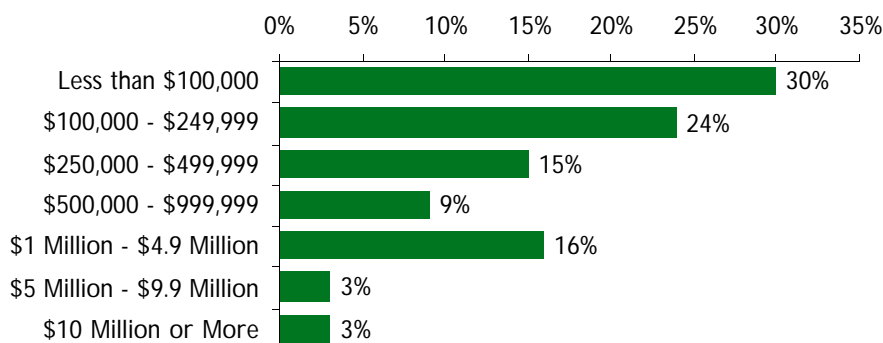


Gross Sales



Gross Sales

(From MONA Study)



Two-thirds (66 percent) of the respondents also indicate that sales have increased over the last two years. The estimated percentage averages 42 percent (median 20 percent). Additional graphs giving sales information by sales groups are provided in Appendix A. There's sales group information by industry and also by education level.

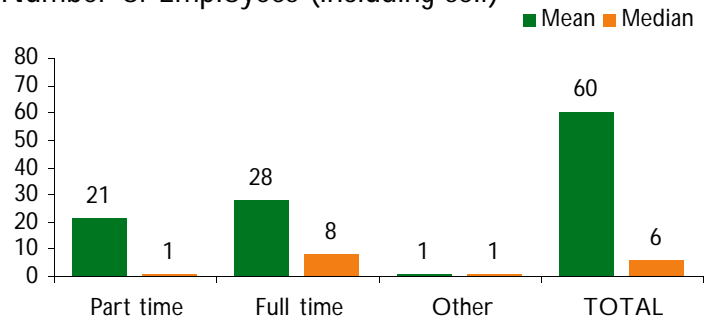
Most of the companies are small in terms of **number of employees**, with a few exceptions as the differences between means and medians in the following chart reveals.

Compared to MONA, Latino/a business owners in this study were larger as measured by number of employees. MONA respondents indicated a mean of 13, and a median of four total employees. Appendix A contains additional graphs with employee data, including the number of employees by education level, sales group, and industry.

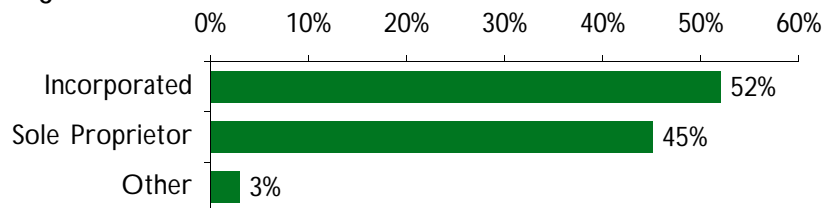
Just slightly more than one-half of the companies are incorporated as indicated in the **legal structure** chart.

Most (82 percent) of the respondents retain an accountant, and almost half (48 percent) retain a lawyer. Few (eight percent) retain a business counselor or consultant, but those that do primarily focus on vendors, investors, and record keeping.

Number of Employees (including self)



Legal Structure



Learning Preferences

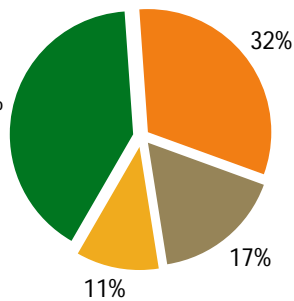
In an effort to better understand how Latino/a business owners prefer to acquire new knowledge and skills as well as gather information, we asked a series of questions about learning styles, format preferences, and venues that have proven helpful or important.

Respondents were just about equally split in their approach to new business practices, with 49 percent eager to try new things and 52 percent more conservative in their approach. The following chart breaks out their responses to how they **approach new business practices**.

Compared to MONA, the differences in preferences are small. The following graph for **MONA** shows these breakouts for learning preferences.

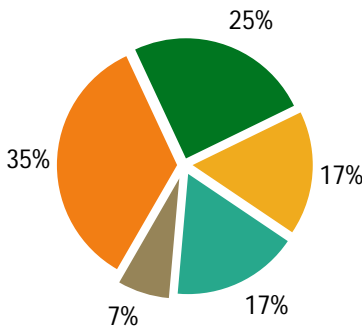
Approach to New Business Practices

- I use what is widely accepted and understood.
- When a new idea shows promise, I jump on it before most others.
- I attempt to be the first to try new things.
- If the current stuff works, I do not mess with it.

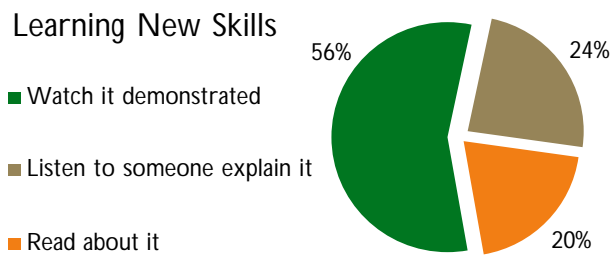


Approach to New Business Practices (From MONA Study)

- I use what is widely accepted and understood.
- When a new idea shows promise, I jump on it before most others.
- I attempt to be the first to try new things.
- If the current stuff works, I do not mess with it.
- When the "big names" use it, I am ready to try.

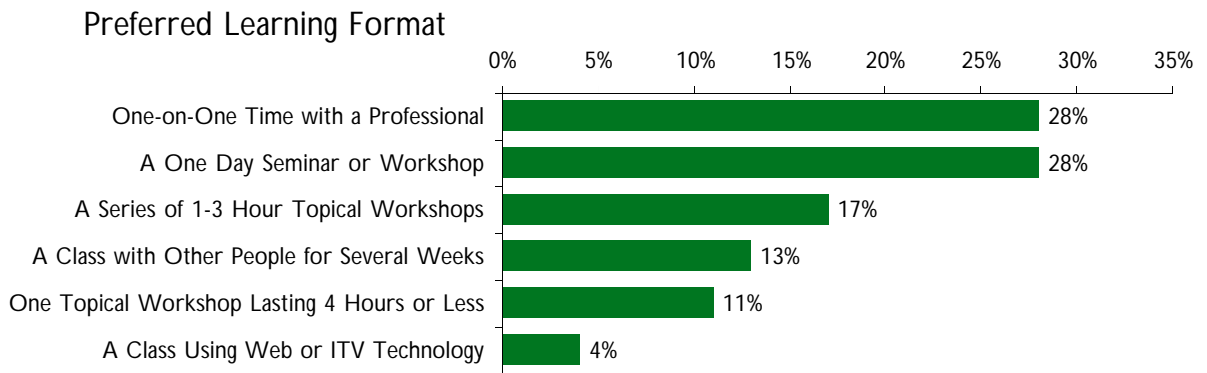


Most of the respondents reveal they are visual learners (76 percent) with only about one-quarter (24 percent) of them auditory learners. Interestingly, there were no kinesthetic learners in this group of respondents. The following chart displays the **learning styles**.



When asked what learning format is generally preferred, an equal number of respondents indicated they preferred one-on-one time with a professional and attending a seminar or workshop that meets for one day (28 percent each). Next most preferred format is a series of 1-3 hour topical workshops or seminars. Differences between Latino/a business owners and results from MONA are slight.

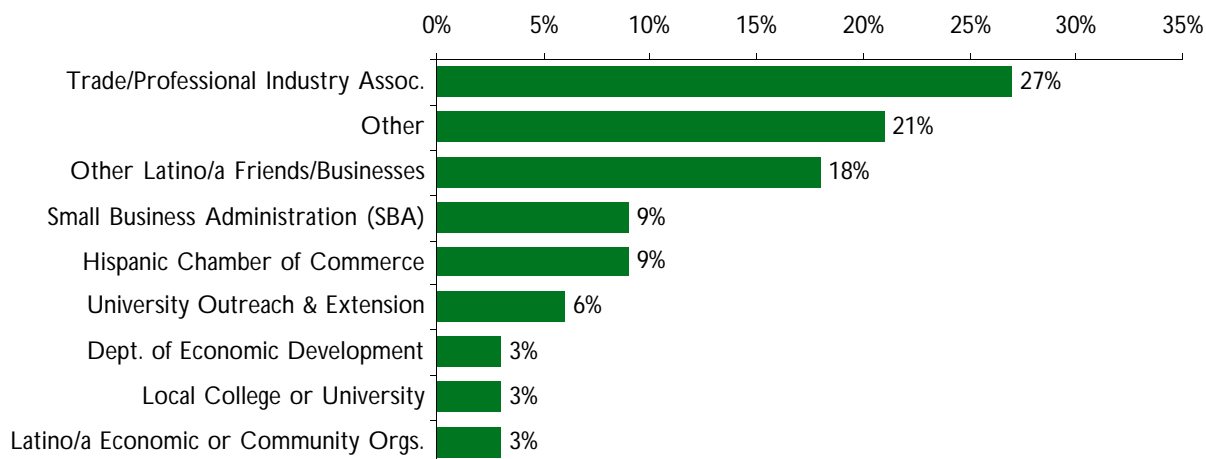
The following chart shows the results for the **learning format options**.



Respondents in this study indicate that they go to trade/professional industry associations (27 percent) and other Latino/a friends/businesses (18 percent) for business information. This finding is consistent with what we found in the MONA study. Within

the “Other” category, respondents indicated they use business journals, customers, online resources, and professional continuing education. The following chart provides a breakout of the various agencies and organizations used to obtain **business information**.

