2022 RESEARCH REPORT

STATE OF LATINO ENTREPRENEURSHIP

STANFORD BUSINESS GRADUATE SCHOOL OF | Latino Entrepreneurship Initiative

PUBLICATION OF STANFORD GRADUATE SCHOOL OF BUSINESS | IN COLLABORATION WITH THE LATINO BUSINESS ACTION NETWORK

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PHOTOGRAPHY

3 Lopez Media (cover), Innovare (p. 2), Nopalera (p. 5), Growth Institute (p. 7), INVID LLC (p. 13), Milagros Medical (p. 18), Half Moon Empanadas (p. 24), Braven Agency (p. 28), BLU Commercial Cleaning (p. 33), CMS Corporation (p. 34), JPG Partners (p. 36), Teamficient (p. 37)

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If you experience accessibility issues, please contact us at slei_research@stanford.edu.

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ABOUT THIS REPORT

ADRIAN J. (AJ) DELEÓN AND FERNANDO DELEÓN
Co-founders, Innovare

This is the eighth annual State of Latino Entrepreneurship report collecting data from Latino-owned businesses, the fastest growing segment of the U.S. business population. This year, we administered a national survey to more than 10,000 U.S. business owners. The survey respondent pool consisted of 5,011 Latino-owned employer businesses[i] and 5,017 non-Hispanic White-owned employer businesses, which served as a benchmark comparison group. All the companies sampled generated at least $10,000 in annual revenue and had one employee beyond the owner. Our comparative analysis provides a detailed understanding of the present challenges and opportunities that Latino-owned employer businesses face in the United States.

This report highlights some of the most pressing post-pandemic issues facing American businesses during a period of economic uncertainty. We explore the decreasing proportion of businesses seeking funding and financing across the most popular sources of funding, including national bank loans. We also analyze the proportion and substance of corporate and government contracts that Latino- and White-owned businesses secured in 2022. Additionally, we assess the effects of the Great Resignation in the post-pandemic economy. The findings of this report are presented in the context of broader national trends as we weighted our sample

ABOUT THE COVER

Ivette Carolina Agudelo-Lopez is the co-founder and CEO of 3 Lopez Media, an EMMY® award-winning creative agency established in 2015. Her company helps brands, businesses, and organizations engage with their audiences using a holistic approach through storytelling, graphic and web design, and audiovisual tools.

Ivette Carolina is originally from Venezuela and immigrated to the U.S. in 2015. She has worked in the artistic field for over 20 years. Throughout her journey, she discovered that stories are a precious way to create profound and meaningful connections that can change the world and have an impact on people's lives.

As a Latina entrepreneur, Ivette Carolina has actively worked to support and give back to her community through collaborations with multiple non-profit organizations in the San Francisco Bay Area.

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i An employer business is defined as a firm with at least one employee in addition to the business owner.

to be as nationally representative as possible. We present additional methodological information related to sampling and measures in **Appendix A**, along with a glossary of terms in **Appendix B**.

To inform data-driven policy and programs, the 2022 State of Latino Entrepreneurship report provides organizations that support businesses (e.g., chambers of commerce, trade associations, economic development associations, etc.), think tanks, governmental policymakers, and corporations, with insights into the business outcomes of Latino-owned businesses. Additionally, we hope that Latino business owners will leverage these data to inform their own business decision-making and operations. We acknowledge that while the COVID-19 pandemic is no longer considered a public health emergency, business owners continue to operate in uncertain and unprecedented times, and we would like to thank those who contributed their time and data.

ABOUT US

STANFORD LATINO ENTREPRENEURSHIP INITIATIVE (SLEI) RESEARCH PROGRAM

SLEI operates a research program (SLEI-Research) that explores and expands our knowledge of the Latino entrepreneurial segment of the U.S. economy through research, knowledge dissemination, and facilitated collaboration. SLEI Research conducts an annual national survey to assess the current state of U.S. Latino entrepreneurship. SLEI Research operates as a collaboration between the Latino Business Action Network (LBAN) and the Stanford Graduate School of Business Center for Entrepreneurial Studies.

SLEI EDUCATION SCALING PROGRAM

SLEI also operates an education program (SLEI-Ed) focusing on business scaling for Latino business owners. LBAN is the key architect and driver executing this program in collaboration with Stanford GSB Executive Education. The SLEI-Ed Business Scaling Program is designed for U.S. Latino business owners who have generated more than $1 million in annual gross revenues or have raised at least $500,000 in external funding. This eight-week immersive program provides business owners with education, enhanced networks, personal mentorship, and a better understanding of how to access and manage capital to scale their businesses. The program has more than 1,000 alumni from 36 states and Puerto Rico, and who collectively generate over $7.3 billion in annual revenue.

LATINO BUSINESS ACTION NETWORK (LBAN)

LBAN is a dynamic nonprofit organization based in Silicon Valley with the big mission to strengthen the U.S. economy by empowering Latino entrepreneurship across the country. LBAN collaborates with Stanford University through the jointly supported Stanford Latino Entrepreneurship Initiative. In addition to driving SLEI-Research and the SLEI-Education Business Scaling Program, LBAN focuses on building a national business ecosystem for Latino entrepreneurs.

This State of Latino Entrepreneurship Report was made possible in part through the investment and support of LBAN's principal partners: Wells Fargo, Bank of America, JPMorgan Chase & Co., Surdna Foundation, Chavez Family Foundation, Pitch Johnson, and John Arrillaga.

Learn more: www.lban.us

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SANDRA VELASQUEZ
CEO & Founder, Nopalera

SECTION I
EXECUTIVE SUMMARY

Today, the U.S. is home to more than 62.5 million Latinos, representing 19% of the U.S. population. With an economic output of $2.8 trillion[1] and nearly 5 million businesses across the country generating more than $800 billion in annual revenue,[2] Latinos are a prominent consumer base and a growing source of economic activity.

In this report, we focus on employer businesses with at least one employee other than the owner. To match census parameters, our study incorporates employer businesses generating at least $10,000 in annual revenue.[ii] *Hereafter, all data presented in this report correspond to Latino-owned employer businesses (LOBs) and White-owned employer businesses (WOBs) unless stated otherwise.*

Our analyses show that U.S. Latinos continue to strengthen the American economy by creating employer businesses at a faster rate than WOBs. At the same time, LOBs have outpaced the revenue and payroll growth of WOBs and American businesses at large. Regardless of the extraordinary challenges presented by COVID-19, most LOBs have recovered from the pandemic, and more have expanded their market reach beyond consumers (B2C), to governments (B2G), and nonprofit organizations.

Below, we highlight some of the most pressing challenges and opportunities that LOBs face.

Latino-owned businesses continue to outpace the growth rates of White-owned businesses–and U.S. businesses in general–in terms of number of businesses and revenue.

At the national level, from 2007 to 2019, the number of LOBs grew by 34% while the number of WOBs dropped by 7%. LOBs outpaced WOBs in revenue growth during the same period and their annual payroll grew over twice as fast. During the pandemic (2019-2022), the median growth rate in revenue for LOBs was 25% and 9% for WOBs, and the median three-year compound annual growth rate (CAGR) for LOBs was 7% and 3% for WOBs.

Latino-owned businesses are recovering from the pandemic and have expanded their customer base.

Although LOBs were more negatively impacted by COVID-19 than WOBs in 2020 and 2021,[3] LOBs are now more likely than WOBs to say their businesses have recovered and are doing better than before the pandemic. The growing recovery comes along with a wider set of customers as LOBs are doing more business with governments, corporations, and nonprofits than in the past two years.

ii See Appendix A for more information.

Although fewer businesses are seeking funding relative to last year, Latino-owned businesses are 50% more likely to request financing than White-owned businesses.

In 2022 there was a reduction in the share of businesses seeking funding and financing across virtually all sources of funding. Despite this trend, LOBs were 50% more likely to request financing than WOBs, with plans to use the funds to expand their businesses, acquire additional capital assets, and meet operating expenses.

Latino-owned businesses receive substantially smaller contracts that take longer to secure from corporations and governments than White-owned businesses.

Although a relatively small proportion of all businesses secure government and corporate contracts (13% LOBs and 10% WOBs), LOBs tend to obtain contracts that are substantially smaller and take longer to secure than WOBs. More specifically, LOBs secure corporate contracts that are 3.3 times smaller on average than WOBs, and state and federal government contracts that are more than 30 times smaller than WOBs. Additionally, the procurement period for government contracts takes more than a year for 37% of the LOBs. This is in sharp contrast to the more than a third of WOBs that obtain government contracts in less than six months.

Latino-owned businesses seeking loans from national banks have stronger business metrics than White-owned businesses, yet have lower approval rates for loans over $50,000.

At the time of application for business loans from national banks, LOBs have similar, if not better, qualifying indicators than WOBs on average. These include a gross revenue that is three times larger than WOBs, similar business and personal credit scores as WOBs, and lower outstanding debt than WOBs. Nevertheless, LOBs have substantially lower approval rates than WOBs when applying for larger loans ($50,000 or more), and higher rates of approval for small loans (less than $50,000).

Latino-owned businesses use more marketing strategies to advertise and sell their products and services.

To build awareness and expand their customer base, LOBs use a wider array of marketing approaches and social media platforms than WOBs. LOBs are also more likely than WOBs to report strategies that differentiate their products and services from their competitors.

The Great Resignation has hit Latino-owned businesses harder.

Lastly, we found that in the summer of 2022 American business owners (both LOBs and WOBs) perceived the Great Resignation as a less severe issue than portrayed in the news media. Nonetheless, our analyses reveal that the Great Resignation has hit LOBs harder than WOBs, with more LOBs reporting challenges in employee retention and recruitment.

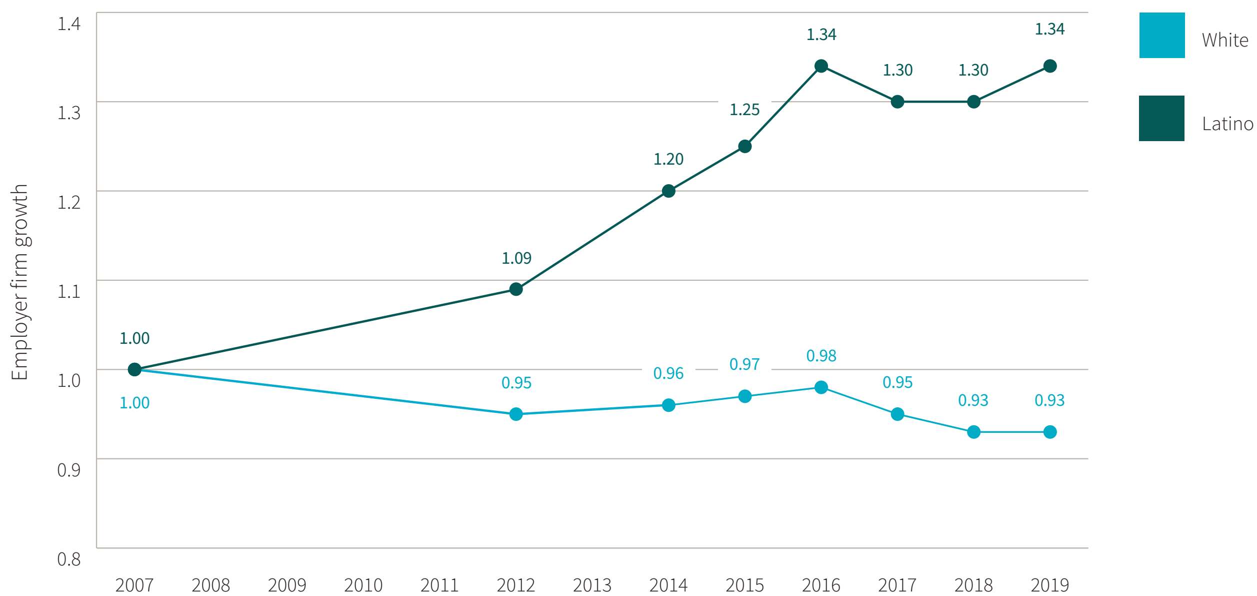
SECTION II
INTRODUCTION

ZÉ VIEIRA
Director of Product & Customer Success, Growth Institute

The U.S. is home to nearly 5 million Latino-owned businesses, both employer and non-employer, generating more than $800 billion in annual revenue.[4] Among them, 9% are employer businesses. As **Figure 2.1** shows, between 2007 and 2019, the number of Latino-owned employer businesses (LOBs) grew by 34% while White-owned employer businesses (WOBs) experienced a 7% drop. The number of LOBs, with at least one employee other than the owner, grew from about 257,000 in 2007 to 345,000 in 2019, whereas the number of WOBs dropped from 4.1 million to 3.9 million in the same period. Although the total number of U.S. employer firms has remained relatively stable in the past two decades,[5] LOBs continue to start employer businesses at a substantially faster rate than the national average.[6]

Between 2007 and 2019, the number of Latino-owned employer businesses (LOBs) grew by 34% while White-owned employer businesses (WOBs) experienced a 7% drop.

Figure 2.1
Employer firm growth (base year 2007)

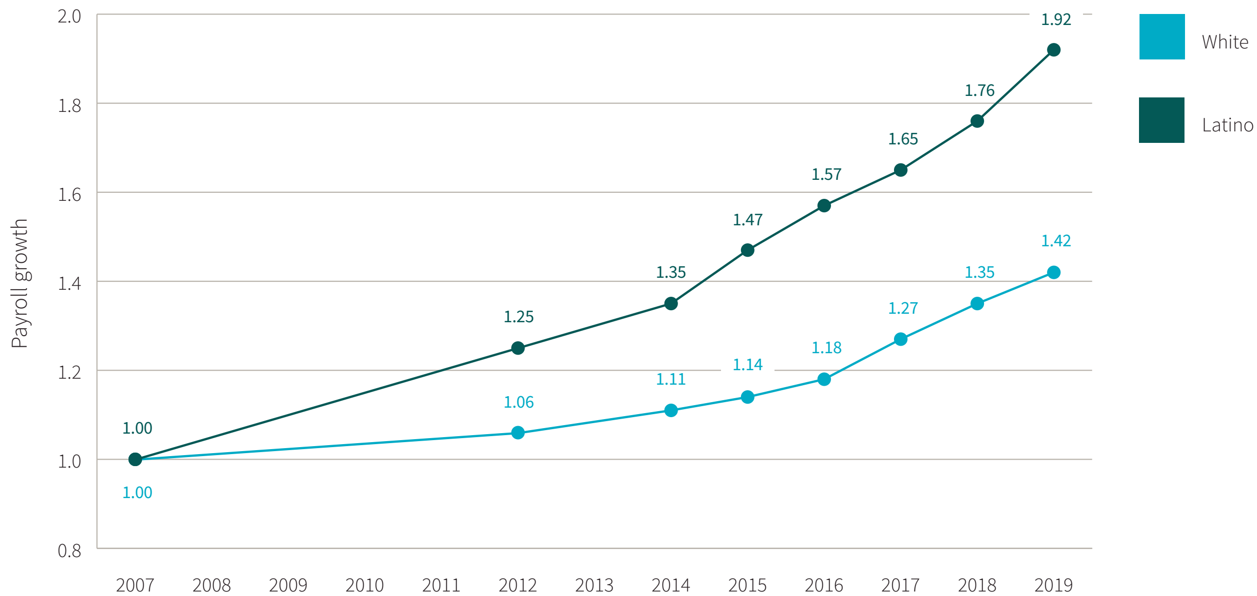


SOURCE: U.S. Census — Annual Business Survey, 2017-2020; American Survey of Entrepreneurs, 2014-2016; and Survey of Business Owners, 2007 and 2012.

