

Hispanics Set The Pace In Business Ownership

by Frank Green

David Salazar, a first-generation Colombian-American, is one of a growing number of Hispanics taking their places in the small-business ranks. Culturati Research, a marketing-research firm he co-founded in San Diego two years ago, earns \$2 million a year providing Procter & Gamble, Nestle and other companies with marketing data on the booming Hispanic marketplace. "There are so many business opportunities out there. ... You just have to get your hands dirty," said Salazar, 29. The ranks of Hispanic-owned businesses in the United States grew 43 percent, to 1.6 million, from 1997 to 2002 - quadruple the growth of all companies. The companies generated about \$222 billion in revenue, up 19 percent, according to a new report on Hispanic businesses from the U.S. Census Bureau. The rate of growth in Hispanic businesses exceeds the growth rate in the country's Hispanic population, which increased 23 percent to 37 million. Marketing experts said that many Hispanic-owned companies benefit from wider social and cultural acceptance in the overall marketplace. "Hispanics are rapidly assimilating into mainstream U.S. culture. ... They comprise the fastest-growing market in the U.S.," said George Belch, chairman of the marketing department at San Diego State University. In California, the number of Hispanic-owned businesses grew 27 percent, to 427,800, from 1997 to 2002, according to the new report. Comparable population growth figures are not available, but California's Hispanic population grew 43 percent in the 1990s, according to the San Diego County Chamber of Commerce. The majority of Hispanic companies in the United States overall are in construction or service businesses, such as repair and maintenance, the Census Bureau said in its report. Diana Zuniga, for instance, opened her one-person insurance company in Escondido, Calif., two years ago, using \$70,000 she'd saved from training agents for another firm. The company now has about 200 clients. About 87 percent of Hispanic-owned companies are one-person operations. Language barriers and lack of access to financing and education were cited as the primary hurdles facing would-be Hispanic entrepreneurs in a recently issued study on Mexican-American entrepreneurship. The study, co-written by economics professor Christopher Woodruff at University of California San Diego, found that the median net worths of native-born and foreign-born Mexican Americans were \$28,690 and \$6,276, respectively, compared with \$76,685 for white non-Hispanics. The disparity in educational levels was equally striking: Non-Hispanic whites average 13.7 years of schooling, compared with 12.6 years for U.S.-born Hispanics of Mexican descent and nine years for Mexican-born immigrants. Woodruff, director of the Center for U.S.-Mexican Studies in San Diego, said one way to bring more Hispanics into business ownership is to provide greater access to business loans and other financial support. "The Hispanic population, in general, uses the financial system at lower rates," he noted. Hispanic entrepreneurs who have trouble taking their small operations to the next level typically face the same problems as any business owner, said Ruben Garcia, district director of the U.S. Small Business Administration. "They're underprivileged, in the wrong industry or not qualified," said Garcia, noting that 60 percent of all small businesses fail in the first year. Moreover, 50 percent of Hispanics prefer doing business in Spanish, limiting their marketing potential, he added. Zuniga agreed that some Hispanic businesspeople have trouble marketing to other cultures partly because of language barriers. "They are in their comfort zone in their own culture," she said. Garcia said his agency works with about 80 loan and venture capital companies to assist Hispanic-owned and other small businesses. Local nonprofits also provide loans to micro-enterprises that are not big enough to land assistance from banks and loan companies, he said. "The resources are there if people want them," Garcia said.

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