Business Information Sources

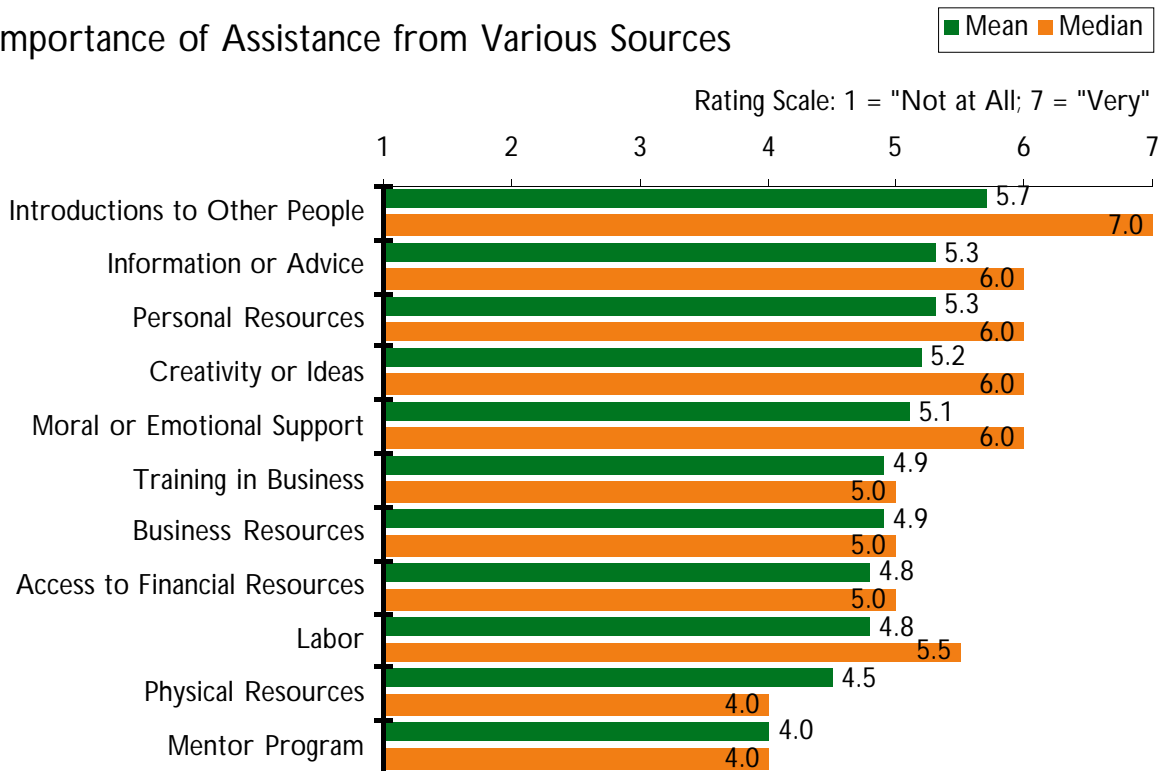


Using a variety of ways in which assistance might be provided to a business owner - from mentoring programs to resources - we asked respondents how **important these types of assistance** were to them (using a 7-point scale with 1 not at all important and 7 very important). Most important was introductions to other people (mean 5.7), information or advice (mean 5.3) and personal resources (mean 5.3). The following chart displays the mean and

median ratings (NOTE: mean ratings are provided by the bars, while median ratings are provided by the number alongside the bar) for the various types of assistance.

While the total number of respondents precludes valid statistical testing for differences, tests were run for informational purposes only. The only difference that appears to possibly be of interest is gender. Females rated introductions to others as more important than males (mean 6.25 versus 5.43).

Importance of Assistance from Various Sources



Learning Experiences

In the past 24 months, almost one-half of the respondents indicate they have attended a workshop of one day or less (45 percent), attended meetings with business peers (42 percent) and read a book on a business topic (42 percent). In addition, about one-third of them (34 percent) have taken a course and/or attended a conference or convention (31 percent).

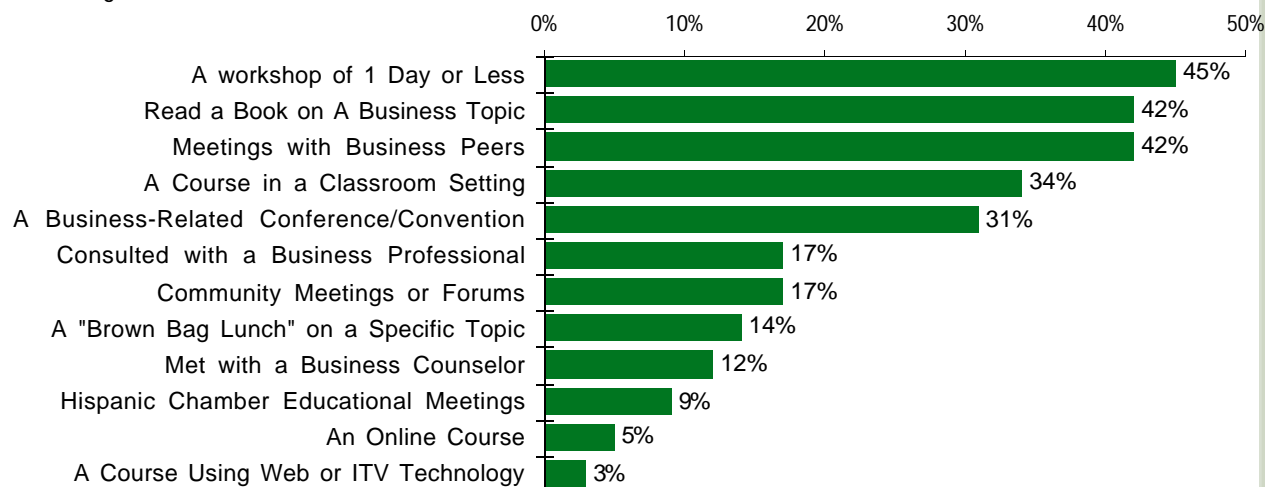
For the respondents who provided subject matters for the many venues they attended, the list varied widely. Many indicated they took continuing education, general business and

industry-specific courses, workshops and seminars. A complete list of all responses for all categories is located in the appendices. The following chart shows the percentage of respondents and the **ways in which they have engaged in learning** over the previous two years.

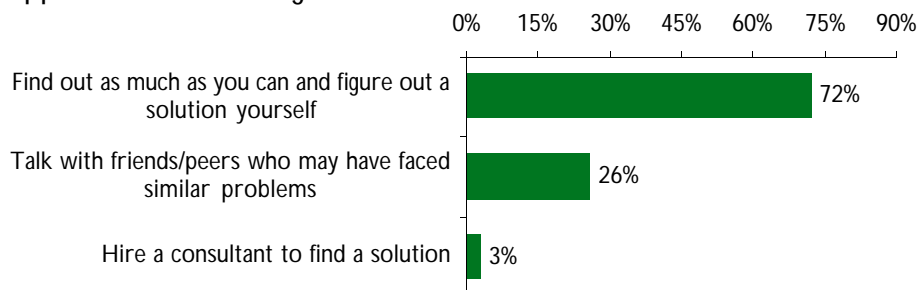
In the last year, respondents spent an average of 242 hours (median 55 hours; mode 100 hours) in business-related learning.

Most (72 percent) respondents tackle business problems alone. The following chart shows the methods that respondents use to **solve their business problems**.

Learning Activities in the Past 24 Months



Approaches to Solving Business Problems



The most important areas that respondents indicate they wish they had known more about when starting included:

Table 3
Startup Knowledge Desired

Area of Knowledge	Number of Responses
Management	11
Finance	9
Marketing	7
Legal/Tax	7
Personal	3
Physical	2
Resources	1
Language	1
Industry-specific	1

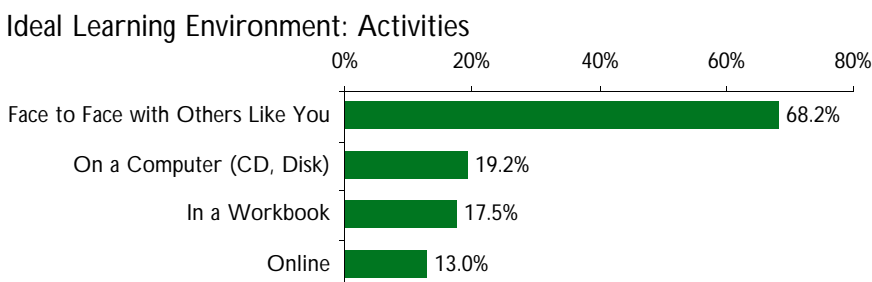
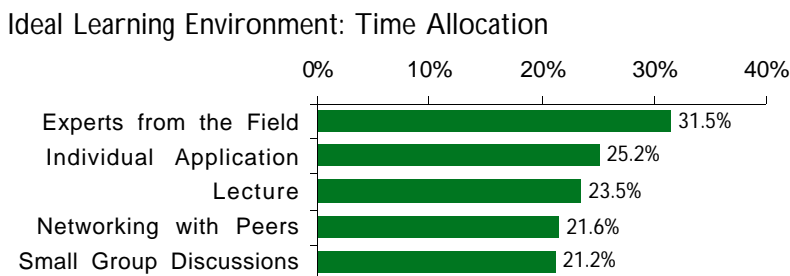
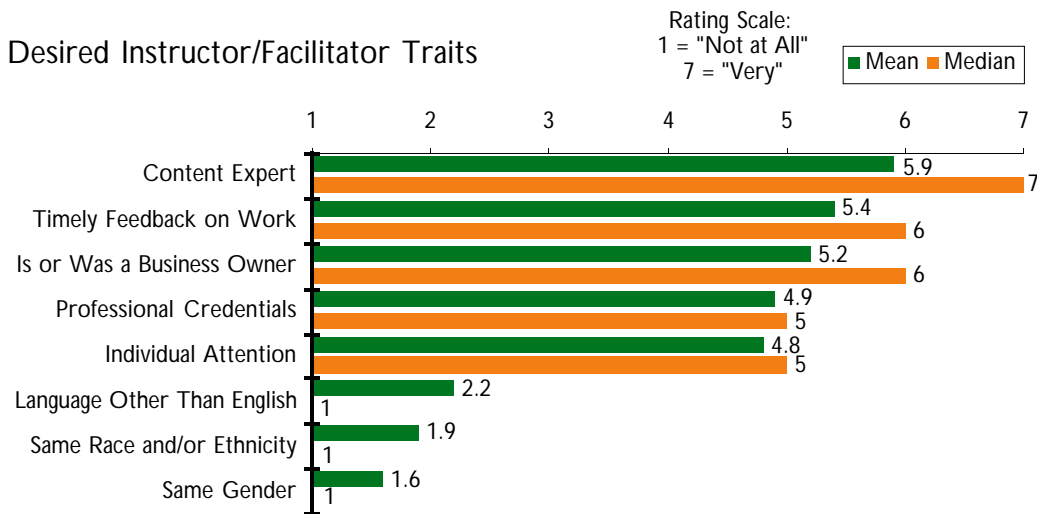
Delivery

Attributes and characteristics of the delivery system include the person instructing as well as the environment and processes used for the learning experience. Respondents were asked to rate (again using a 7-point scale with 1 as not important and 7 as very important) a number of facilitator/instructor attributes.