According to the latest census data, the nearly 350,000 Latino-owned employer businesses located across the country employ more than 3 million workers, with more than $120 billion in annual payroll. Between 2007 and 2019, the annual payroll of LOBs grew by 92%, while WOBs' payroll increased 42% as **Figure 2.2** shows. In other words, the annual payroll of LOBs grew over twice as fast as for WOBs from 2007 to 2019.

Figure 2.2

Payroll growth (base year 2007)



SOURCE: U.S. Census — Annual Business Survey, 2017-2020; American Survey of Entrepreneurs, 2014-2016; and Survey of Business Owners, 2007 and 2012.

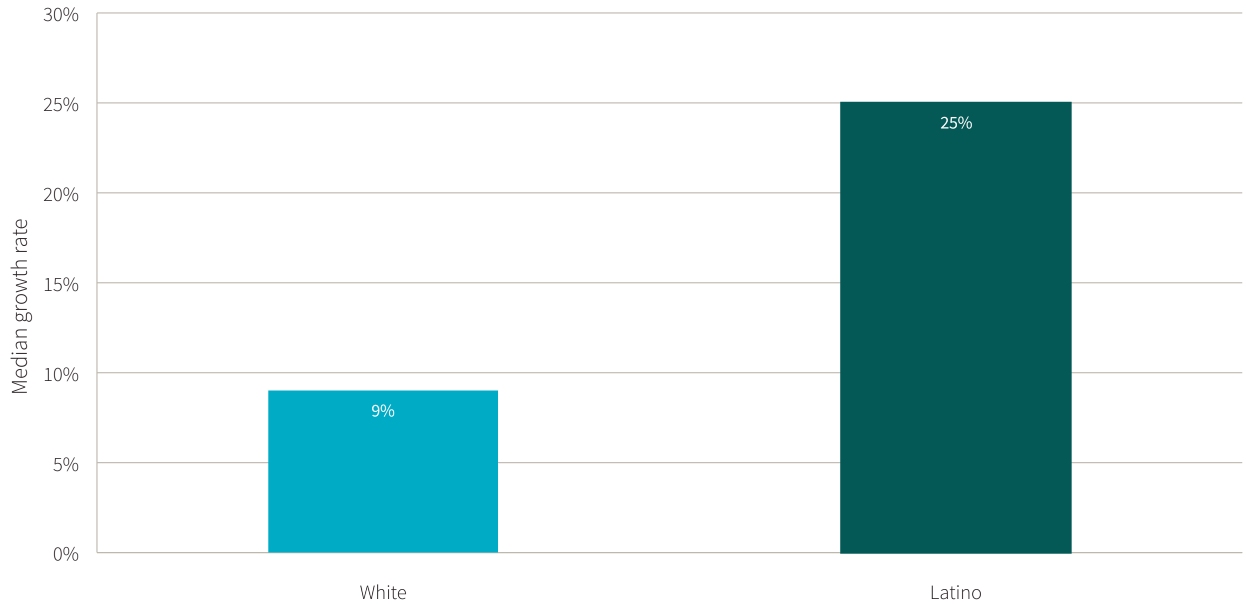
The annual payroll of Latino-owned businesses grew over twice as fast as for White-owned businesses from 2007 to 2019.

Additionally, the revenue growth at the aggregate level has increased at a faster rate for LOBs than WOBs before and during the COVID-19 pandemic. U.S. Census data reveal that revenue of LOBs grew from $326 billion in 2007 to $541 billion in 2019; during this period, the annual revenue growth of LOBs increased by 66%, compared to 43% for WOBs.

Furthermore, our data reveals that the median compound annual growth rate (CAGR) during the pandemic (2019-2022) was 7% for LOBs and 2% for WOBs; during the same period, the median growth rate for LOBs was 25% versus 9% for WOBs, as **Figure 2.3** shows.

Figure 2.3

Median growth rates, White- and Latino-owned businesses (2019-2022)

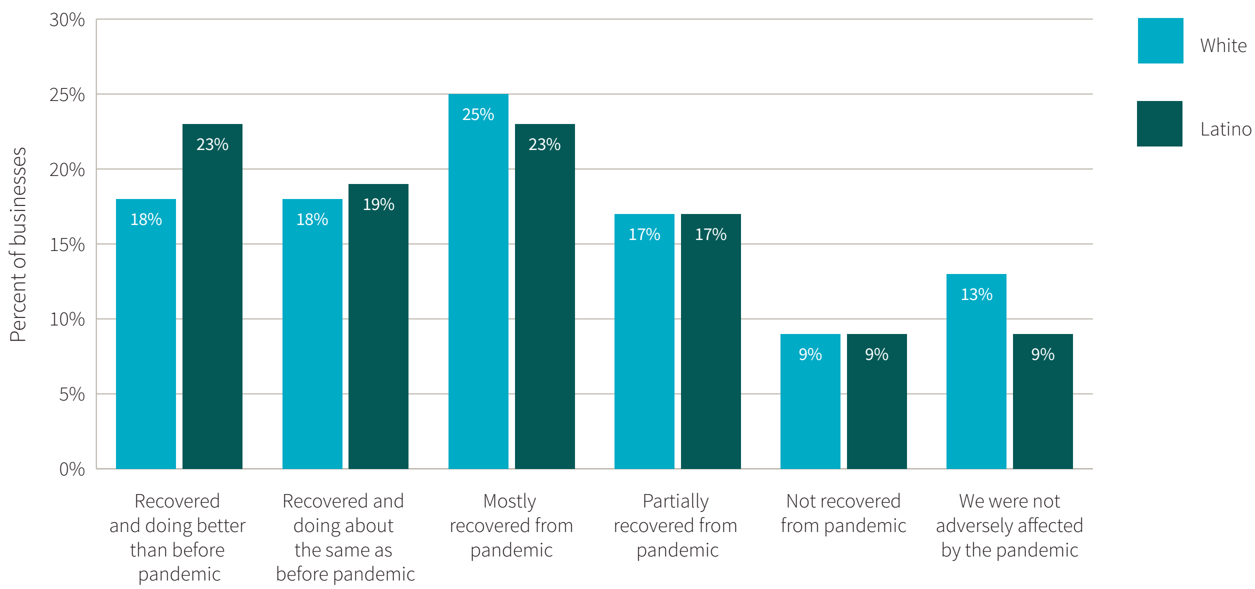


SOURCE: SLEI Survey of U.S. Business Owners, 2022.

The COVID-19 pandemic had substantial implications for Latino- and White-owned businesses, as we reported in 2020 and 2021.[7] However, as firms transition away from the pandemic and fewer mandates are in place, businesses are increasingly recovering. In fact, LOBs are now more likely to report their businesses have recovered and are doing better than before the pandemic than WOBs (23% and 18%, respectively) as **Figure 2.4** shows. This is an important finding for the U.S. economy as LOBs were more adversely impacted by the pandemic than WOBs.[8]

Figure 2.4

Business recovery from COVID-19



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

The growing recovery comes along with a wider set of customers as LOBs are doing more business with governments, corporations, and nonprofits than in the past three years.

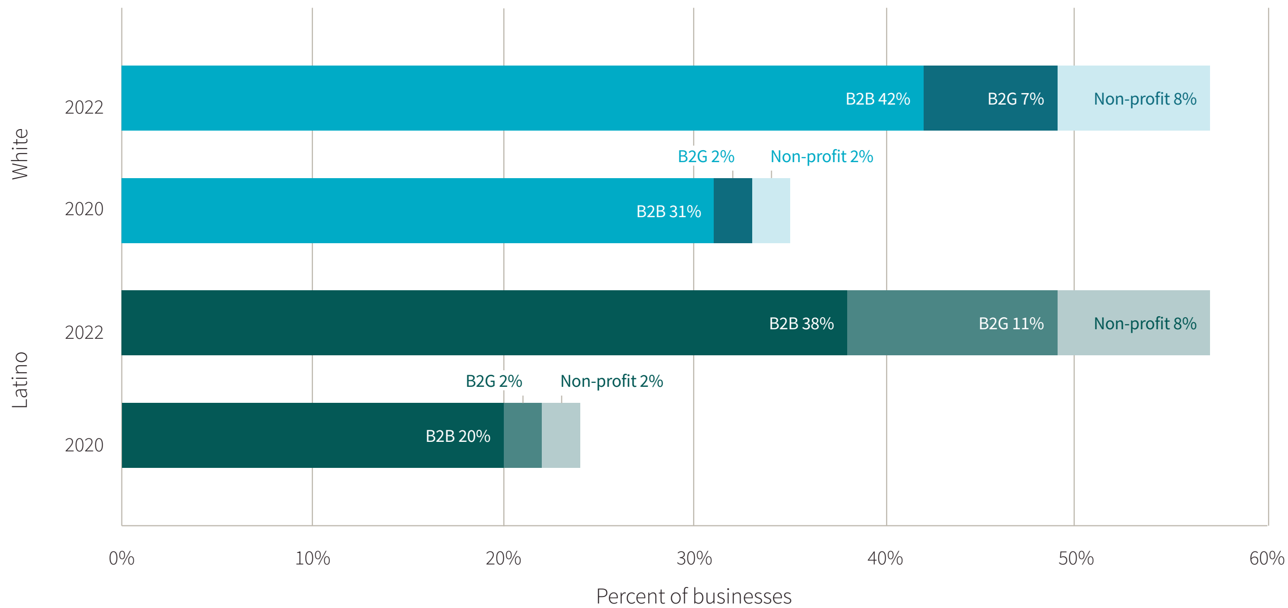
Along with recovery strategies to weather the effects of the pandemic,[9] the SLEI Surveys of U.S. Business Owners have revealed a notable customer diversification for both LOBs and WOBs in the past 3 years. As **Figure 2.5** shows, the prominence of business-to-business (B2B) commerce almost doubled among LOBs from 2020 (20%) to 2022 (38%).

Similarly, the importance of doing business with nonprofits quadrupled for both LOBs and WOBs, with 8% of both LOBs and WOBs reporting nonprofit organizations as one of their primary customers in 2022.

The most notable changes occurred in business -to-government. As depicted in **Figure 2.5**, LOBs were five times more likely to list governments as one of their primary customers from 2020 to 2022, whereas the importance of B2G among WOBs tripled in the same period.

Figure 2.5

Percentage of firms reporting primary customers (other than B2C), 2020-2022



SOURCE: SLEI Survey of U.S. Business Owners, 2022 and 2020.
NOTES: Business to consumer (B2C) is not presented in the graph. Percentages do not add to 100% as multiple responses were allowed.

Although LOBs have diversified their customer base and continue to strengthen the American economy by outpacing the revenue and growth rates of WOBs and American businesses in general, LOBs continue to face notable challenges. The most pressing issues covered in this report include access to financing and national bank loans (**Section III**), substantive gaps in government and corporate contracts (**Section IV**), and employee retention and recruitment challenges during the Great Resignation (**Section VI**).

Although Latino-owned businesses have diversified their customer base and continue to strengthen the American economy by outpacing the revenue and growth rates of White-owned businesses and American businesses in general, Latino-owned businesses continue to face notable challenges.

SECTION III
FINANCING

From startups to large firms, financing is essential for the development, maintenance and growth of American businesses.[10] With one in every three LOBs seeking financing in 2022, access to financing is crucial as new employer businesses emerge and existing businesses continue to grow and recover from the COVID-19 pandemic.

The findings of our survey reveal that although fewer businesses sought funding relative to last year, LOBs were 50% more likely to seek financing than WOBs in 2022.

Both LOB and WOB employer businesses pursued substantially less financing in 2022 compared to 2021. Among the most popular forms of financing, WOBs saw a larger decrease in financing sought than LOBs, as **Figure 3.1** shows.

