

Latino Small Businesses: What makes them fail or succeed?

José L. García-Pabón, Ph.D.

Associate Professor and Specialist

Latino Community Studies and Outreach

Garciajl@wsu.edu



PURPOSE



- **EXAMINE THE ORIGIN, BACKGROUND AND OPERATION OF LATINO BUSINESSES IN WASHINGTON STATE**
- **GAIN A DEEPER INSIGHT INTO THE ISSUES LATINO BUSINESSES FACE THAT HINDER THEIR SUCCESS**
- **IDENTIFY EDUCATIONAL NEEDS**
- **PROVIDE FUTURE TRAINING**

METHODS



- **TELEPHONE SURVEY IN THREE COUNTIES (82 BUSINESSES SURVEYED)**
- **THREE FOCUS GROUPS (8-10 PARTICIPANTS IN EACH)**



RESEARCH FINDINGS:

- **CHARACTERISTICS**
- **REASONS FOR HAVING A BUSINESS**
- **LANGUAGE**
- **BUSINESS ADVISORS**
- **POSITIVE FEELINGS ABOUT THEIR BUSINESSES**
- **CONCERNS AND WORRIES ABOUT THEIR BUSINESSES**



CHARACTERISTICS OF PARTICIPANTS

- **MALES 57.3%, FEMALES 34.1%**



Educational Level Completed	%	Sample	WA
		%	%
Never attended school	1.2	9.8	10.0
Less than 9th grade	4.9		
9th to 12th grade, no diploma	3.7		
High School Graduate, GED	14.6	14.6	23.6
Some college credit, but no diploma	18.3	26.8	34.8
Associate, Technical or Vocational degree (2-year)	8.5		
Bachelor's degree	22.0	22.0	20.2
Graduate or professional degree	18.3	18.3	11.4

TYPES OF BUSINESSES

- **RESPONDENTS INCLUDED BOTH WHITE AND BLUE COLLAR BUSINESSES**

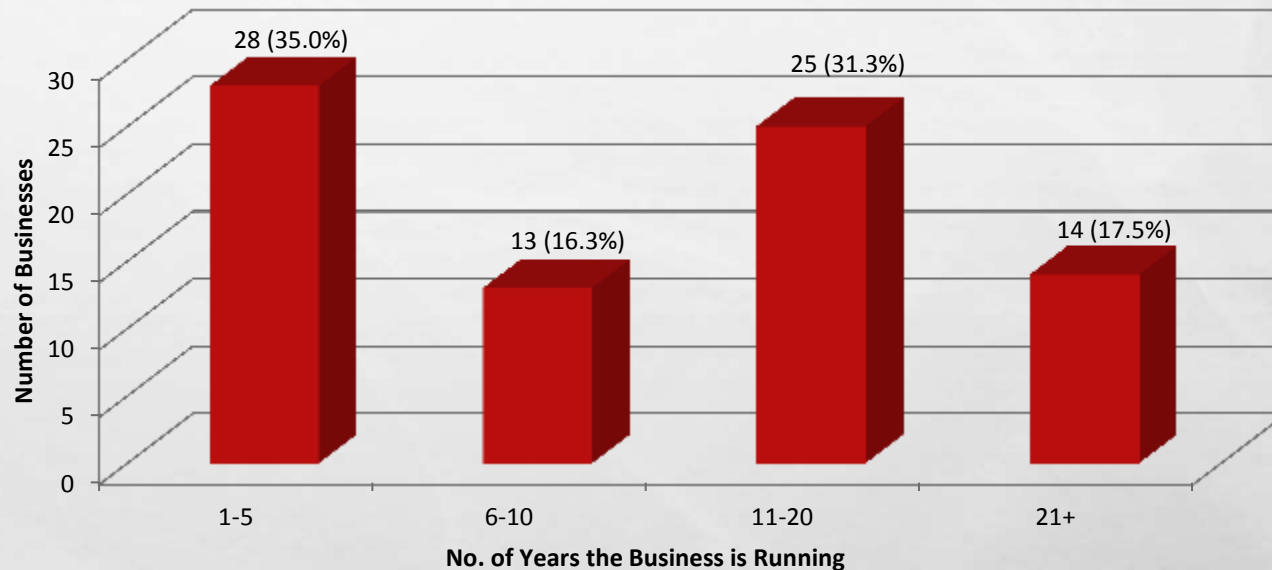


Business Category	n	%
Customer or consumer service	21	25.6%
Restaurant, Tavern, Bar or Nightclub	16	19.5%
Business Consulting or Service	15	18.3%
Retail Store	8	9.8%
Construction	5	6.1%
Wholesale Distribution	4	4.9%
Insurance, Real Estate, Finance, Health, Manufacturing, Transportation	13	15.9%