Respondents rated “Is a content expert” (mean 5.9) and “Provides you with timely feedback on your work” (mean 5.4) as the most important factors when taking a course. These ratings are very consistent with the MONA study. The following chart displays all of the **facilitator/instructor attributes** and the corresponding mean and median ratings.

The **ideal learning environment** is a mixture that includes lecture, small group discussion, experts, networking and individual work. Respondents indicate that they would prefer the most time spent with experts, followed by individual application. The **time allocation** chart displays the average percentage for the five types of engagement.

Within that ideal learning environment, respondents would like most of the time to be spent face-to-face with others like “themselves”. The **activities** chart displays the average percentages that ideally would be allocated to face-to-face, online, on a computer, and in a workbook.



Problems

In the beginning, respondents cite finance as the area in which they had the most problems, followed closely by capitalization and management. More specifically, the top three problems that respondents reported having when starting their businesses were “finance,” “cash flow” and “insufficient sales volume.” Table 4 lists the top problems that respondents faced when they began their businesses.

Table 4
Top Problems in the Beginning

Problem	Percent Respondents
Finance	49
Cash flow	42
Insufficient sales volume	39
Actual selling	34
Obtaining a line of credit	32
Create a web site	29
Getting useful business information	29
Controlling my own time	29
Implementing marketing strategies	26
Leading the company	26
Building a relationship with a lender	26
Obtaining short-term loan	26
General understanding of financial statements	26

In MONA, three of the top five problems are the same as revealed in this study — “cash flow,” “finance” and “insufficient sales volume.” However, in MONA, the other two problems at the beginning were “controlling my own time (#3)” and “finding/retaining

qualified employees (#5).” Of particular interest is the fact that “finding/retaining qualified employees” did not appear on the top problems list for Latino/a business owners at the beginning.

Currently, while still dominated by the finance area, problems in marketing move into the picture. Two of the top three problems experienced when they began their businesses still plague them — “cash flow” and “insufficient sales volume.” Table 5 lists the top problems that respondents face currently.

Table 5
Top Problems Now

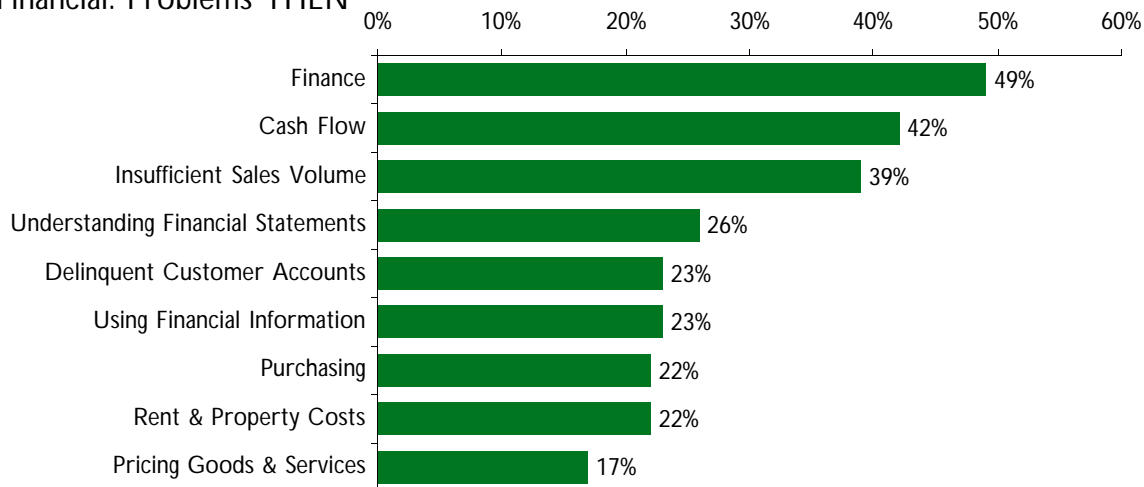
Problem	Percent Respondents
Cash flow	35
Insufficient sales volume	32
Implementing marketing strategies	28
Getting business from large corporations	28
Identify new opportunities	26
Controlling my own time	26
Finance	26
Ability to cost-effectively advertise	26
Delinquent customer accounts	25
Developing a marketing plan	25

Again, compared to MONA, the top five current problems vary between groups, except “cash flow.” In MONA, respondents indicated the other four top problems as “controlling my own time,” “ability to cost-effectively advertise,” “delinquent customer accounts” and “finding/retaining qualified employees.”

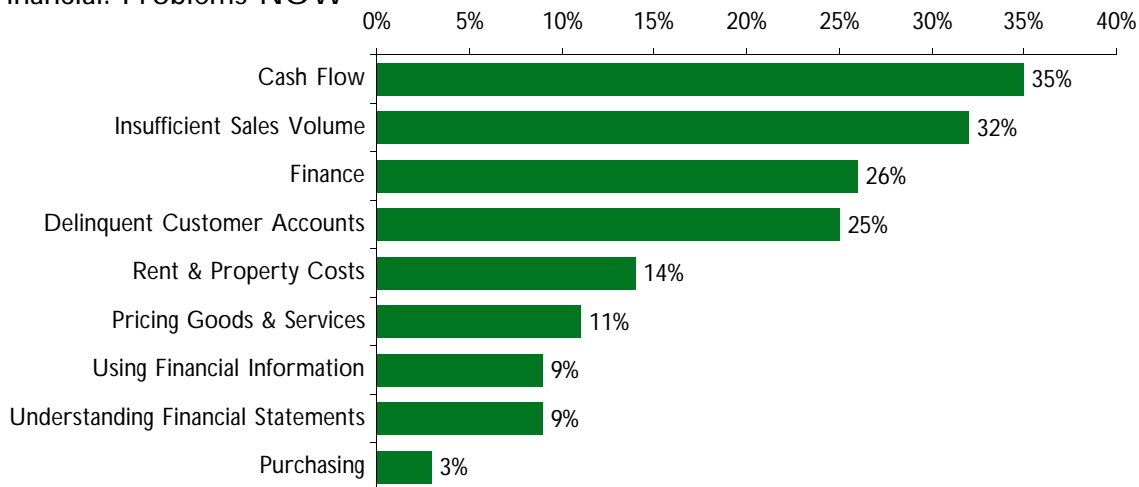
The survey questions in this area were quite extensive and included from five sub-areas within “capitalization” to 17 sub-areas within “management.” The following graphs

display the percent of respondents by **problem sub-area** for “finance,” “capitalization,” “management,” “technology” and “marketing” separately.