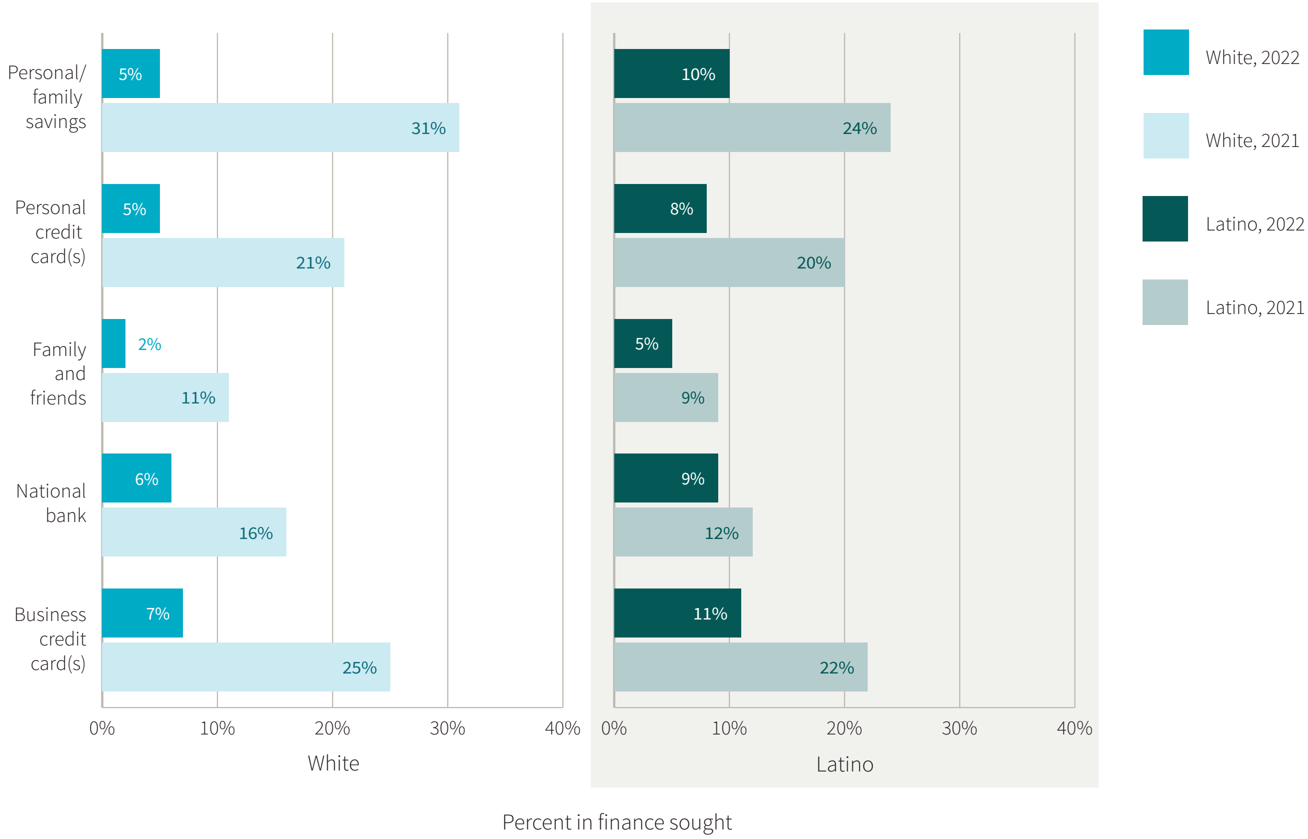
Our annual surveys over the last several years have continuously shown that LOBs disproportionately tap into personal and family savings to support and expand their businesses.[11] This category was the most impacted, as fewer WOBs and LOBs sought to use personal or family savings for their companies in 2022 compared to 2021 (26 percentage point decrease for WOBs, 14 percentage point decrease for LOBs).

The reduction in applications for business credit cards (18 percentage point decrease for WOBs, 11 percentage point decrease for LOBs), personal credit cards (16 percentage point decrease for WOBs, 12 percentage point decrease for LOBs) and national bank loans (10 percentage point decrease for WOBs, 3 percentage point decrease for LOBs) was greater for WOBs than LOBs. The type of financing that was less impacted was business loans or investments from family or friends, which saw a 9 percentage point reduction for WOBs and a 4 percentage point decrease for LOBs from 2021 to 2022.

With one in every three Latino-owned businesses seeking financing in 2022, access to financing is crucial as new employer businesses emerge and existing businesses continue to grow and recover from the COVID-19 pandemic.

Figure 3.1

Change in top forms of financing sought, 2022 vs. 2021



SOURCE: SLEI Survey of U.S. Business Owners, 2021 and 2022.

In 2022, 3 in every 10 LOBs and 2 in every 10 WOBs requested financing. Similar to previous years,[12] the top forms of financing in 2022 include business credit cards (11% LOBs, 7% WOBs), personal or family savings (10% LOBs, 5% WOBs), business loans from national banks (9% LOBs, 6% WOBs), personal credit cards (8% LOBs, 5% WOBs), and business loans or investments from family or friends (5% LOBs, 2% WOBs).

The top reasons to seek financing in 2022 include expanding businesses (16% LOBs, 10% WOBs), acquiring additional capital assets (10% LOBs, 6% WOBs), and meeting operation expenses (12% LOBs, 10% WOBs).

Conversely, the top reasons to not seek financing among the remaining 79% WOBs and 70% LOBs include no perceived need for financing for their businesses (36% LOBs, 52% WOBs), and not wanting to accrue debt (7% LOBs, 6% WOBs).

3.1 A CLOSER LOOK AT NATIONAL BANK LOANS

We dive deeper into national bank loans since they are one of the most popular forms of financing sought by businesses.[13] Additionally, business loans from national banks tend to have more stable parameters and assess businesses using more homogeneous metrics than most other sources of financing, allowing for more reliable comparisons.[14]

Our analyses reveal that at the time of application for national bank loans, LOBs (1) have a gross revenue that is 3 times larger than WOBs, (2) have similar business and personal credit scores as WOBs, and (3) have lower outstanding debt on average than WOBs. Nonetheless, LOBs have lower approval rates than WOBs when requesting loans above $50,000.

Figure 3.2 shows the summary statistics of the business performance metrics of LOBs relative to WOBs at the time of application for business loans from national banks. Measurements extending past one on the scale imply that, on average, LOBs outperform WOBs in a given indicator, whereas bars below one convey that LOBs are below WOBs on that metric.

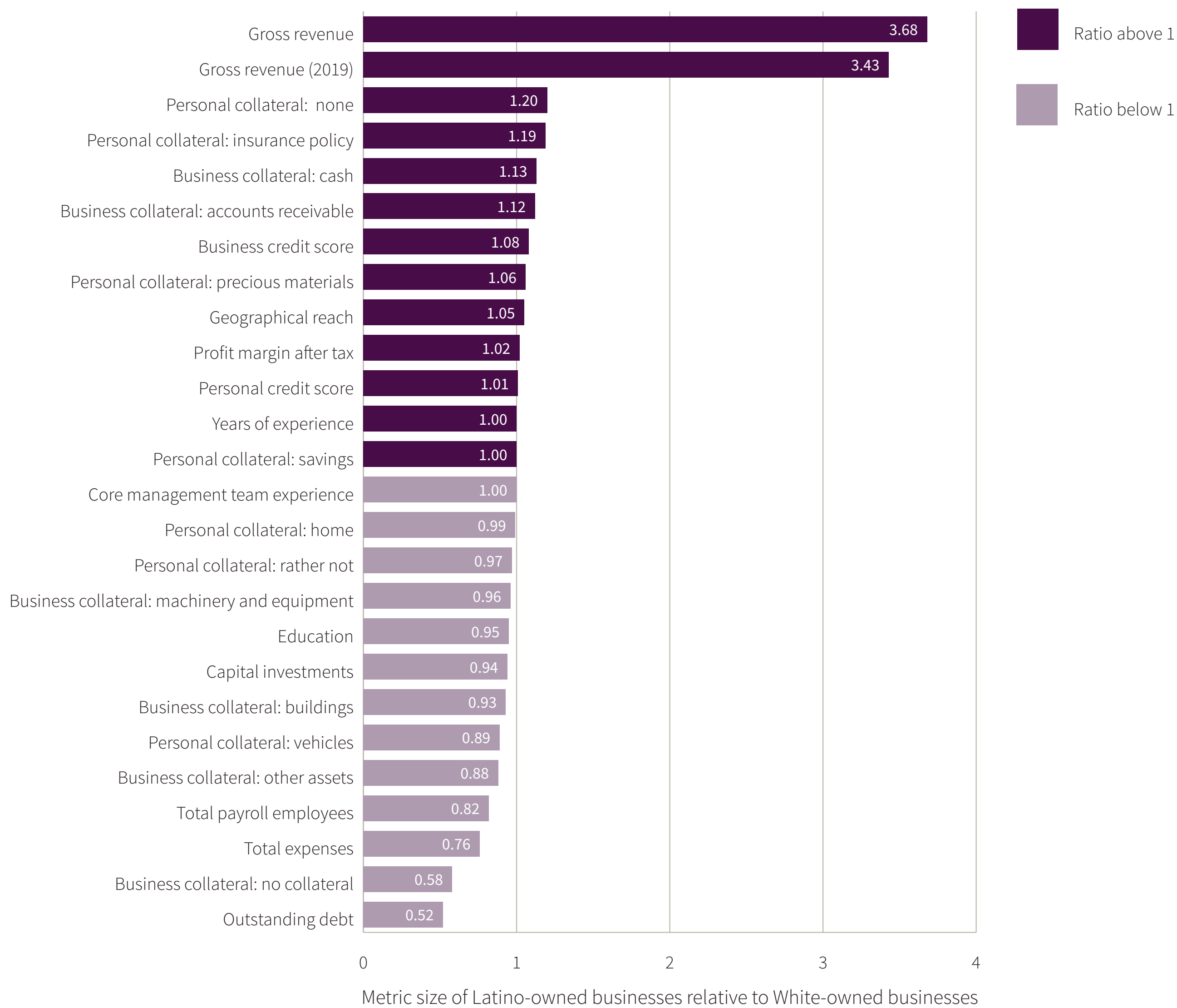
The results presented in **Figure 3.2** show that LOBs applying for national bank loans have a gross revenue that is 3 times larger than WOBs for both 2022 and 2019, on average. LOBs are also more likely to have an insurance policy as personal collateral and more cash as business collateral available at the time of application. LOBs also have about half the amount of outstanding debt as WOBs, as shown in the last bar of **Figure 3.2**. Finally, business and personal credit scores of LOBs are slightly higher than WOBs, a finding that is consistent with previous research showing comparable credit scores among LOBs and WOBs.[15]

On the opposite end, LOBs have lower total expenses and fewer payroll employees at the time of application to national bank loans than WOBs. LOBs also have fewer assets to provide as collateral, including vehicles, buildings, machinery and equipment, and homes. However, fewer LOBs reported having no business collateral or would rather not provide any personal collateral than WOBs, as **Figure 3.2** shows.

Our analyses reveal that at the time of application for national bank loans, Latino-owned businesses (1) have a gross revenue that is 3 times larger than White-owned businesses, (2) have similar business and personal credit scores as White businesses, and (3) have lower outstanding debt on average than White businesses. Nonetheless, Latino businesses have lower approval rates than White businesses when requesting loans above $50,000.

Figure 3.2

Business performance metrics of Latino-owned businesses (relative to White-owned businesses) at the time of application for national bank loans



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

Among businesses that secure national bank loans, WOBs get higher approval proportions than LOBs when requesting loans above $50,000, as shown in **Figure 3.3**.[iii] Among businesses approved for national bank loans, WOBs requesting between $50,000 and less than $100,000 get 78% of the amount requested approved on average, compared to only 40% for LOBs. Similarly, LOBs requesting loans between $100,000 and $500,000 are approved for 71% of the amount requested while WOBs are approved for 79% on average. LOBs requesting business loans of $500,000 or more

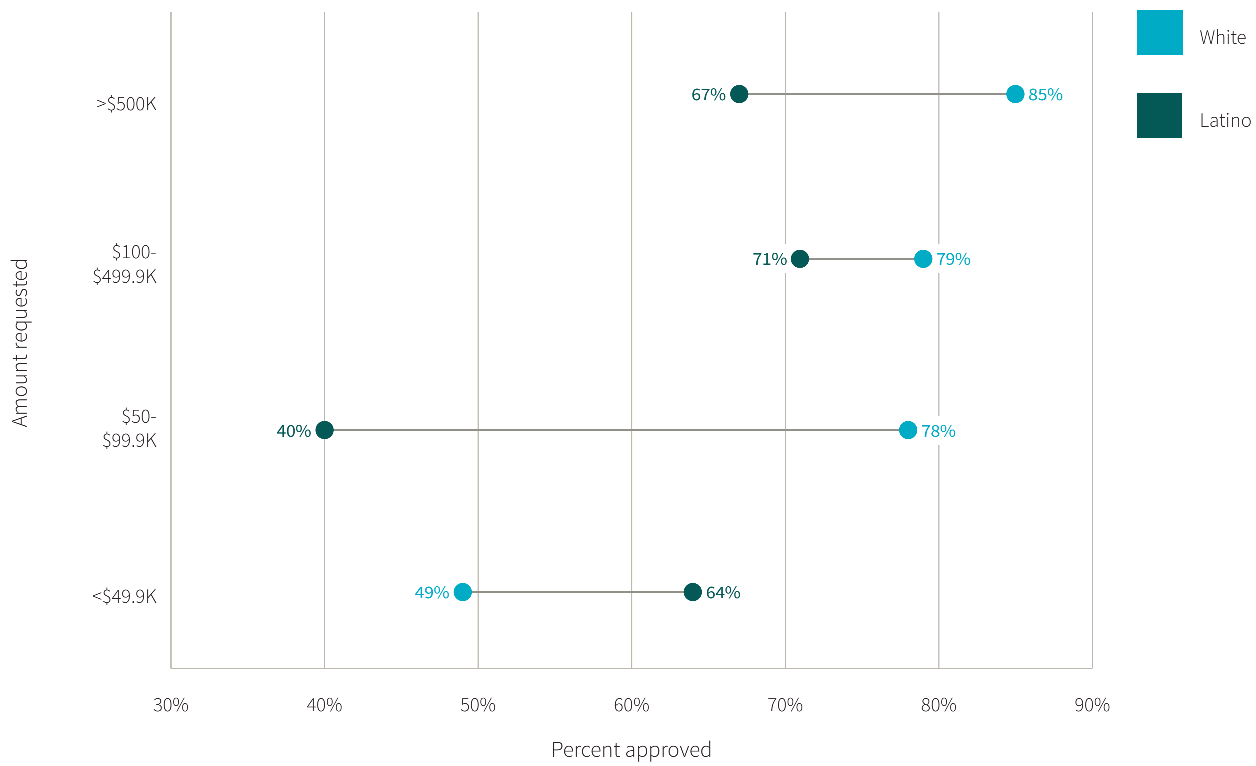
iii While this finding aligns with previous research (SOLE 2020), the metrics obtained from the 2022 SLEI Survey of U.S. Business Owners allow us to conduct analyses on continuous variables and observed data, rather than predictive outcomes from categorical variables.

receive on average 67% of the amount originally requested, compared to 85% for WOBs.

On the other side of the spectrum, LOBs receive higher approval rates than WOBs when requesting small loans of less than $50,000. LOBs receive on average 64% of the original amount requested in loans of $50,000, compared to WOBs receiving 49% of the original amount requested, as **Figure 3.3** shows.