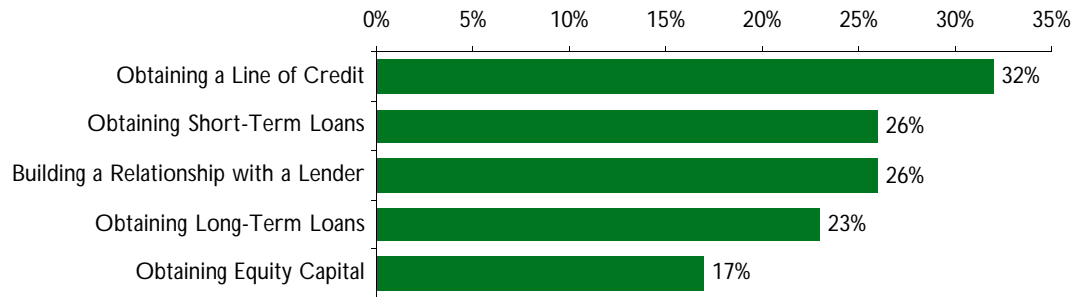
Financial: Problems THEN



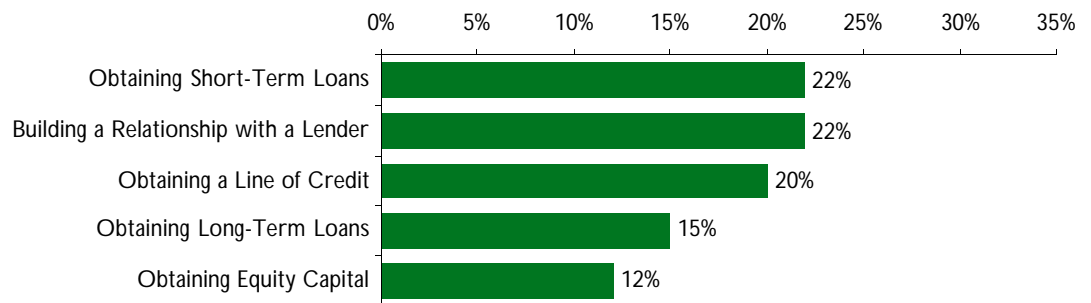
Financial: Problems NOW



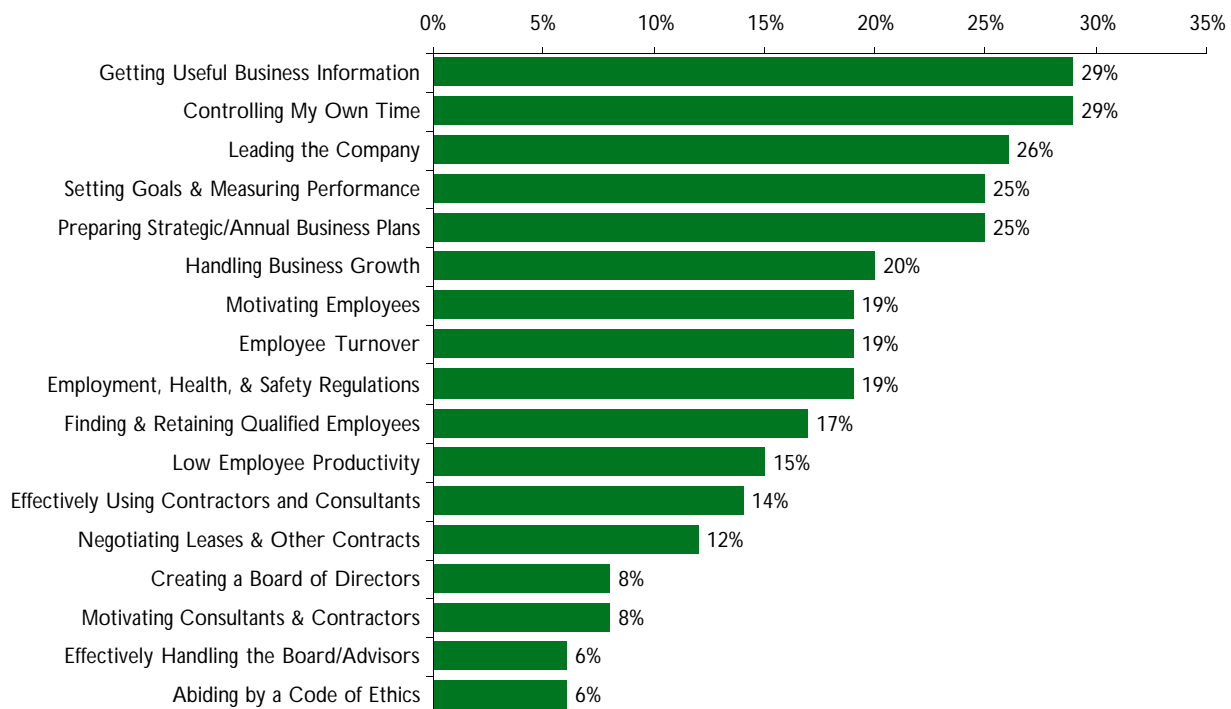
Capitalization: Problems THEN



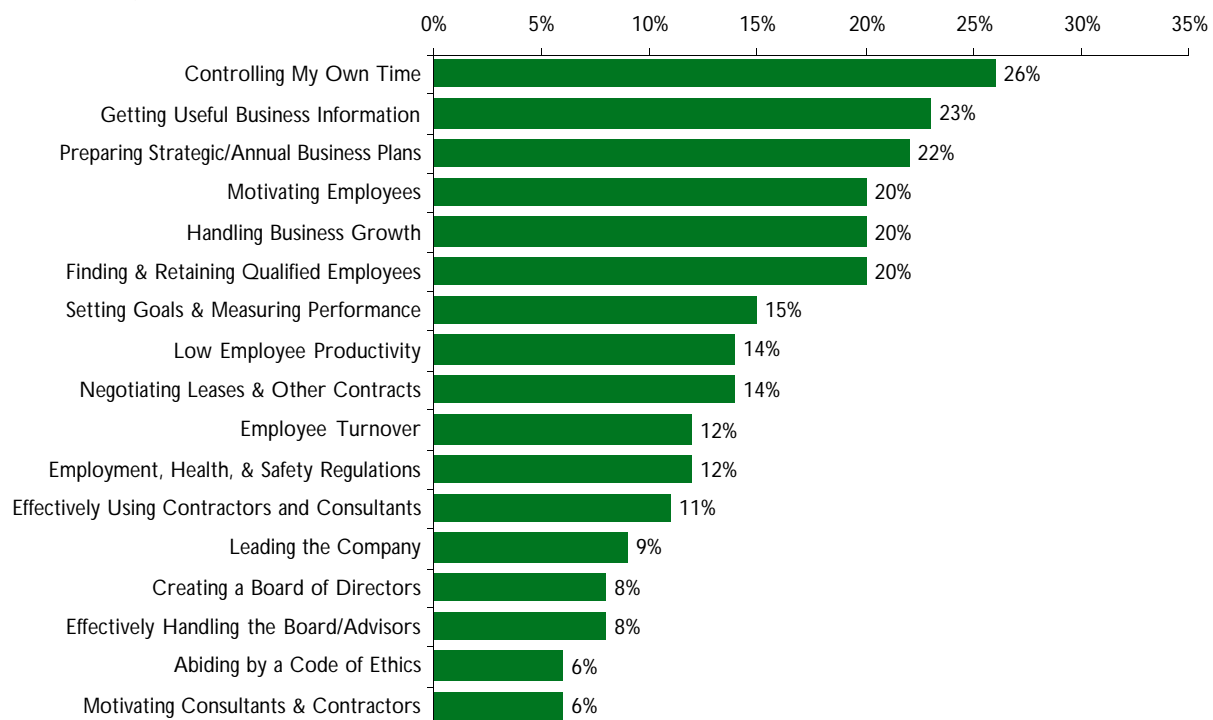
Capitalization: Problems NOW



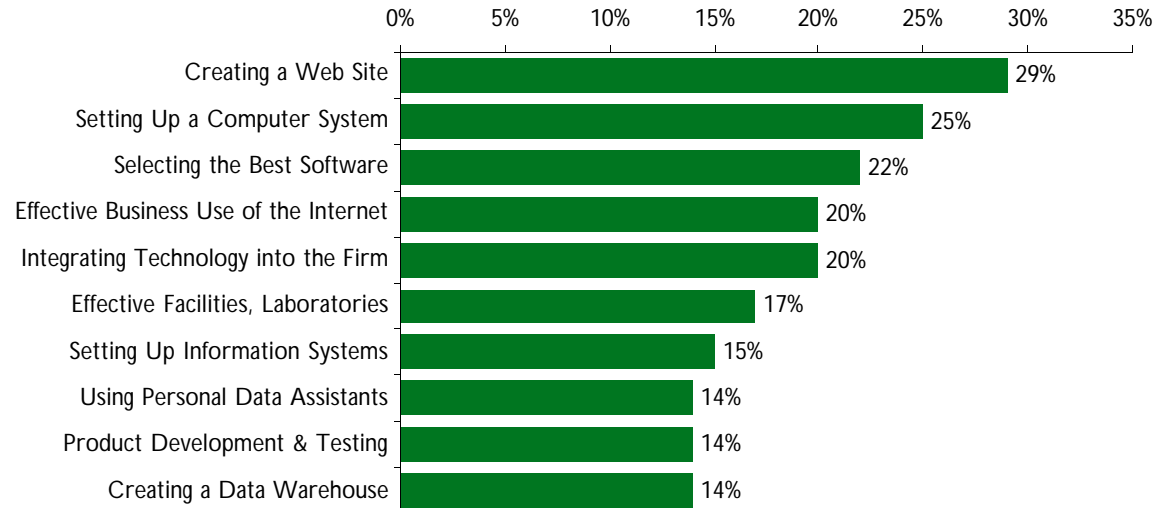
Management: Problems THEN



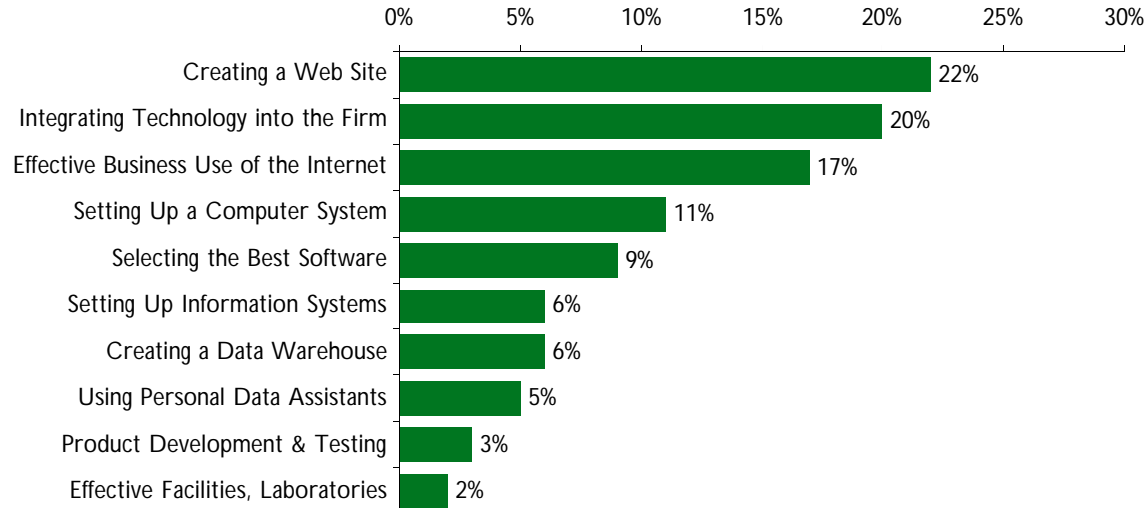
Management: Problems NOW



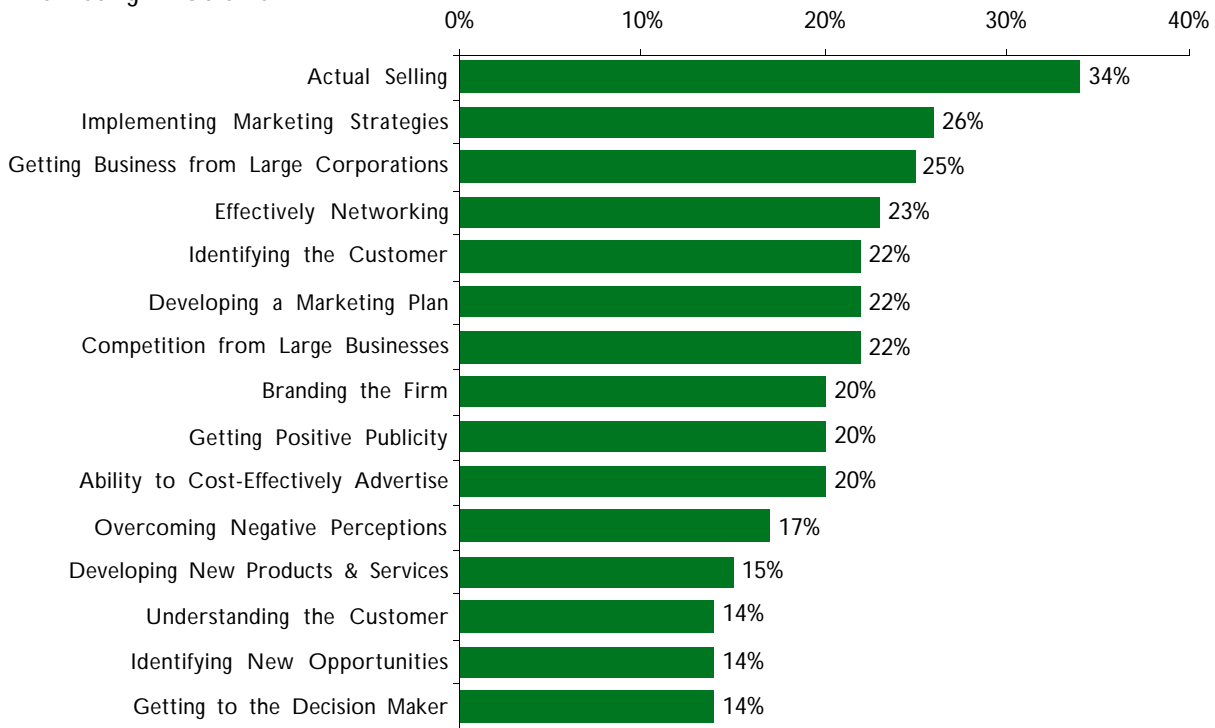
Technology: Problems THEN



Technology: Problems NOW



Marketing: Problems THEN



Marketing: Problems NOW



Again, while the sample is too small for valid statistical testing, a review of differences by group based on annual revenues of \$500,000 or less (representing 58.5 percent of the sample) versus those with annual revenues greater than

\$500,000 reveals some interesting variations. Both groups experience problems with cash flow, insufficient sales, control of own time and cost-effective advertising. Table 6 displays the top current problems by revenue group.

Table 6
Top Problems Now

Problem	Percent Respondents <\$.5M	Problem	Percent Respondents >\$.5M
Cash flow	34	Cash flow	44
Insufficient sales volume	34	Implement marketing strategies	39
Finance	32	Identify new opportunities	35
Useful business info	29	Develop marketing plan	35
Building relationship with lender	29	Controlling my own time	30
Obtaining short-term loan	24	Insufficient sales volume	30
Obtaining line of credit	24	Delinquent accounts	30
Controlling my own time	24	Cost-effective advertising	30
Actual selling	24	Effective use of internet	30
Cost-effective advertising	24		

At the conclusion of the survey, respondents were asked What additional resources or services would you like to have available specifically for you as a business owner? Less than one-half of the respondents offered suggestions and the responses varied broadly. Business courses and tools, financial, legal and tax, capital, and mentors were most often mentioned. The full text of responses to this question is available in the appendix.

Interviews

To probe more deeply into issues that Latino/a business owners face, a small number of interviews were conducted with successful business owners referred to BRIDG by various organizations. A copy of the interview protocol is located in the appendices. Of particular interest was the issue of trust. The literature is quite specific about the lack of trust Latino/a business owners express for business assistance providers, bankers and people who are not Hispanic/Latino. Assessing this belief within the greater Kansas City community and soliciting suggestions for overcoming this

barrier was extremely important. In addition, we needed to understand how important it is for a business assistance practitioner to be able to speak Spanish.

All of the business owners interviewed had been in business at least two years, had employees (ranging from 3 to 85) and spoke English fluently. The sample included partnerships, corporations and sole proprietorships. Many reported they had extensive experience in the specific field or industry of their current business. A few entered without specific knowledge or experience of the industry but possessed related skills and experience.

Influences

While some respondents indicated their desires to control destiny or be their own bosses were the primary motivators to be a business owner, others were much more pointed about being successful Latino/a business owners. Some of their comments follow:

- *My father wanted to retire ... [wanted] to help my parents ... saw the potential.*
- *It was a 10-year decision; always wanted to. Saw minorities come in and get out. Would analyze the companies. Why did they go out? We developed a plan that took this into account. We were determined not to fall into the same pitfalls they had.*
- *When I was a young kid I did not see, except for [on] the West Side, two or three little local shops that were owned by Mexican-Americans. Said someday I will own mine. All my life. I'm second generation.*
- *We were going to create something from scratch, shape a company with our ideas and things we thought would provide value to other businesses.*
- *[I] worked for big companies, catered to Americans. The few Mexicans who came to the agency, no one knew the language, [they] could not be served. Acquired more and more customers. Community was growing. No one wanted to take care of them. Because the lack of language, they were not cared for.*

Problems

Some of the respondents cite the usual problems of finding and retaining qualified employees, competing with others in the same business, and not having adequate knowledge or experience about setting up and operating a business. Others, however, cite problems understanding the structures, meeting family obligations, lacking mentors and building a reputation as a minority company. Respondents were also asked whether the problems they encountered surprised them. A sample of comments regarding the biggest problems they faced and whether or not they were surprised follows:

- *A lot of what has occurred has been learning by making mistakes. We knew that was one of the problems. We participate in the Power Program. We had to search a lot in Kansas City, different organizations, and we didn't find any single organization that could help us. Yes [I was surprised], if we had had the opportunity, someone who had done this might have helped us be more prepared.*
- *Workers, mobility, keeping a good sales person. Surprised me. I treat employees very fair and when it comes time to leave, they don't give any advance notice. Leave without giving much information about why.*
- *Competition from the internet. [This company is a travel agency.] It is very difficult to pay a service fee. We are wholesalers and name the price on the ticket. In a way, we didn't want to believe it [the change in the airline industry commission structure]. It was a big surprise.*
- *Lack of experience, lack of training, lack of a mentor. Didn't understand how structures work. Expected problems and failures ... failure is a chance to learn.*
- *Labor — getting and keeping good help. If they are good, they continue to better themselves. With a good employee, we have to make it worth their while to keep them. Was a surprise to me.*
- *Competing with prime mechanicals that see a good minority come in and build a name get a secure foothold.*

Discrimination

If and how prejudice and discrimination enter into the problems Latino/a business owners face was pursued by asking respondents if they believed any of the problems were primarily because they are Latino/a. All of the respondents indicated that they did not believe the problems they encountered were primarily because of their Latin heritage. However, and this is an important distinction, many recognized the marketplace as prejudiced against Latinos/as. A few comments illustrate this awareness.

- *I think over the nation, we're national. In my business, I don't use my last name because there is too much prejudice out there. I do what I can to keep that out of the business. It works, they feel better with someone who is named [Anglo sounding first name] than someone named [Anglo sounding first name, Latino last name].*
- *I feel it's maybe 30 percent chance of being Latin, rest of it goes to a bad school system.*
- *Don't like to say I've not achieved because I'm minority, determined-type person. Stay focused until I can turn someone around.*
- *Things are a lot more subtle — still see racism and probably always will. I didn't have problems when I went to borrow money. I don't want to be treated differently, I just want a loan.*

Business Evolution

Respondents were asked what they would do differently if they knew then what they know now, and to describe some of the changes that have occurred in their business over time. The two areas most often mentioned that respondents would do differently are 1) possess sales skills and 2) have greater business operations knowledge. Many would not change anything. As for the changes that have taken place in their businesses, the responses varied. Most have grown in revenues, number of employees and locations. A few have changed from focusing on a local market to a national market; a couple have closed and opened other and additional businesses.

Technology

Respondents appear to be using technology in their businesses to the extent possible. Often technology use is limited by time and resources. A few comments from respondents illustrate this dilemma:

- *We would like to use [technology] more. Balance of what amount of time do we spend in improving our internal processes and technologies versus doing the work for customers. It takes second seat to customer needs.*
- *We're learning. We ease into [technology resources].*
- *I don't try to create more work than is there. If it can save somebody time, I'll look at it.*

Business Assistance

When asked where they go for business advice and assistance, many respondents indicated organizations such as the Hispanic Chamber, local chambers and trade organizations. In addition, they mentioned their personal advisors which included accountants, lawyers, friends and mentors. When specifically probed about service providers, the responses revealed a lack of consensus about what was available. For example, one respondent commented:

- *Have not found a single organization or place that can help businesses. What we have found there is a lot of organizations who help on how to do your business plan, how to do your marketing plan, but once you get past that point, and you are in a growth mode, there are not other resources to help you. Help companies reach the next state of growth. Have to have a lot of resources to provide that type of resource to the company. Qualified people to provide that advice.*

Others offered that service provider organizations ideally should provide:

- *Knowledge and experience*
- *A broad array of advisors. Everybody like commodities, trucking, business in Chicago, what's going on in other parts of the country.*
- *[Open] anytime I wanted to go, a library of books, computer to look up, constant advisors working there, different types of advisors — accounting, business growth, teach me international business.*
- *Centrally located.*
- *One building with all avenues — write a business plan, one-stop center. Steered in the right direction.*
- *Lending industry and people who have experience running companies.*
- *Some younger people who want to be bilingual. Ethnic backgrounds for the initial communication. Take a look at the people who want to be entrepreneurs and express the need that they have come to the U.S. to better their lives.*

Trust

Regarding trust between Latino/a business owners and service or business assistance providers, especially Whites, respondents had mixed opinions. Some had not experienced this lack of trust, others believe it is based on a lack of cultural interest and understanding, and others believe that trust is a value that is built over time and are willing to give a person a chance. All agreed that trust is an important ingredient for a successful relationship. A few of their comments highlight these responses:

- *Try it once, if you like it, go again.*
- *You need to hire somebody that speaks the language.*
- *Not gaining trust. It's about educating them. Show them the problem, ask the questions.*
- *Most Hispanics realize that Hispanic organizations are run by men and they down women. Think about the Latin countries ñ it's about gender.*
- *If they are not going to trust, trial and error. Try somebody different. Keep searching, if you have trouble understanding.*