Figure 3.3

Approval rates of national banks by loan size



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

SECTION IV
GOVERNMENT AND CORPORATE CONTRACTS

DANIELA ACEVEDO
Physician Associate, Milagros Medical

Governments and corporations can be important customers as they can strengthen businesses and generate more consistent sales.[16] With governments and corporations as multi-billion dollar customers and the U.S. federal government as the largest buyer of goods and services in the world, securing government and corporate contracts can have important implications for the success and growth of many firms.[17]

The findings from our survey reveal that although LOBs are slightly more likely than WOBs to report government and corporate contracts as relevant customers, LOBs obtain dramatically smaller contracts that take longer periods to secure.

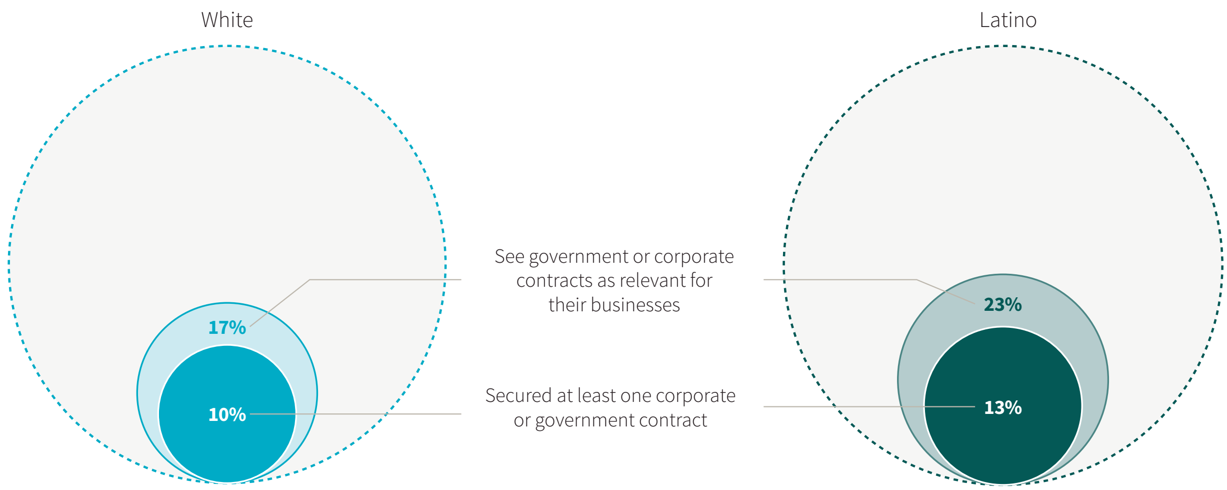
Although the federal government has spent over $600 billion annually on contracts in the past few years,[18] most U.S. businesses do not rely on government or corporate contracts. Only about 1 in every 4 LOBs and 1 in every 5 WOBs see governments and corporations as key customers to their businesses.

In 2022, 13% of LOBs were able to secure at least one government or corporate contract, compared to 10% of WOBs, as **Figure 4.1** shows.

Although Latino-owned businesses are slightly more likely than White-owned businesses to report government and corporate contracts as relevant customers, Latino-owned businesses obtain dramatically smaller contracts that take longer periods to secure.

Figure 4.1

Government and corporate contracts for Latino- and White-owned businesses

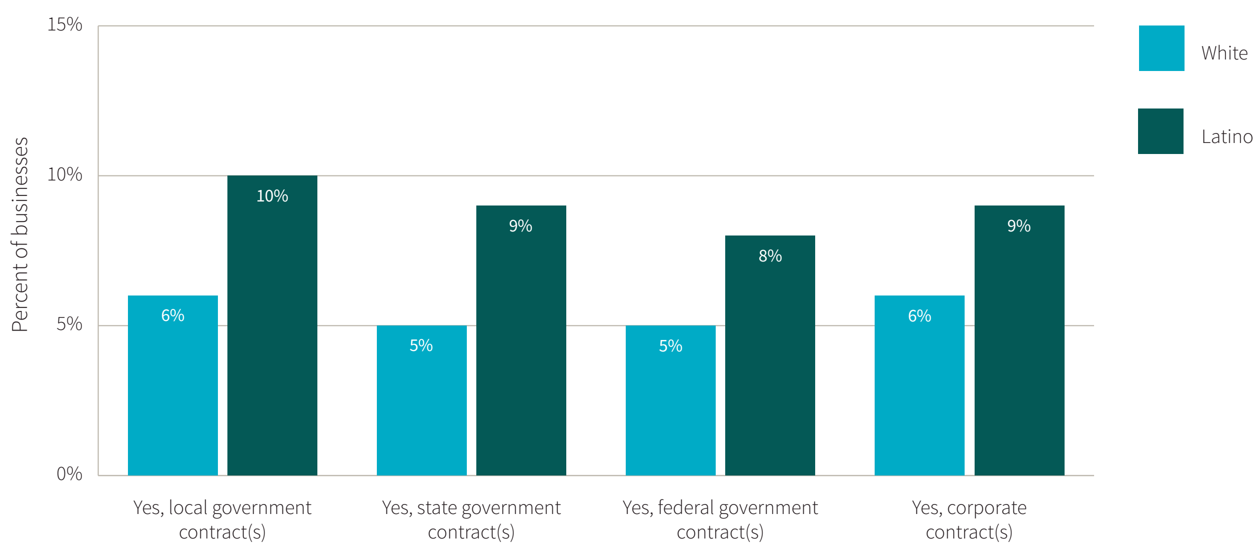


SOURCE: SLEI Survey of U.S. Business Owners, 2022.

As shown in **Figure 4.2**, in general, LOBs are more likely than WOBs to win contracts from corporations, as well as local, state and federal governments. However, our analyses indicate substantial gaps in the size of contracts that businesses receive, with LOBs getting contracts from corporations and governments that are much smaller than WOBs (**Figure 4.3**).

Figure 4.2

Percentage of businesses that secured government and corporate contracts in 2022



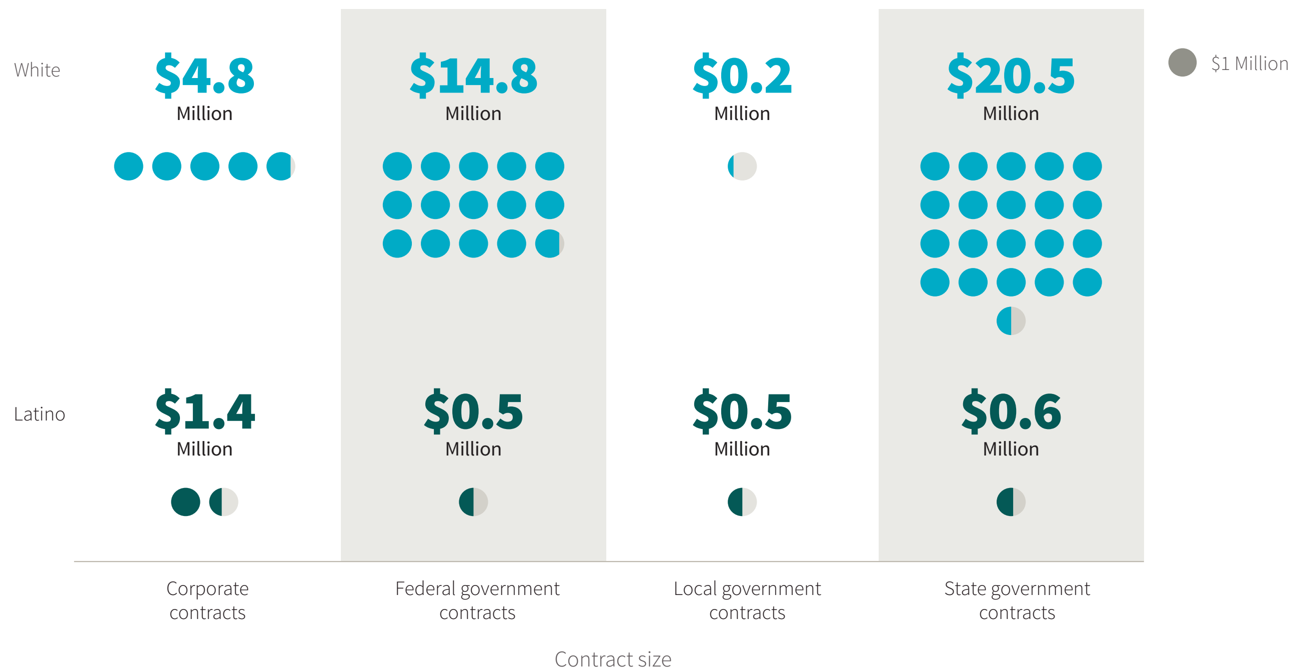
SOURCE: SLEI Survey of U.S. Business Owners, 2022.

On average, Latino-owned businesses receive federal government contracts that are 31 times smaller than White-owned businesses. Additionally, Latino businesses tend to obtain state-level contracts that are 35 times smaller on average than the contracts that White businesses receive.

On average, LOBs receive federal government contracts that are 31 times smaller than WOBs. Additionally, LOBs tend to obtain state-level contracts that are 35 times smaller on average than the contracts that WOBs receive. Among businesses that win corporate contracts, LOBs receive contracts that are 3.3 times smaller on average than WOBs, as **Figure 4.3** shows. Aggregating average contract size across all three categories, LOBs secure contracts that are 9 times smaller than WOBs. These trends are consistent across different measures of central tendency.[iv]

Figure 4.3

Average size of government and corporate contracts Latino- and White-owned businesses receive, 2022



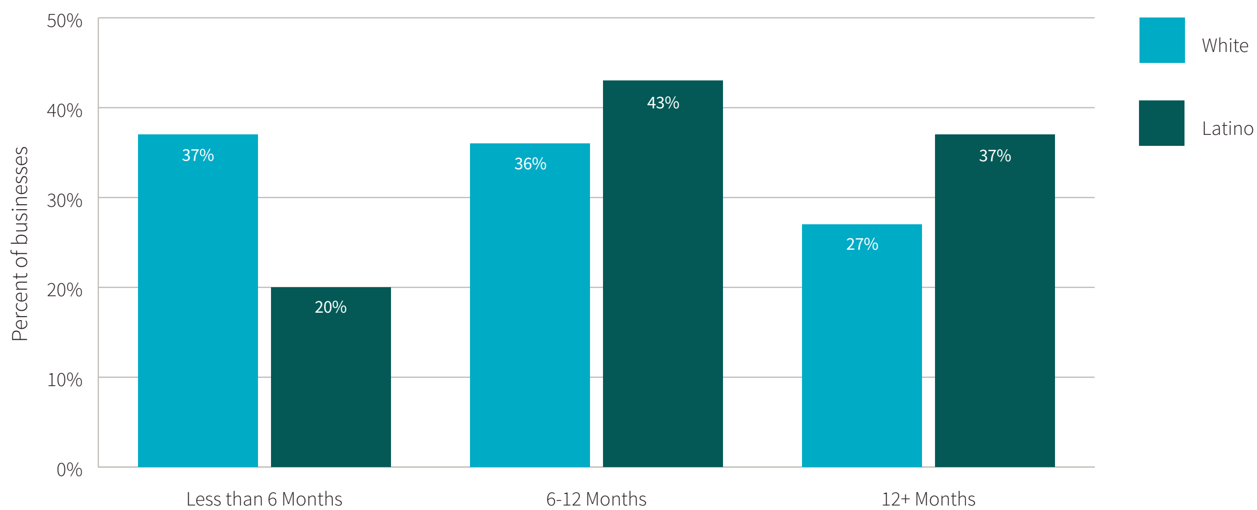
SOURCE: SLEI Survey of U.S. Business Owners, 2022.

iv See Appendix A.

In addition to substantial differences in contract sizes, important differences occur in how long it takes to finally secure a contract. Among all businesses that obtained government contracts in 2022, LOBs experienced longer negotiating periods than WOBs. About 37% of WOBs reported that winning a government contract took them less than six months, compared to 20% of LOBs. Conversely, LOBs were more likely to say it took more than one year to close a contract (37% LOBs vs. 27% WOBs). At the very end of the spectrum, included in the 12+ months category of **Figure 4.4**, 17% of LOBs and 9% of WOBs revealed that securing a government contract took them more than 30 months, corresponding to 2.5 years or more.

Figure 4.4

Reported time to secure government contracts



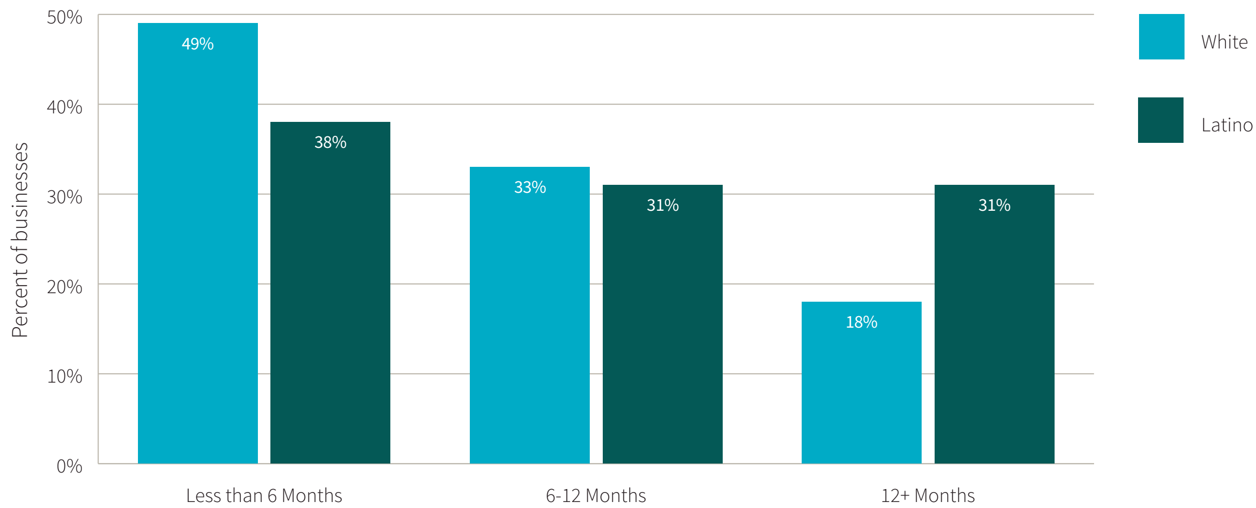
SOURCE: SLEI Survey of U.S. Business Owners, 2022.

Similar to the government contracting period findings, LOBs are also more likely to endure lengthier contracting processes with corporations. As shown in **Figure 4.5**, most WOBs report that winning a corporate contract takes them less than six months (49% WOBs, 38% LOBs). Conversely, a higher share of LOBs take more than a year to secure corporate contracts (31% LOBs, 18% WOBs). These double-digit gaps show that almost a third of LOBs seeking corporate contracts must be prepared to invest a substantial amount of time.

Most White-owned businesses report that winning a corporate contract takes them less than six months (49% WOBs, 38% LOBs). Conversely, a higher share of Latino-owned businesses take more than a year to secure corporate contracts (31% LOBs, 18% WOBs).

Figure 4.5

Reported time to secure corporate contracts

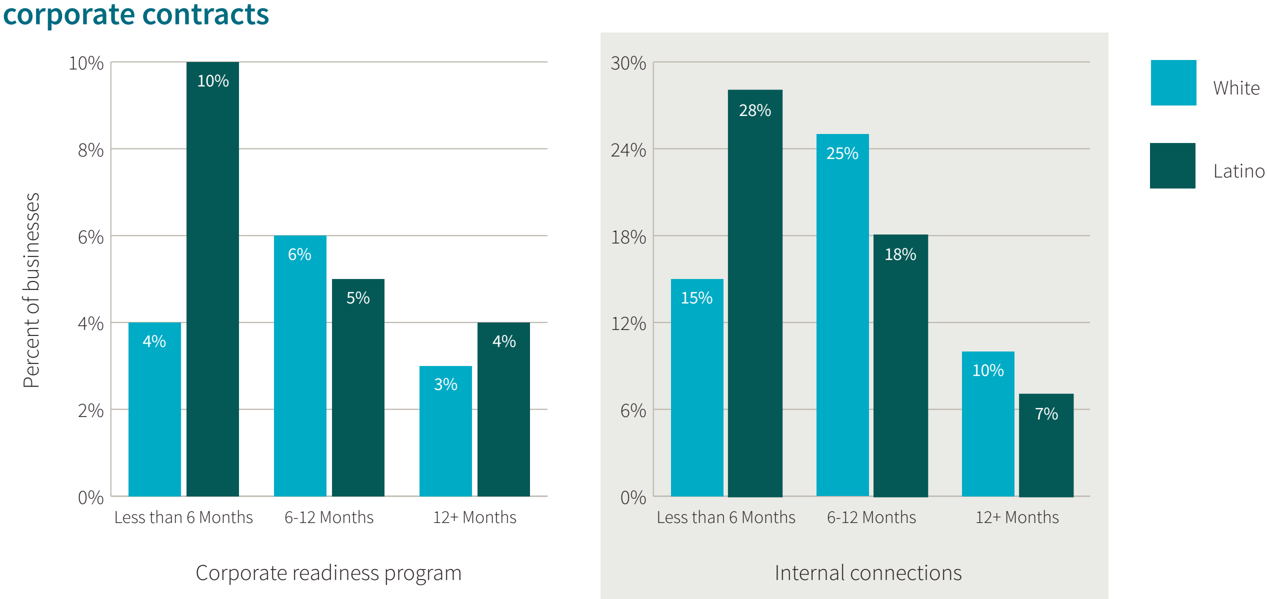


SOURCE: SLEI Survey of U.S. Business Owners, 2022.

When thinking about ways to reduce waiting times, businesses and corporations should consider the correlations we found between corporate sales cycles and the factors that businesses perceive as important when securing corporate contracts (**Figures 4.6** and **4.7**). Our results suggest that having (1) corporate readiness programs and (2) internal connections with corporations are the most critical factors in securing corporate contracts. Both are associated with shorter corporate sales cycles, particularly among LOBs, as **Figure 4.6** shows.

Figure 4.6

Associations between shorter corporate sale cycles and critical factors to secure corporate contracts

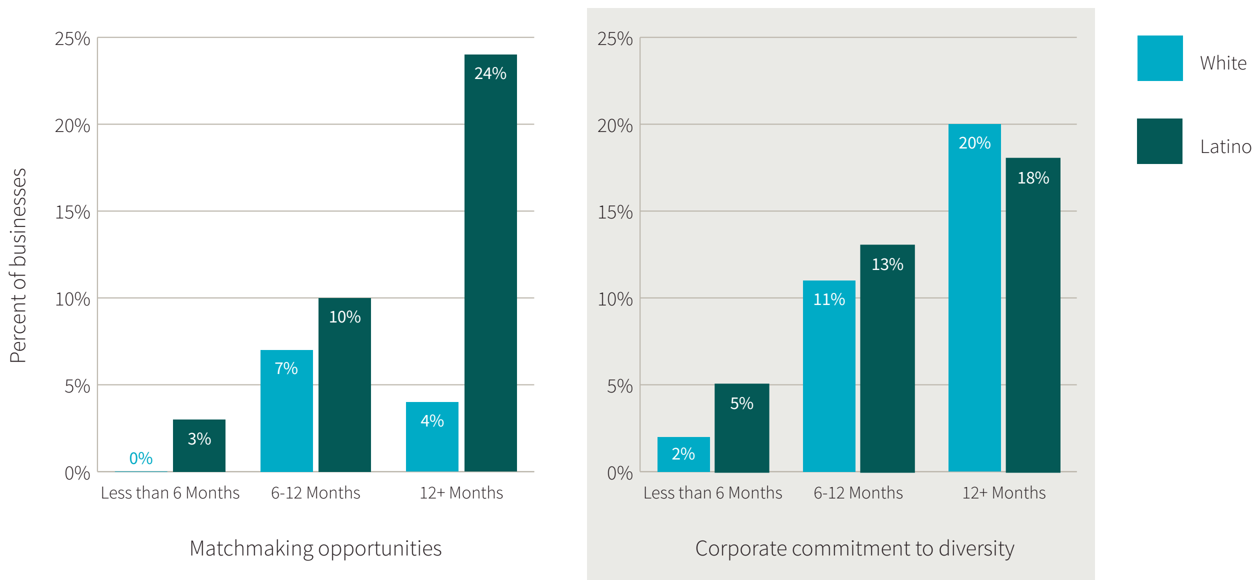


SOURCE: SLEI Survey of U.S. Business Owners, 2022.

Corporations and organizations seeking to support underrepresented businesses may want to monitor how their practices and principles to increase diversity affect contract negotiation timelines. LOBs that reported attending and participating in matchmaking opportunities as the most important factor in securing corporate contracts also reported longer corporate contract cycles, as shown in **Figure 4.7**. Similarly, longer periods to win corporate contracts were associated with reporting corporations' commitment to new/diverse suppliers as the most important factor for securing corporate contracts among both WOBs and LOBs. While our data limits our ability to explore why these associations occur, future studies should assess the impact of matchmaking opportunities and diversity programs on small and minority-owned businesses, and whether there are ways to offer such programs without creating longer contract timelines.

Figure 4.7

Associations between longer time to secure corporate contracts and factors perceived with success in securing contracts



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

SECTION V
MARKETING STRATEGIES

PILAR GUZMAN ZAUALA
CEO, Half Moon Empanadas

Marketing and product/service differentiation are critical strategies for businesses to increase their visibility, stand out from competitors, create a competitive advantage, and increase sales.[19]

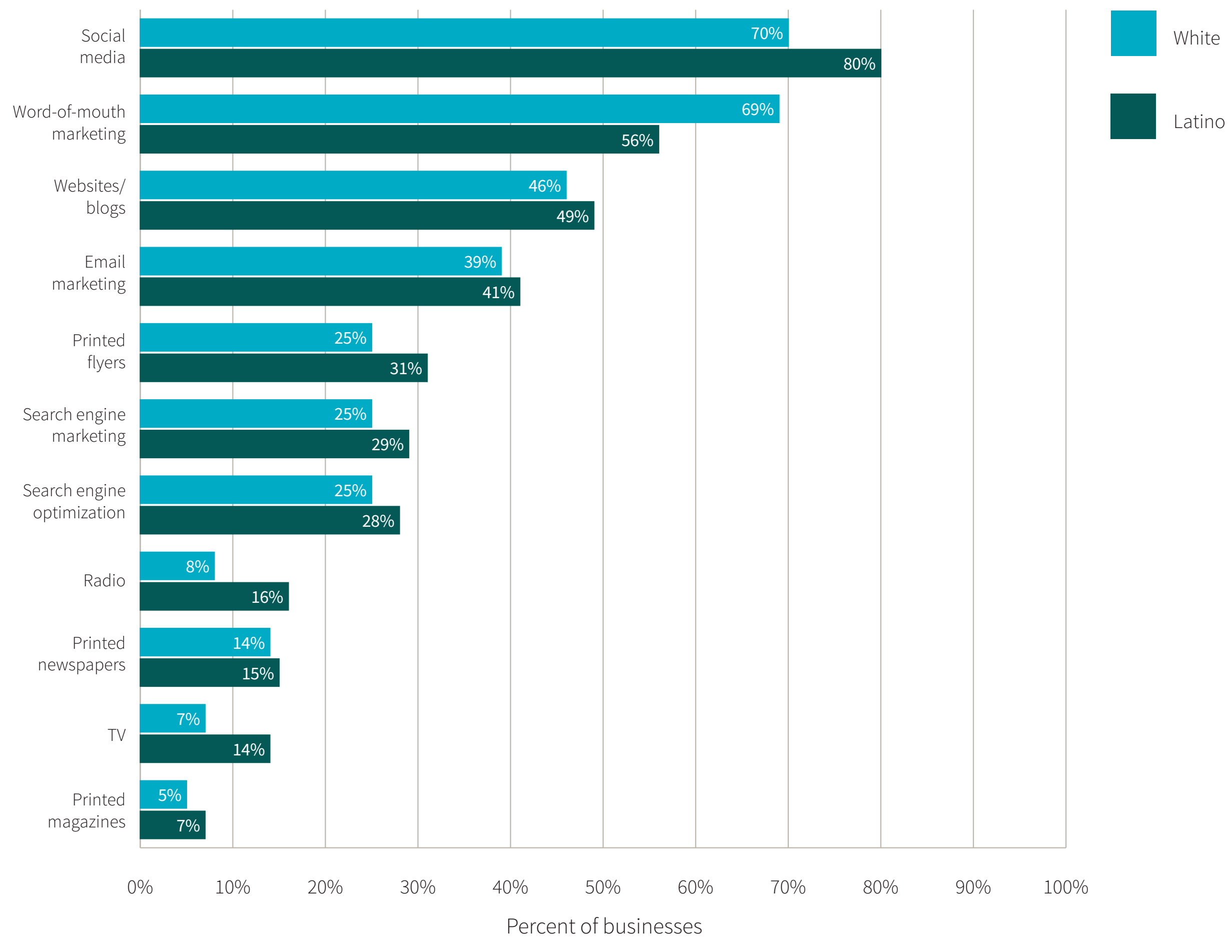
The results of our study show that LOBs use more strategies than WOBs to differentiate their products and services from competitors. Additionally, LOBs use a wider array of marketing strategies to sell their services and products relative to WOBs.

As shown in **Figure 5.1**, LOBs are more likely than WOBs to use a range of channels to advertise their products and services, including social media, websites or blogs, email marketing, printed flyers, search engine optimization and marketing, printed newspapers, radio, TV, and printed magazines. As **Figure 5.1** shows, the only marketing strategy used more frequently by WOBs than LOBs is word-of-mouth marketing (69% WOBs and 56% LOBs).

Latino-owned businesses use more strategies than White-owned businesses to differentiate their products and services from competitors. Additionally, Latino businesses use a wider array of marketing strategies to sell their services and products relative to White businesses.

Figure 5.1

Channels that businesses use to advertise their products or services



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

The rapid growth and use of social media platforms has given businesses the opportunity to have alternative avenues to reach customers and advertise their products and services.

This channel is the most popular way for all the businesses surveyed to advertise products and services. However, LOBs more frequently embraced these platforms with 80% of LOBs as compared to 70% of WOBs choosing to use social media to promote their products and services.

Figure 5.2

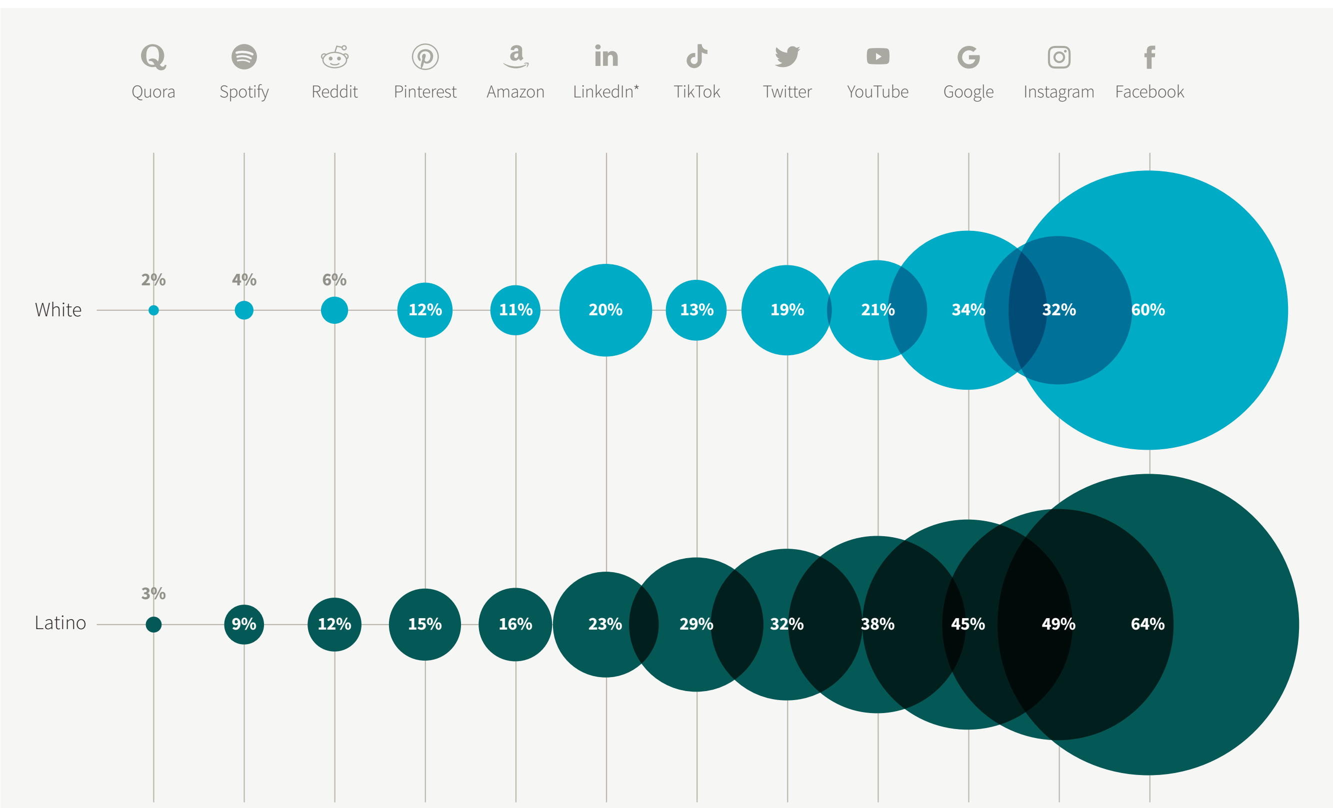
Proportion of businesses that use social media to advertise their products and services

SOURCE: SLEI Survey of U.S. Business Owners, 2022.