Language

Most respondents indicated that it was important to be fluent in Spanish when working with the Latino/a business community. Some qualified their answers by saying that this probably applies mostly to new immigrants for first generation as most Latino/a's who are second generation or more are fluent in English. Some of the respondents did not speak Spanish, but wish they had the skill. A sample of comments follows:

- *Depends. If people are more comfortable there [in Spanish], then you need the Spanish to get to the comfort level, because you need to get the confidence. We talk about things that are personal, and particular, talk to a person and if you feel comfortable with them, do business with them.*
- *Mixed feelings. Latinos should learn English, but if someone wants to do business, the service provider should have someone who can speak Spanish. Making an attempt to learn English, shouldn't force them.*
- *Very important. The person should be at least bilingual. Anyone who has to deal with Latinos should speak and understand Spanish. If you bring in a person with no connections, who cannot speak Spanish, it is very hard for a non-ethnic person to understand what we have to face everyday.*
- *Very beneficial. If you want to reach that new audience, it would be advantageous.*
- *I think it's important. Brilliant people who want to grow and come to America.*
- *Very important. Unfortunately, not everybody who lives here speaks Spanish.*
- *Not important. I would like to speak better Spanish; there are times when I was at a disadvantage.*
- *Not important. I think for most people it wouldn't be that important, especially in this area of the Midwest. Most people adapt quickly here and learn the language and adapt to the English materials. In this area, less relevant.*

Delivery Methods

When I investigated the preference between one-on-one service provision compared to classroom, seminar and workshop venues, including online and ITV, respondents indicated that both methods were appropriate dependent upon the level of material, depth of coverage needed and specificity needed. A few of their comments illustrate the need for a variety of delivery methods to meet the diverse needs of Latino/a business owners:

- *It is good [course] if I don't know anything about the topic at hand. Basic information, but then as soon as you find [yourself] really interested in the topic, you need more in-depth or small group setting. More specific to your needs.*
- *I like workshops. Meet more people, actually the marketing to meet more and get to know the other business people.*
- *Maybe for Latinas. Don't want to take a course because they feel insecure because they are Latin, women and uneducated. Feel more comfortable in an environment of peers. When I was in this big classroom, I felt intimidated because I was young and Mexican. Come to find out I was probably in the top ten at the end of the class.*
- *We took a class on computers.*
- *I found course/workshop — hands-on — much more preferable in every instance.*
- *General information. If you want details [one-on-one]. You can be more specific, you can ask what you as an individual need instead of waiting for the question to come around.*
- *The thing I like [about online/web] is that you can do on your own time. ITV is not on your own time and have to go to a facility.*
- *Should have some classes for the customers because not everybody has the same access [to the internet].*
- *Want the interaction of the teacher, can ask specific questions. Live feedback on the other side — I would be more likely to do that.*
- *Sometimes you get lost on the web.*
- *I wouldn't take the course [on the web]. I like the classroom.*

Discussion and Implications

This descriptive study identifies the demographics and firmographics of existing (at least two years) local Latino/a businesses who responded to our survey. In developing a database for this specific population, we were able to include 588 businesses representing about one-third of total businesses in this geographical area. Respondents are well educated, have experience in their chosen business field, are middle aged and more than half are bilingual (Spanish/English).

The study confirms the varied needs for business assistance targeted to existing Latino/a business owners as well as provides a retrospective view of what these business owners needed when they began their businesses. These problem areas pinpoint services that can and should be provided by private, nonprofit and public service providers to increase the likelihood of success and growth of Latino/a businesses. In another paper, I compare and contrast these problem areas by race/ethnic group; however, this study reveals that Latino/a business owners experience most of the same problems as other small business owners and entrepreneurs when they begin businesses as well as at the current time. Some Latino/a's expressed a lack of comfort with the various structures of doing business as well as noted a lack of service providers who speak Spanish. Familiarity with the language and culture would increase Latino/a's comfort and trust levels with business assistance providers.

In the survey, Latino/a business owners indicate a preference for one-on-one business consulting. However, in the interviews, respondents accurately distinguish between the value of group instruction and individual assistance and when each is most appropriate. This finding may speak to the possibility that programs offered in group settings lack clarity regarding objectives and expectations that will be met, thus preventing business owners from

making an accurate determination of whether a group setting would be beneficial for them in that particular instance. Providing instruction and/or consulting in Spanish may be an added benefit for Latino/a business owners. The availability of adequate internet access and lack of personal interaction during the learning experience places technological learning formats at a disadvantage, specifically for this group. Furthermore, this study confirms our previous studies that show existing entrepreneurs prefer the learning experience to include multiple formats, including expert instruction, group interaction, individual application and entrepreneurs who share their experiences. They also prefer multiple delivery mechanisms which include face-to-face time, workbooks, small groups and online or web instruction.

Opportunities to partner with trade and professional organizations to bring business assistance programming to the business owner are evident from the places Latino/a business owners go for help and the resources they use. This is consistent with findings in our other studies and highlights the importance of partnerships and alliances. Entrepreneurs want to get the most out of their time; thus if they can attend a conference that includes learning (both specific to their business and more generalized about business), networking and possible sales contacts, they will be more willing to attend.

While the number of interviews conducted is small (12), the findings regarding the issue of trust elaborates on previous research and reveals that trust as we understand it from a service-provider/entrepreneur perspective may not be as much an ethnic issue as a relationship issue. Throughout all of the interviews, responses to this question included comments and suggestions concerning building relationships with the client (the entrepreneur) and point to the likelihood that many service providers move

too quickly to advise, counsel and problem-solve. It may take more time to build initial relationships with Latino/a business owners compared to individuals of other race or ethnic groups. The time spent in this important relationship building, however, will help ensure the business owner's confidence in the advice and counsel provided, and thus increase the chances that the expert opinions and suggestions offered are more likely to be followed.

This study also confirms what we have found in previous studies — that there is the perception on the part of small business owners and entrepreneurs who consider themselves to be high growth or in a growth stage that there are few, if any, services or assistance available specifically for them at this point (stage) of business. In the greater Kansas City area, there are more than 125 business assistance provider organizations and agencies. A few programs — e.g., Helzberg Mentoring, Athena Powerlink, KC Catalyst — target companies who are growing or at least at a mid-level stage of development.

This finding may reflect a number of issues surrounding the service provider community. First, there may indeed be a plethora of organizations catering to the pre-venture and start-up entrepreneurial markets. Second, there may be components within organizations that could and do assist entrepreneurs and small business owners beyond the start-up stage, but these services, programs or products are not marketed well. Third, there may be a lack of agreed-upon language between entrepreneurs and service providers that confuse and mislead the business owners regarding what is available and by whom. The creation of KCSOURCELINK should resolve some of these issues.

Opportunities emerging from this study to better meet the needs of Latino/a business owners include:

- 1. The creation and implementation of programming that informs, assists and teaches family business, and how family businesses differ from others. There are many successful, national programs that target the family business, and given the influence and historical significance of family business in the greater Kansas City area, it is surprising that this has not been mainstreamed.*
- 2. The creation and implementation of programming that provides information and knowledge concerning how to leave the business to a family member upon retirement or other circumstance. Almost one-half of respondents indicated that this would be their desire when they retire. This finding is also confirmed in other studies we have conducted.*
- 3. More engagement with experienced and capable business owners who will serve as mentors to help move these entrepreneurs to the next stage of development. This could include one-on-one mentoring, peer groups (such as YEO) or development stage-based group mentoring.*
- 4. Information, knowledge and skills needed to solve business problems and grow businesses differ by size of business (based on annual revenues). Therefore, solutions, formats, methods and facilitator role in learning must reflect these differences.*
- 5. Latino/a business owners are highly motivated to be successful Latino/a business owners and make a contribution to their community. Inclusion within programming and services provided to them must take into account this larger aspect of starting, operating and growing a business.*
- 6. Mentoring/coaching for the future Latino/a business owner by current business owners since approximately three-fourths of the respondents indicated this was a motivational influence.*

In summary, this descriptive study of greater Kansas City Latino/a business owners reveals a highly motivated group of individuals who have and are successful in a number of types of businesses, dedicated to their communities and hoping to continue to grow their business in terms of revenues and employees. They face myriad problems in the beginning and throughout their business life that could, at least partially, be alleviated by proper, quality information, knowledge and skills. The respondents in this study are aware of subtle, pervasive discrimination and prejudice against Latino/a's, and acceptance of this awareness on the part of service providers may lead to a deeper appreciation for the additional challenges and barriers that minority entrepreneurs must overcome to be successful.

1 Latino/a is used as a pan-ethnic term throughout the report and represents individuals who may otherwise identify as Hispanic, Chicano, Cuban, Puerto Rican, etc. It does not intend to denote the "right" or "best" term, but rather "a" term that is sufficiently broad.