Facebook was the most popular social media platform for both LOBs (64%) and WOBs (60%) to advertise their products and services, followed by Instagram (49% LOBs, 32% WOBs) and Google (45% LOBs, 34% WOBs). LOBs were 1.7 times more likely to use YouTube and Twitter than WOBs. TikTok has the widest usage gap, with LOBs reporting the use of this platform more than twice as frequently as WOBs (**Figure 5.3**).

Figure 5.3

Proportion of businesses that use social media to advertise their products and services



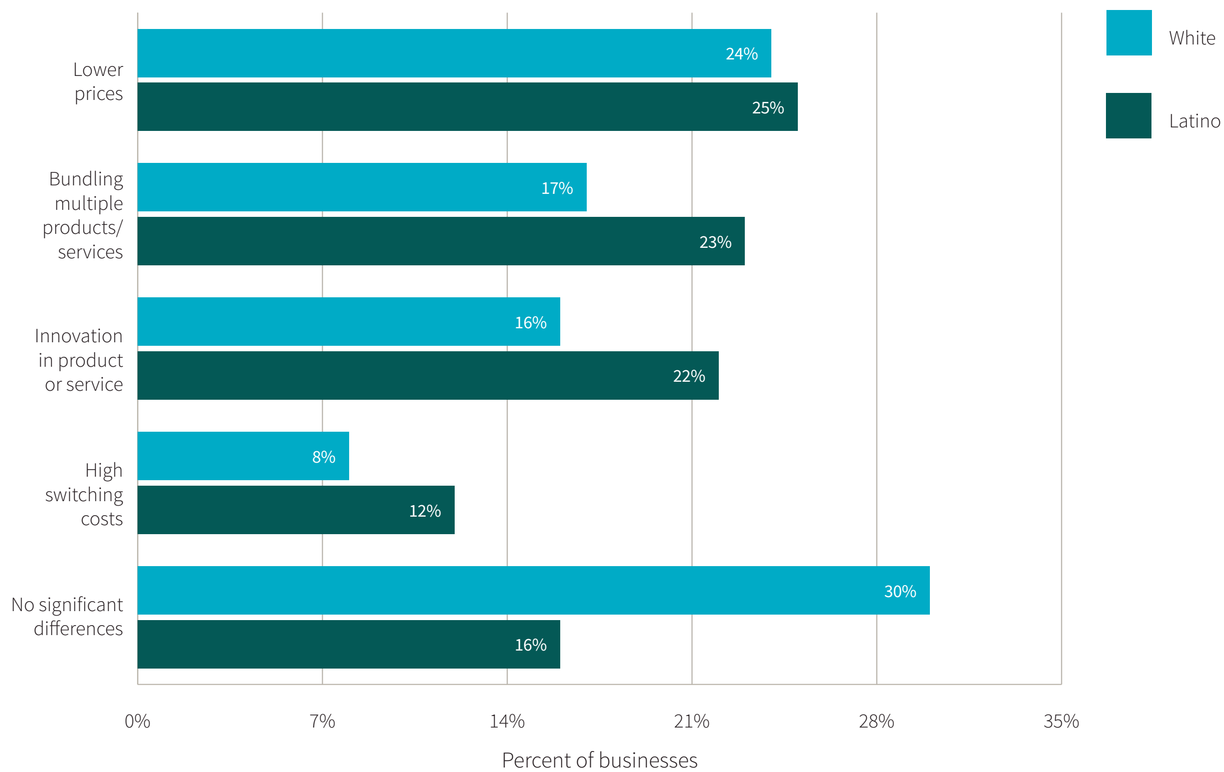
SOURCE: SLEI Survey of U.S. Business Owners, 2022.
NOTE: LinkedIn is the only social media platform with no statistical difference between LOBs and WOBs.

Although a higher percentage of LOBs serve consumers (B2C) relative to WOBs, LOBs report higher use of social media marketing than WOBs, regardless of the type of customers served.

Besides social media marketing, LOBs more frequently employ a product or service differentiation strategy than WOBs. As **Figure 5.4** shows, more LOBs report having unique features or benefits that separate their products or services from their competitors, including lower prices (25% LOBs, 24% WOBs), product or service bundling (23% LOBs, 17% WOBs), and innovative features that competitors cannot offer (22% LOBs, 16% WOBs). Conversely, WOBs twice as frequently report that their products or services are not different from their competitors (30% WOBs, 16% LOBs).

Figure 5.4

Product and service differentiation among businesses



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

ROBERT MARTINEZ
Founder & CEO, Braven Agency

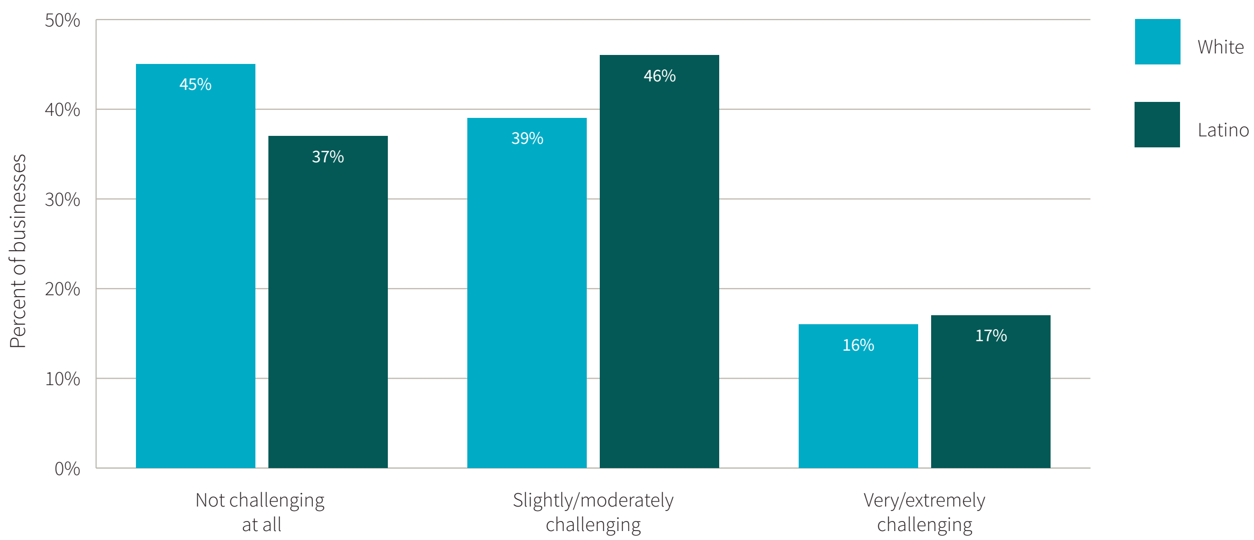
SECTION VI
IS THE GREAT RESIGNATION A LATINO ISSUE?

Despite the media attention the Great Resignation has received in the past years,[20] when our data were collected during the summer of 2022, only one in six LOB and WOB business owners reported that retaining employees was very or extremely challenging. However, the Great Resignation has hit LOBs harder. With more LOBs reporting moderate challenges in employee retention and recruitment, LOBs have been more proactive in implementing strategies to retain and attract employees than WOBs.

As **Figure 6.1** shows, our survey results reveal that 45% of WOBs do not find employee retention challenging at all. For LOBs, however, 46% report that retaining employees has been slightly or moderately challenging.

The Great Resignation has hit Latino-owned businesses harder. With more Latino businesses reporting moderate challenges in employee retention and recruitment, Latino businesses have been more proactive in implementing strategies to retain and attract employees than White-owned businesses.

Figure 6.1
Employee retention trends



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

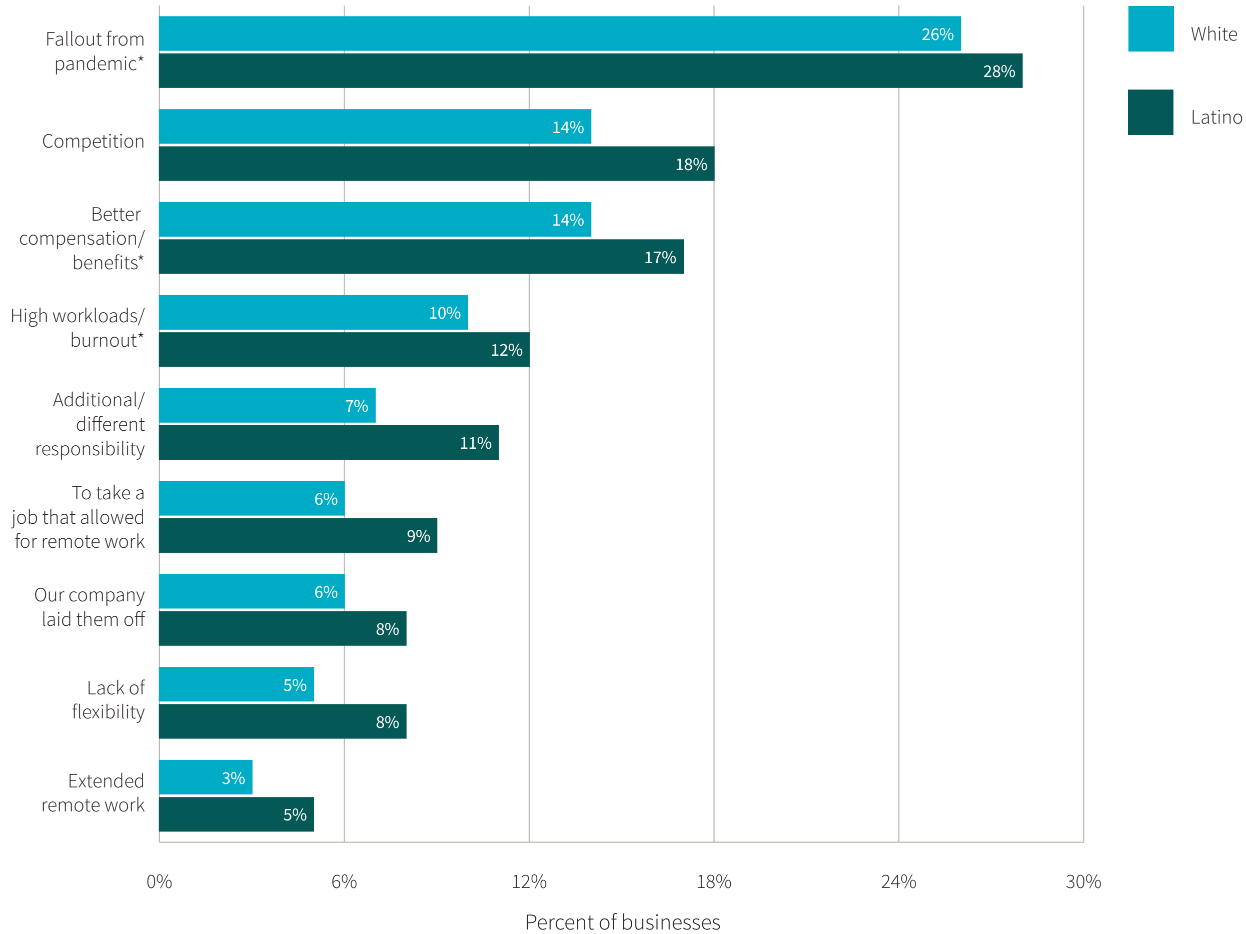
One of the most recurring challenges that employer businesses face is hiring and retaining qualified employees, an issue that becomes more prominent as businesses grow.[21] The results of our survey reveal that while most scaled businesses (both LOBs and WOBs) experienced employee retention challenges in 2022, unscaled LOBs were more likely to face recruitment and retention challenges than unscaled WOBs.

Two in every three scaled companies generating over $1 million in annual revenue, both LOBs and WOBs, faced employee retention challenges in summer 2022. However, among unscaled businesses, LOBs were significantly more likely to report employee retention challenges than WOBs (62% LOBs, 51% WOBs). Given that unscaled businesses dominate the U.S. market and that the number of LOBs continues to rapidly grow,[22] the gap among scaled and unscaled business is relevant for the U.S. economy.

LOBs and WOBs report that their employees are leaving their companies due to the fallout from the pandemic (26% WOBs, 28% LOBs), better compensation or benefits (14% WOBs, 17% LOBs), and employee burnout (10% WOBs, 12% LOBs). However, more LOBs report their employees are leaving due to competition (14% WOBs, 18% LOBs), additional responsibilities (7% WOBs, 11% LOBs), jobs that allow remote work (6% WOBs, 9% LOBs), lack of flexibility (5% WOBs, 8% LOBs), and searching jobs that allowed for remote work (3% WOBs, 5% LOBs), as **Figure 6.2** shows.