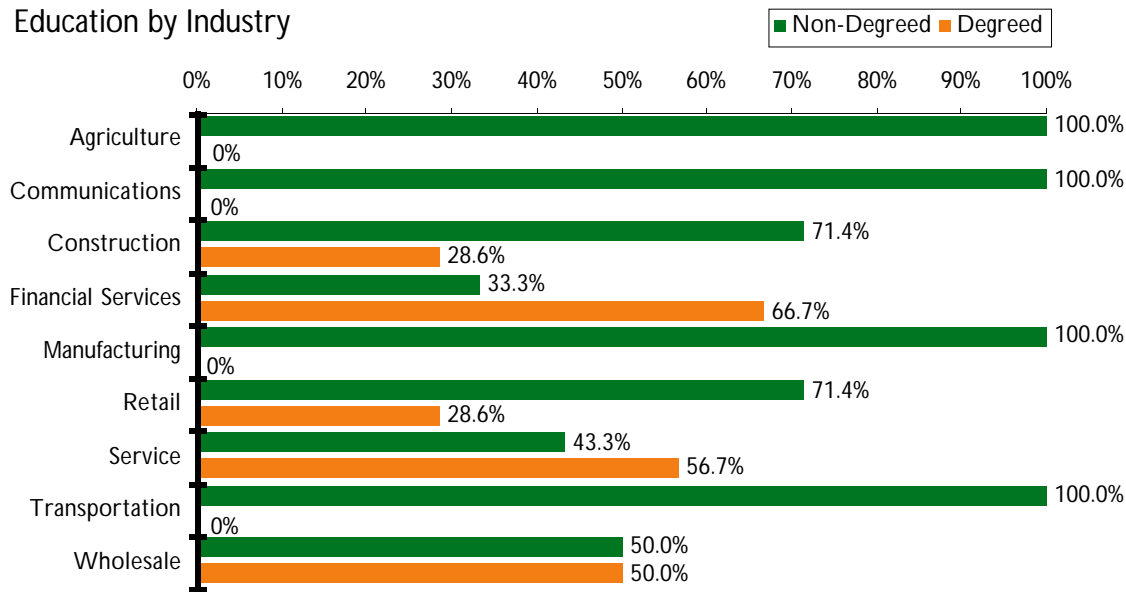
2 This response rate is quite acceptable in terms of response rates for survey research with individuals who do not have a relationship with the organization conducting the research. Fewer than one-third of the individuals in the database were from lists received from HCC.