Figure 6.2

Top reasons employees are leaving companies

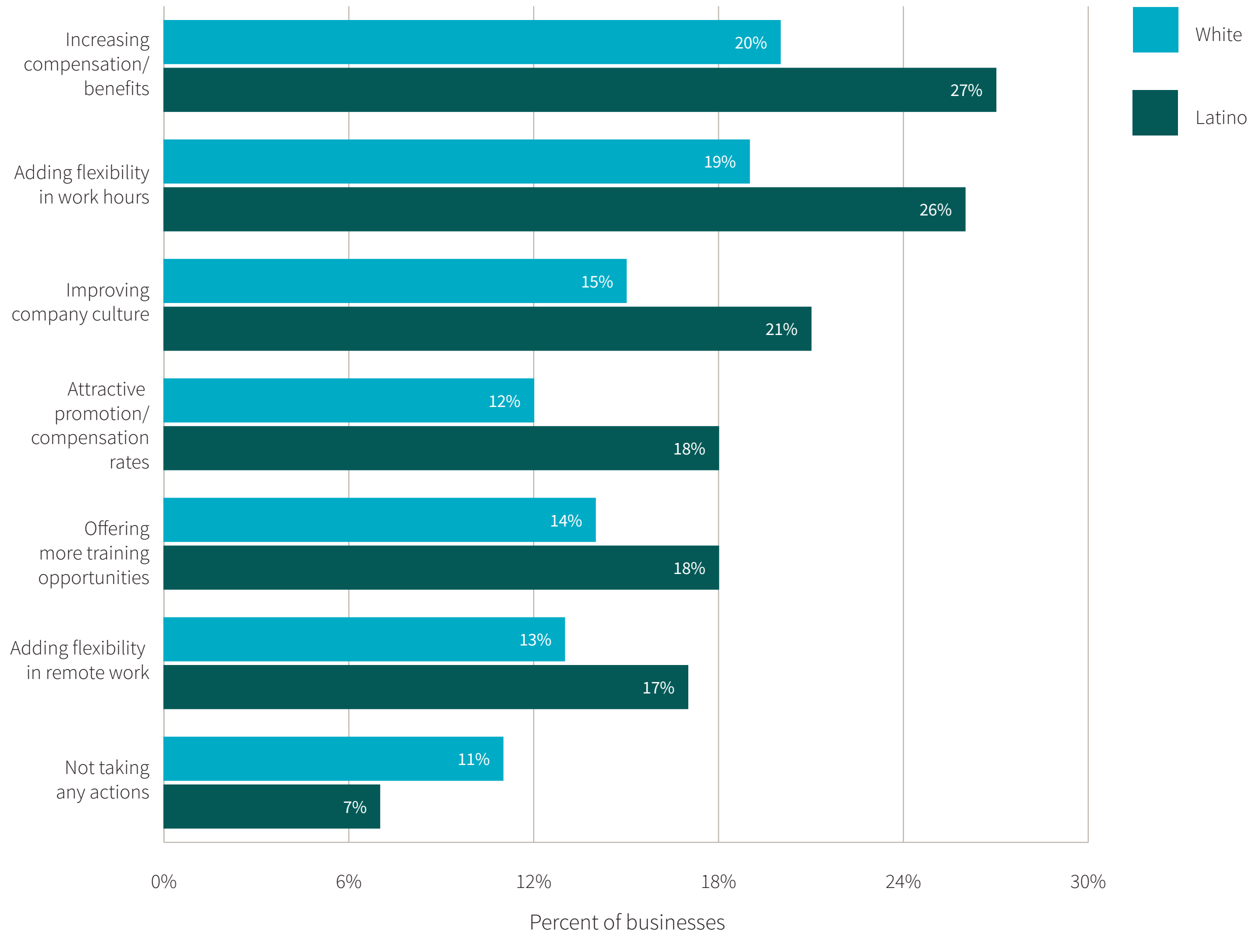


SOURCE: SLEI Survey of U.S. Business Owners, 2022.
NOTE: Asterisks denote no statistical difference between LOBs and WOBs.

While the majority of businesses that have faced employee retention challenges reported being proactive to improve employee retention, LOBs more frequently took actions to improve employee retention in their companies. As **Figure 6.3** shows, LOBs are more likely to increase compensation and benefits packages (27% LOBs, 20% WOBs), add flexibility in work hours (26% LOBs, 19% WOBs), improve company culture (21% LOBs, 15% WOBs), offer more training and development opportunities (18% LOBs, 14% WOBs), add flexibility for remote work (17% LOBs, 13% WOBs), and develop more attractive promotion and compensation rates (18% LOBs, 12% WOBs). Conversely, more WOBs than LOBs reported not taking any action to improve employee retention in their companies (11% WOBs, 7% LOBs). These findings are consistent with previous research showing that LOBs in general provide more employee benefits and opportunities for advancement to their employees than WOBs.[23]

Figure 6.3

Actions businesses are taking to improve employee retention



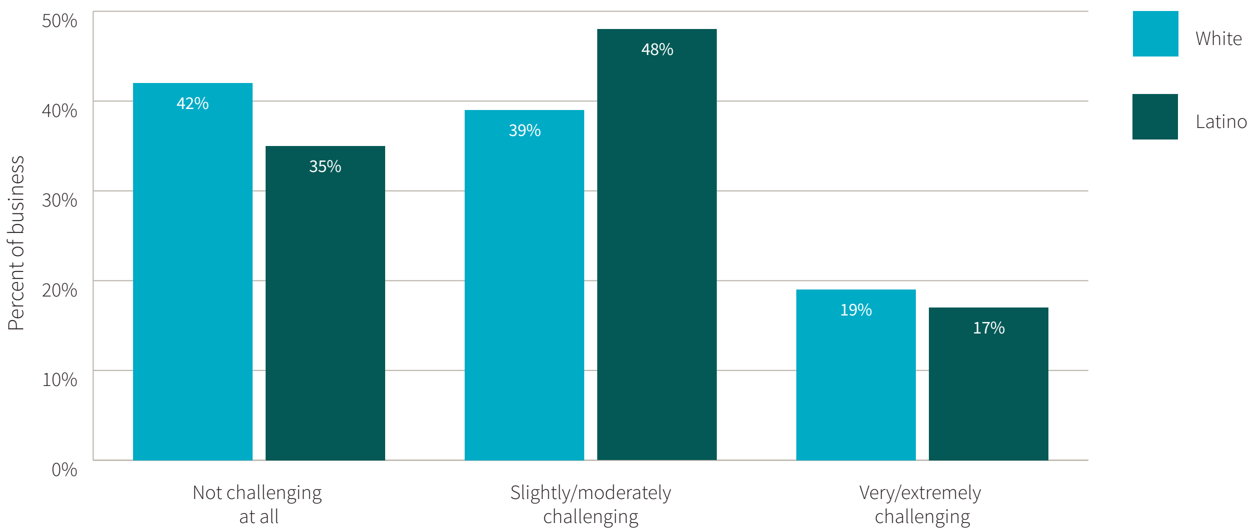
SOURCE: SLEI Survey of U.S. Business Owners, 2022.

6.1 ATTRACTING NEW EMPLOYEES

Besides employee retention, the Great Resignation has brought recruitment challenges among business owners. In summer 2022, most WOBs (42%) reported not having issues attracting new employees, whereas most LOBs (48%) experienced moderate challenges recruiting new employees, as **Figure 6.4** shows.

Figure 6.4

Employee recruitment trends

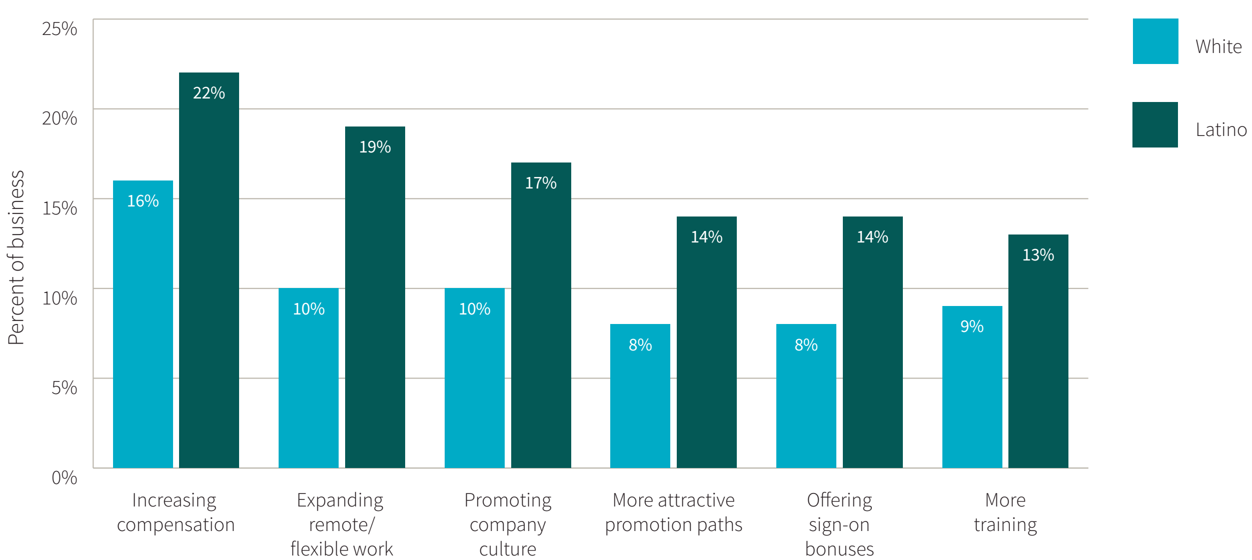


SOURCE: SLEI Survey of U.S. Business Owners, 2022.

In general a higher percent of LOBs are making changes in their business to attract new employees. Among the changes made are: Increasing compensation (22% LOB, 16% WOB), expanding remote or flexible work (19% LOB, 10% WOB), promoting company culture and employee engagement (17% LOB, 10% WOB), offering more attractive promotion paths (14% LOB, 8% WOB), offering sign-on bonuses (14% LOB, 8% WOB), and providing more training and development opportunities (13% LOB, 9% WOB). These results are shown in **Figure 6.5**.

Figure 6.5

Changes to attract new employees



SOURCE: SLEI Survey of U.S. Business Owners, 2022.

CASE STUDY:

MERCEDES ENRIQUE, CMS CORPORATION

"Hey, we bought this small business in Indiana and we thought the gentleman that sold it to us would run it, but the guy is doing a terrible job. Would you like to buy the business?"

That phone call from her brother, back in 2004, marked the beginning of Mercedes Enrique's journey to build CMS Corporation, from a mechanical contractor with a handful of employees and annual revenue of less than $500,000 in 2004, into an award-winning construction contractor that generated around $80 million in annual revenue and employed over 100 people by 2022. As with most success stories, this one required long-term vision, resilience, and a strong support network.

Originally from Venezuela, Enrique moved to Toledo, Ohio, as soon as she finished high-school, when she was 17. After graduating with a computer science and engineering degree, she completed an MBA and went on to pursue a successful career in the corporate world. However, as the daughter of a lawyer and a pharmacist, both of whom owned their businesses, Enrique knew that it was only a matter of time for her to become an entrepreneur: "I knew that entrepreneurship was at my heart," she recalled.

Once the opportunity to buy a fledgling company appeared, Enrique found five investors who believed in her plan and took the leap. Her vision was to build CMS with a focus on construction for defense infrastructure — building bases, hangars, and buildings — which represented a significant portion of the defense and national security spending in the United States.

The first step was to sign up for the U.S. Small Business Administration's (SBA) 8(a) Program, which supported firms owned by "socially and economically disadvantaged individuals." The program proved fundamental in a market with significant barriers to entry. CMS won its first contract with the help of a mentor who was an established federal contractor, assigned to them by the SBA in April 2006. The mentor had a mature portfolio of federal contracts and significant past performance experience, which allowed Enrique to quickly get up to speed with best practices in the space: "I was never shy to go to very successful Latino business owners and ask them 'How did you do it? Why did you do this?'" In the nine years that followed, the company was awarded around $100 million worth of federal contracts, partly due to the strategy of forming joint ventures with larger businesses to bid for contracts.

In 2014, the year CMS graduated from the 8(a) Program, one of the large contractors with which it had partnered filed for bankruptcy. As a result, CMS was forced to fulfill five large projects by itself, including setting up electrification for a base in Florida and building a hangar in Guam. It was a difficult year, financially and operationally, since CMS had to almost double in size overnight to rise up to the challenge. "We were not ready to become anything other than small," Enrique said.

The painful experience ended up being transformational for CMS — which entered a phase of accelerated growth in the following years — and for its president, who realized the difficulty of scaling businesses that are federal government contractors. Enrique explained: "When you're considered small, the federal government sets aside more reasonable small business contracts. But, if because of your revenue or your size, you're no longer able to apply for those small business contracts, you just fall off the cliff." Only 2.5% of the companies that exit the small business size standards ever win another federal contract.[v]

A few years later, Enrique decided to block ten weeks of her own calendar to lead a working group with two lawyers and a team of interns, as well as regular check-ins with SBA representatives, to come up with a proposed solution. During week six, the light bulb went off: "One of our interns, in passing during one of the brainstorming sessions, said, 'Why don't we do a transitioning program like the 8(a) Program, but to ramp off of small business?' And I said, 'Stop. That is the answer.'"

The proposal is now a legislative initiative and the bill was expected to be introduced to the Senate after the 2022 midterm elections. When asked about what drives her as a business leader and, more recently, a political activist, Enrique was clear: "'Collaborate, Solve, and Execute,' that's my mindset. And that is CMS' mindset. We have it written all over the place and our people live it; I have not done what I have done because I did it alone."

v Small Business Administration. 2022. "Small Business Size Standards: Professional, Scientific and Technical Services; Management of Companies and Enterprises; Administrative and Support and Waste Management and Remediation Services." Federal Register (87):62. https://www.govinfo.gov/content/pkg/FR-2022-03-31/pdf/2022-06611.pdf.

CASE STUDY:

SAUL MARCHAN, BLU COMMERCIAL CLEANING

Growing up in a working-class family in the 1980s, Saul Marchan experienced firsthand the difficulty that blue-collar workers faced to make ends meet. He recalled: “The core issue that I saw was wages — I always talk to my parents about this; their raises were nickels, dimes, twenty cents. We’re too cut-throat out there; we’re just giving all kinds of pricing without acknowledging who that’s hurting.”

In 2013, Marchan decided to tackle the problem from a fresh perspective and started BLU, a company that provides commercial cleaning services and, more recently, expanded its offerings to include restoration services. His vision was to challenge the commoditization of the cleaning industry by offering not only high-quality services at a fair price point, but also what he always wanted for his parents: Better salaries and benefits.

In order to succeed, Marchan implemented technology in his business to reduce management costs and improve the salaries and benefits of his employees. Instead of the traditional scheduling process in cleaning services, which requires assistants calling customers and employees back and forth to arrange services, Marchan uses data analytics and technology to connect customers with technicians. In doing so, BLU has been able to provide better employee benefits, including increasing the salary of employees by 30%, matching retirement contributions, and providing educational tools to improve the financial literacy of his employees.