Appendices

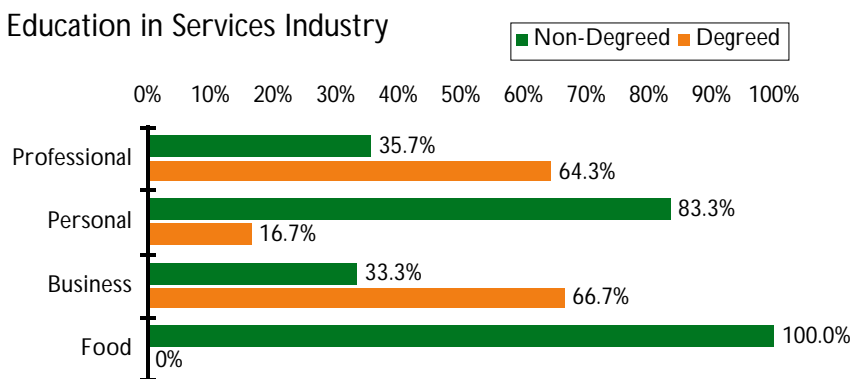
Appendix A

GRAPHS WITH ADDITIONAL DATA BY INDUSTRY, EDUCATION, AND SALES

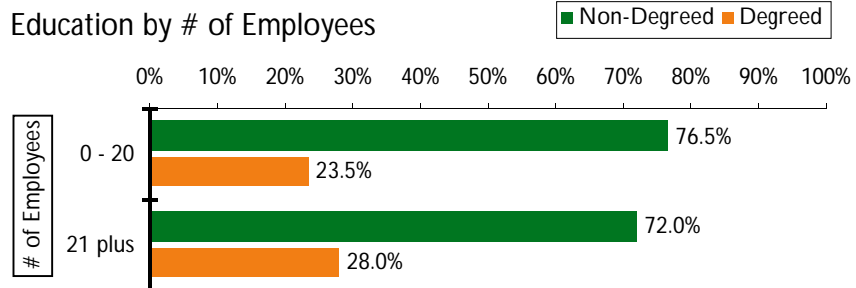
Education by Industry



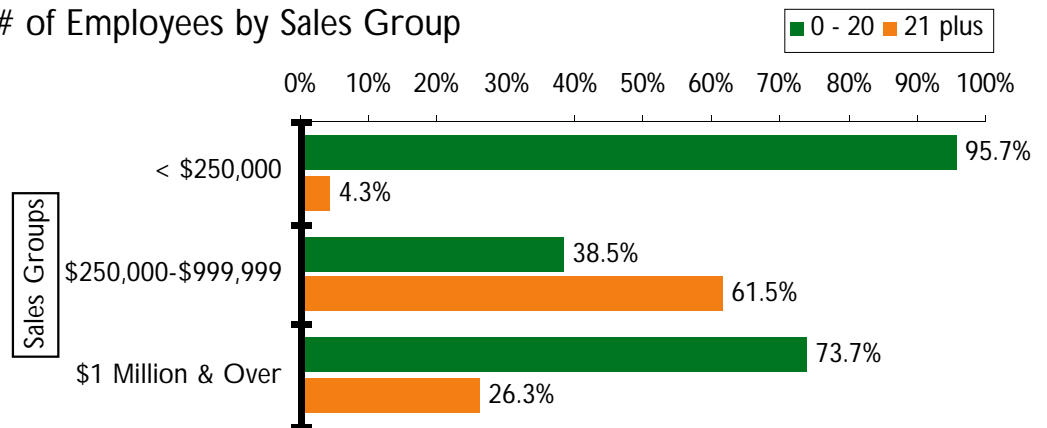
Education in Services Industry



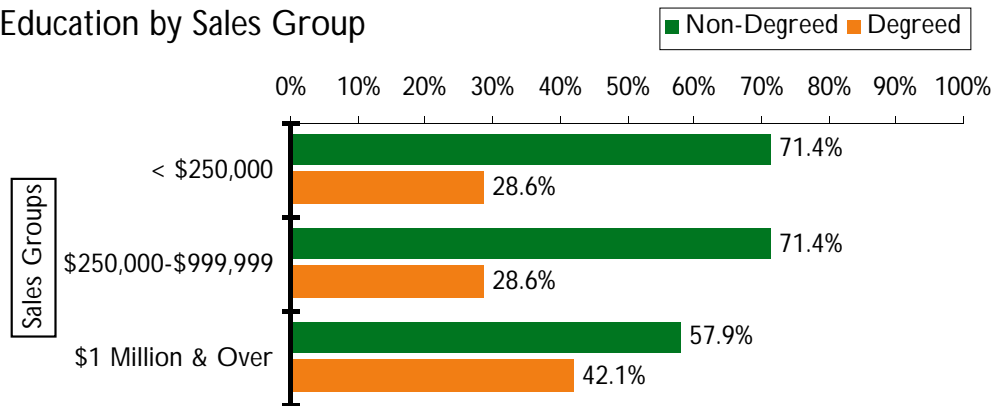
Education by # of Employees



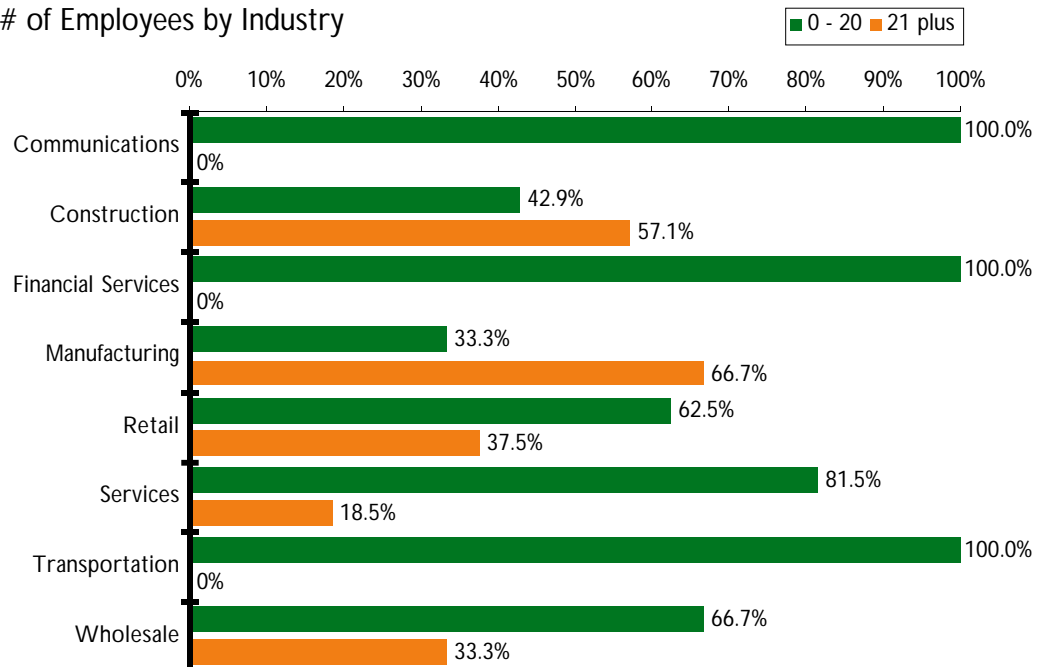
of Employees by Sales Group



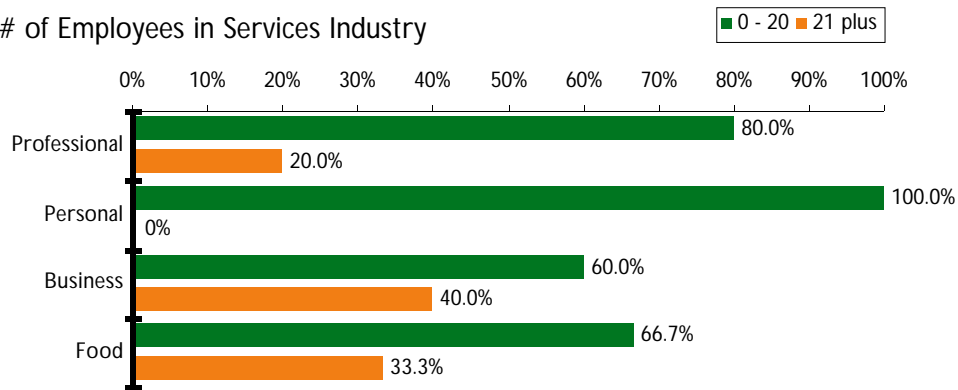
Education by Sales Group



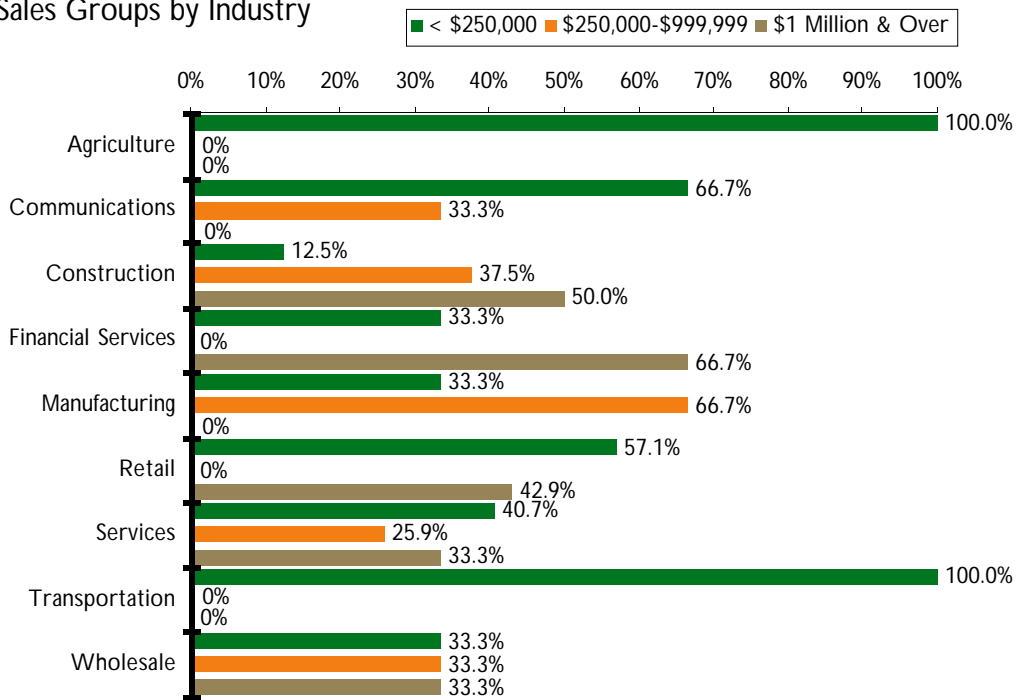
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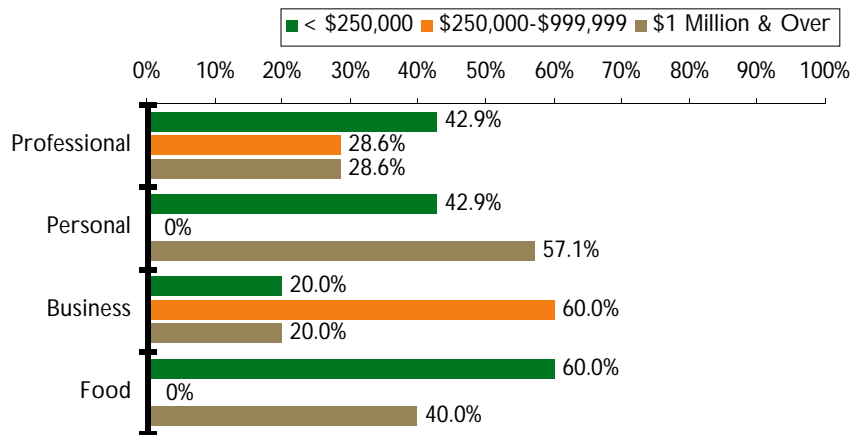
of Employees in Services Industry



Sales Groups by Industry



Services Industry by Sales Group



Appendix B

TEXT FROM OPEN-ENDED QUESTIONS IN THE SURVEY

Q: When you began your business, what was your primary goal or dream?

Other

- Ayudar ala comunidal his para.
- Be self-employed.
- Becoming a company director.
- Build a business that would be recognized for excellence in design and as a quality workplace.
- Carry on family business.
- Family owned.
- Retain the family business.
- Flexibility of time.
- Grow a business known for quality customer service and sincere/ethical leadership for employee.
- I was running other people's business.
- Pay the rent/eat.
- Provide a service for Hispanics in their language.
- Ser mi propio patron.
- To do what I love doing, while earning a decent living.
- To put people in the Hispanic community and others to work.
- To work with inner city children.

Q: In the last 24 months, have you ...

Subject Matter

Courses

Child care training
Computer class (3)
Continuing education (2)
Design workshop
Diversity training
ESL and GED
Fasttrac
Financials, cash flow
Leadership/business
Quickbooks update
Real estate law
Taxes

Workshops

Advertising
Builders association
Business planning
Cerac; HIPPA
Continuing education
Corporation
Design
Industrial automation
Leadership/business
Magic
Nursing
OSHA; building codes
Photo
Real estate and forms
Dentistry
Trade education
Unemployment

Brown Bag

Business related topics
Continuing education
Many
Real estate listing
Sales/Insurance related

Books

A visit to the library
Advertising
Good to Great
Growth insurance
Human resources
Management/technology
Managerial skills
Many topics (finance)
Marketing
Negotiations
OSHA, metal buildings
Management
Photo
Sales benefits of inc.
Leadership
Smart Business for Contractors
Think and Grow
Tipping Point

Business Counselor

Everything
Financial building
General management
Marketing
SBA for marketing ideas

Business Professional

Everything
General management
Lawyers/contracts
Marketing
Misc. information
Photo

Business Conference

Age
Benefits of Incorporating
Chamber procurement
Dental conferences
Hair/Fashion
Global issues
Hungate
IEEE conference
Marketing
Motivation
Multicultural forums
Photo
Tortillas and machinery
U.S. Hispanic Chamber
Local Hispanic Chamber

Community Meetings

Chamber meeting
Crime
Landscaping/gardening
Project and Community Service
Several
TIA convention

Hispanic Chamber

Lunches, events
Marketing - Procurement
International business
Sales training

Business Peers

Called peers for advice
Computer websites
Dental meetings
Design and incorporating
Legislative
Magic
Marketing
Merchant meetings
New business brainstorm
New homes on market
Photo
Community service
Salon owners
See peers weekly
Vision statement

Q: Thinking back to when you began your business, what is the most important area you wish you had known more about?

- Finance; Banking.
- Quisiera tener mas informacion para poder ayudar a todas las personas que tienen licencias de otras partes del ninda.
- Hiring and firing.
- Financial decisions.
- Being bilingual.
- The physical location in relation to growth and development of the area neighborhood.
- I wish I had had more confidence in myself and had not relied upon advice of people (supposedly friends), who I found out later, did not know as much as they usually advertised.
- Business management.
- How and where to secure a loan or grant that can make me more competitive.
- More sales experience.
- Needs of a new business. Money management. Working capital.
- Cooking.
- Business plan.
- Business management.
- Marketing.

- The legalities of the business, what types of insurance permits and other things needed, tax brackets for small business.
- Food chemistry.
- Organization, marketing, and tax law.
- Marketing.
- The good ole boy system and how to become one.
- Safeguarding against employee dishonesty.
- Marketing.
- Financing.
- Conocer acerca de como adquirir prestamos comerciales.
- Corporate infrastructures.
- General financial accounting.
- Financial freedom.
- State liquor laws.
- Working with banks.
- Paperwork — all the paperwork that auto dealers need to fill out.
- Inner city where I'm still located.
- NLA
- Desarrollarme mas en el campo de la fotografia.
- Marketing strategies.
- The process/procedures for local, state, and federal government certification.
- Business handling. The college part.
- Available resources like the EGG.
- Sales and marketing.
- Incorporating.
- Management. All aspects of administration.
- Billing suggestions to include taxes, overhead, and profit.
- The politics to advance how minority issues are perceived as being black and white.
- What were the guidelines for protecting the business.
- Information on upcoming projects. By the time I'm ___ hear about it. ___ have information way in advance, 46 months.
- Financials.
- Business marketing.
- Management.

Q: What additional resources/services would you like to have available to you specifically as a business owner?

- Assistance with affordable healthcare benefits for company and employees. Assistance with affordable commercial lease space for office. City organizations and their memberships (if applicable) that are based upon size and annual billings of small business.
- More business courses. Please contact (name removed) for future information.
- Business management. Business promotional resources.
- Technology — Consultant.
- List of small business owners in the area and how to get a hold of them. Literature on successful small construction business.
- Advancing in the corporate world. Would like to have the HCC visit with cooperation officers to help them understand the importance of Hispanics in upper management.
- When ___ ordinances are written they are written by non ____. Thus ordinances are written with no teeth, no bite, no participation, no enforcement. Ordinances without enforcement.
- In the past\financial assistance.
- Que den la prueba de los estilistas y estudiantes en espanol.
- Access to people who have reached the goals that I have set for myself, in a similar field.
- A pool of experienced business owners, who can advise, have seen trends, give a better idea where to spend dollars.
- Knowing the availability of real estate for expansion of our
- Mobile computing.
- To borrow money when needed.
- A lending institution that can monitor or work with me in growing and explore my dream.
- As a chiropractor, in school, I was not taught how to be a business person or how to market myself as a healthcare provider. I would like to be able to have these services available.

About Us

- Financing.
- I already have all of the sources I need.
- Mentors in my specific field would be great.
- Legal advice or tax advice at a low price for new small
- General business tools in layman's terms, in all aspects.
- International funding sources.
- None. Content with business consultant.
- Que los bancos sean mas flexibles con los prestamos comerciales a peque nos negocian tes.
- Wealth accumulation.
- More information concerning liquor laws and tax laws for bars.
- Encenanza y economico.
- A conference or meeting rooms available for planning communications, sales and presentations etc. at no charge or a nominal fee (accessible and available when needed.)

BRIDG, a University of Missouri Outreach & Extension group, focuses solely on researching small business and entrepreneurship. Its research lays the foundation for the creation and delivery of quality programming, products, services, and organizational processes specifically developed for small business owners and entrepreneurs to start, operate, and grow their businesses.

For further information or detail, please direct your questions to Dr. Gwen Richtermeyer, Director, BRIDG-UMKC, 4747 Troost, #217, Kansas City, MO 64110, 816-235-6343, richtermeyerg@umkc.edu.

Please contact BRIDG if you would like copies of the survey instrument (English or Spanish) and the interview protocol used for this research.

BRIDG is supported by the
University of Missouri Outreach and Extension Outreach Development Fund
and is located on the Kansas City, Rolla and St. Louis campuses.