Marchan also wanted to change the narrative about cleaning workers: At BLU, they are not referred to as cleaners or janitors; they are “Splash Technicians.” His approach, however, involved more than words. Marchan implemented recruiting and onboarding processes that go beyond cleaning skills: “There is a ‘relationship with people’ aspect to it as well; it’s not just about putting the head down and cleaning.” Additionally, Marchan wanted to reframe the way his clients perceived the importance of cleaning services. “The clients had been educated incorrectly, and a lot of them believe that you should just look at pricing because it is just cleaning. And we say ‘Hey, when you invest in our company, this is what you invest in: You invest in our people, who are out here getting a fair wage, who are going to make your place look even better,” Marchan explained.

As of 2022, BLU employed over 30 people and generated around $2 million in annual revenue, with strong profit margins. On top of that, Marchan wants to bring benefits to employees of other service industries. Bluberry, his second company, is dedicated to build a new business intelligence software to help small and medium businesses with the data they need to make better decisions, including ways to improve employee salaries and benefits.

CASE STUDY:
GUSTAVO SUAREZ, JPG

Gustavo Suarez's first venture in the United States was a small dollar store, not long after his family had moved to the country from Colombia. He was only 19 years old, and the experience was intense: "There was definitely a cultural shock in terms of not only the culture but also of how to do business in America," he reflected. In the 10 years that followed, Suarez tried to build an auto accessories business — which failed after a series of financial challenges — and eventually found success as an employee at a tax preparation firm.

In 2015, the Colombian entrepreneur decided to start JPG, an accounting firm dedicated to supporting the small business community at affordable rates. The opportunity he recognized was based on his own experience as a Latino business owner: "If you are a non-Latino owner and you've been part of this country for generations, of course you have a support system. We don't have any of that. We are growing businesses from scratch with our bare hands. Our people have no money, so who are we going to ask for money? Our only option is to go to the banks, but when we go to the banks, the system just doesn't communicate with us."

One of JPG's clients, for example, had reached out seeking help with its loan application process. The undertaking was convoluted, requiring endless documents and registration records, which the founders neither had nor comprehended. From Individual Taxpayer Identification Numbers (ITIN) and financial statements, to collateral details, the list was long and written in unnecessary jargon. Although Suarez understood the company needed data and evidence to manage its own risk exposure, he pointed out the impact such complexity had on the entrepreneur: "Please imagine an immigrant, first generation, no one ever in the entire family opened a business — the lack of financial literacy limits the applicant from being able to fulfill the application... And it's just paperwork, bureaucracy, the chances that Garcia Construction will actually get approved were close to none."

Another example was an entrepreneur who had started a home daycare business to support families in their neighborhood. After running the small operation for about 15 years and reaching six figures in yearly profits, they were interested in getting a loan to buy the property where the services were provided. "Once they started going through the process, they wanted to give up every single day, 'I don't have that, they want this, they want that.' And because of a lack of understanding, they were scared." In a process that lasted 9 to 12 months, JPG helped the small venture formalize its operations, organize its documents, navigate the complicated loan process, and even negotiate the property acquisition.

It was hard work but almost eight years later, Suarez's vision proved prescient. As of 2022, JPG had around 30 employees and generated over $1 million in annual revenue. "I never, never want to sound like we are victims.... [Almost] 70 million Latinos live in the U.S., and [about] 5 million small businesses are Latino-owned. We just don't understand yet the superpower of it," he concluded.

SECTION VII
CONCLUSION

Data from annual SLEI Surveys of U.S. Business Owners and the U.S. Census Bureau continue to showcase the rapid growth and contributions of LOBs to the U.S. economy. Outpacing the growth rate of employer businesses, as well as revenue and payroll growth rates of American businesses and WOBs,[24] LOBs are a prominent source of economic activity. Furthermore, LOBs continue to be resilient and eager to achieve success. Despite the unprecedented challenges of the COVID-19 pandemic, which disproportionately impacted LOBs,[25] LOBs have recovered at a slightly faster rate than WOBs. Our findings also show that LOBs are innovative and proactive as they use more marketing strategies and social media platforms to sell their products and services, and have implemented more strategies to retain and recruit employees than WOBs during the Great Resignation.

Despite their contributions to the American economy, LOBs continue to face challenges that limit their ability to reach their full potential. The findings of this report reveal that LOBs receive contracts from governments and corporations that are substantially smaller than WOBs. At the same time, securing these contracts takes LOBs longer than WOBs. Additionally, we find that although LOBs seeking funding have similar –if not better– business metrics than WOBs, LOBs continue to have lower approval rates when seeking loans from national banks that are greater than $50,000. These hurdles have been proven to hurt not only U.S. businesses, but also employees and the American economy at large.[26]

We hope the findings of this report help inform policymakers, lending institutions, business owners, organizations supporting U.S. businesses, and the American public about the challenges and opportunities that LOBs face in the United States. Besides sparking dialogue, we intend to inform data-driven policies, programs and decisions related to Latino and minority businesses in the United States.

APPENDIX
A. METHODOLOGY

OVERVIEW OF THE SLEI SURVEY OF BUSINESS OWNERS

Since 2015, the Stanford Latino Entrepreneurship Initiative has collected national survey data on Latino-owned businesses across the country and Puerto Rico on a yearly basis and revealed the findings about six months later in the State of Latino Entrepreneurship report. Similar to the past two years, our sample includes White business owners for comparative purposes. To be considered for the Latino business owner sample, respondents must answer these questions affirmatively: (1) Are you a business owner with 50% or more ownership, and (2) are you of Latino or Hispanic origin. Latino business owners are of any race, whereas White business owners must indicate they are not Latino or Hispanic. Additionally, we focus on employer businesses for the reasons outlined in the "About this Report" section. We exclusively include businesses earning over $10,000 in annual revenue to parallel Census survey parameters.

The SLEI Survey of Business Owners was conducted in English and Spanish to capture a wider segment of U.S. Latinos from June 27 to September 9, 2022. The survey was administered online with an average completion time of 23 minutes (median 17). Respondents were obtained through proprietary Qualtrics business panels. The sample size is 10,028, consisting of 5,017 White business owners and 5,011 Latino business owners.

We report findings based on statistically significant differences when comparing two groups and note places where there are no differences from a statistical vantage point. The SLEI survey has an overall margin-of-error of +/- 1.0% at the 95% confidence level.

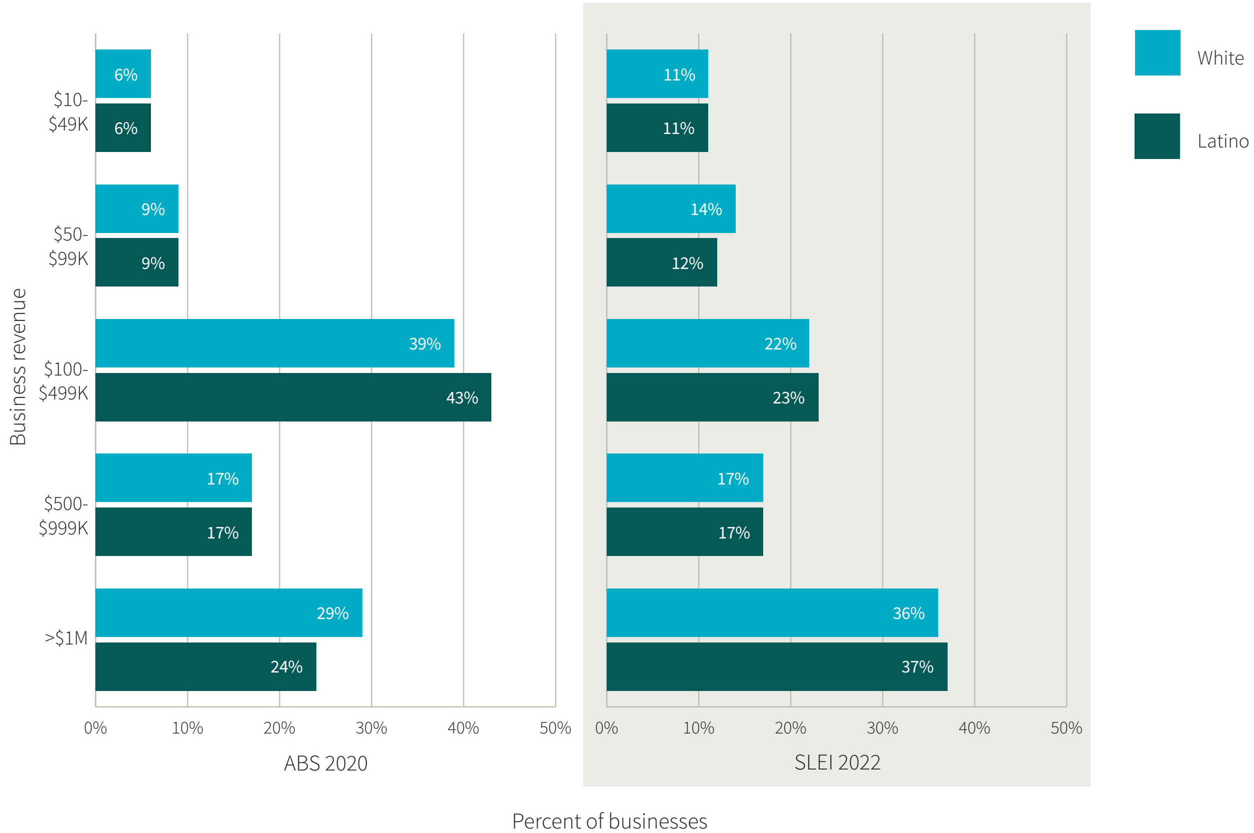
POST-STRATIFICATION WEIGHTS

We employ post-stratification weights to account for differences in sample sizes and different indicators to have estimates that are proportional to the national population of each group. Specifically, we use the raking technique, which uses iterative post-stratification weights to match the marginal distributions of each survey sample to known population margins. We stratify based upon industry, region, and firm size (in terms of both employees and revenue). We then compare the group of businesses in each stratum to the comparable population of businesses in the nation.

All samples were compared to the 2020 U.S. Census Annual Business Survey (ABS). Our samples are generally representative of employer businesses at large in terms of industry, geography, and age of business. **Figure A.1** compares the business revenue between the unweighted 2022 SLEI survey and the 2020 ABS.

Figure A.1

2022 Unweighted SLEI survey compared to 2020 ABS (business revenue)



SOURCE: SLEI Survey of U.S. Business Owners, 2022, and U.S. Census Bureau Annual Business Survey, 2020.

To assess the contracts that LOBs and WOBs received from governments and corporations in the past year, we used different measures of central tendency, including means, medians and interquartile ranges (IQR). Consistent with previous studies, we dropped observations below $1,000. The mean consists of the sum of every observation divided by the total number of observations with reported contracts. The median presents the midpoints of each category of contracts for both LOBs and WOBs, presenting more stability in the presence of outliers. The last measure of central tendency is IQR, measuring the spread of the middle half of a variable. IQRs consist of the range for the middle 50% of our sample, and calculated as the difference between the 75th percentile (Q3) and the 25th percentile (Q1). Similarly to the median, IQR is less affected by outliers than the mean. Although the three measures of central tendency presented different differences among LOBs and WOBs contracts received, the trends are generally consistent, with LOBs generally receiving significantly smaller contracts than WOBs.

A CLOSER LOOK AT NATIONAL BANKS: BUSINESS METRICS AT THE TIME OF APPLICATION TO NATIONAL BANK LOANS

The estimates presented in **Figure 3.2** are based on descriptive statistics of businesses seeking loans from national banks, comparing LOBs to WOBs at the time of application. Individually, each metric of LOBs was divided by the corresponding metric of WOBs; in this way, bars above one imply that LOBs outperform WOBs in a given indicator, whereas bars below one convey that LOBs are below WOBs metric.

We assess the performance metrics and assets of businesses that reported applying for a business loan from a national bank within the past 12 months when respondents took the survey (see Overview of the SLEI Survey of business owners for exact dates). Besides business metrics such as gross revenues, profits, business credit scores, geographical reach of products and/or services, and payroll employees, we include personal and business assets that can be used as collateral if requested as our research has shown that LOBs are more likely to be asked for collateral when requesting loans.[27] Additionally, we incorporate personal metrics of business owners such as personal credit score, years of experience and educational attainment as these characteristics have been shown to influence financing opportunities.[28]

B. GLOSSARY OF TERMS

BUSINESS ECOSYSTEM

A network of individuals and organizations that work together toward shared goals, facilitate joint learning, and engineer effective ways to capture profit. While some business ecosystems evolve through happenstance, others are created through intentionality and the organized work of a lead firm.

BUSINESS-TO-BUSINESS (B2B)

A business that sells products or services to other businesses.

BUSINESS-TO-CONSUMER (B2C)

A business that sells products or services directly to consumers.

BUSINESS-TO-GOVERNMENT (B2G)

A business that sells products or services to federal, state, or local agencies.

COLLATERAL

Assets currently owned such as an auto, home, or business equipment that can be used to secure a loan.

EMPLOYER BUSINESS

A business or firm that has employee(s) on payroll. These firms are poised to have the greatest impact on the economy and job creation compared to non-employer firms.

ENTREPRENEUR

Someone who starts or owns a business, regardless of industry or business idea. Used interchangeably with business owner.

LATINO-OWNED BUSINESS (LOB)

Firms with 50% or more ownership corresponding to an owner(s) who identifies as Latino or of Hispanic origin regardless of their race. To parallel U.S. Census parameters, in this report we define LOB as employer firms (with at least one employee on payroll besides the owner(s), generating at least $10,000 in annual revenue.

NON-EMPLOYER FIRM

Firms with no paid employees, annual business receipts of $1,000 or more ($1 or more in construction industry), and subject to federal income taxes. These firms make up three quarters of all U.S. businesses but account for only about 3% of business receipts, according to the SBA.

SCALED BUSINESS

A firm that is generating at least $1 million in annual gross revenue.

UNSCALED BUSINESS

A firm that is not yet generating at least $1 million in annual revenue.

WHITE-OWNED BUSINESS (WOB)

Firms with 50% or more ownership corresponding to an owner(s) who identifies as non-Hispanic White. To parallel U.S. Census parameters, in this report we define WOB as employer firms (with at least one employee on payroll besides the owner(s) generating at least $10,000 in annual revenue.

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