NUMBER OF YEARS IN BUSINESS

- FROM 1 TO OVER 21 YEARS

Number of Years the Business is Running



REASON TO CHOOSE THEIR BUSINESS INDUSTRY

RANK ORDER OF 4 ALTERNATIVES PRESENTED:

1. HAD INDUSTRY EXPERIENCE

2. HIGHER INCOME POTENTIAL THAN BEING AN EMPLOYEE

3. DID NOT NEED MUCH CAPITAL

4. DID NOT NEED ADDITIONAL SPECIALIZED KNOWLEDGE



REASONS FOR HAVING A BUSINESS

RANK ORDER OF 5 PRESENTED REASONS:

- 1. TO ENSURE FINANCIAL STABILITY FOR ME AND MY FAMILY**
- 2. TO BE MY OWN EMPLOYER**
- 3. TO SERVE MY COMMUNITY**
- 4. TO PASS THE BUSINESS ON
TO MY CHILDREN**
- 5. TO PROVIDE EMPLOYMENT
TO FAMILY MEMBERS**



BESIDES MONEY, WHAT IS IMPORTANT ABOUT YOUR BUSINESS? (FOCUS GROUPS)

- **HAVING A GOOD PRODUCT**
- **HAVING A GOOD IMAGE FOR THE BUSINESS**
- **GOOD CONNECTIONS LEADING TO NEW BUSINESS**
- **GOOD BUSINESS PLAN**
- **QUALIFIED LABOR FORCE**
- **GOOD ADMINISTRATION**



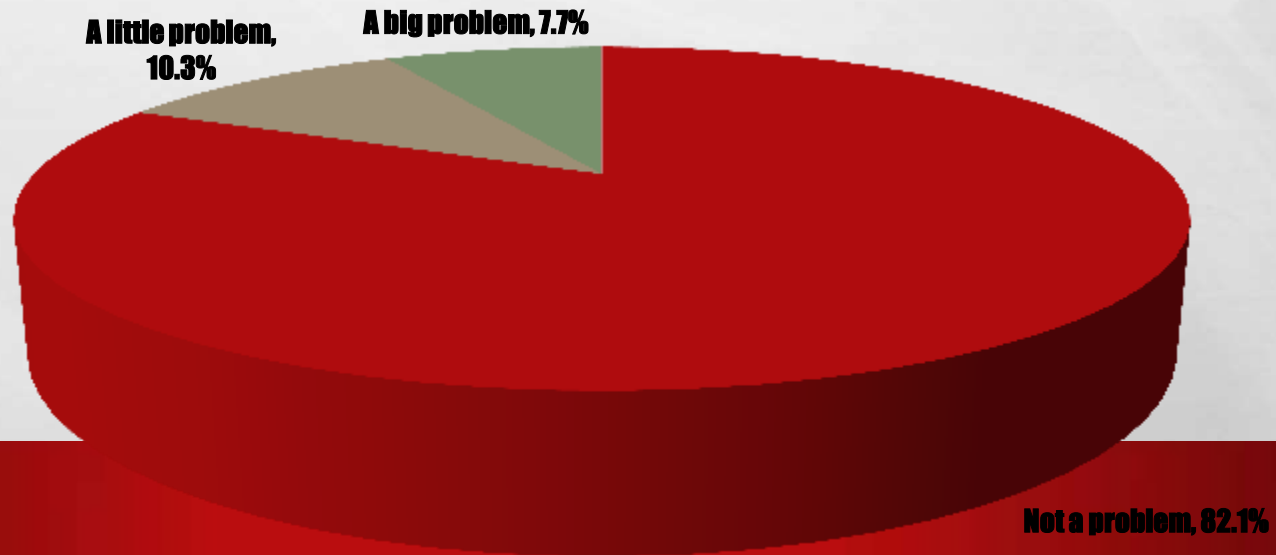
LANGUAGE USED IN THE BUSINESS

- **ABOUT 75% OF PARTICIPANTS CONDUCTED BUSINESS IN BOTH ENGLISH AND SPANISH**
- **17% OF RESPONDENTS SAID MORE THAN HALF THEIR MARKET REQUIRED CONDUCTING BUSINESS IN SPANISH ONLY**



COMMUNICATING WITH ENGLISH-ONLY CUSTOMERS

- **82.1% FIND IT NOT TO BE A PROBLEM**



USE OF LANGUAGE (FOCUS GROUPS)

- **BUSINESS NEEDS TO BE BILINGUAL SINCE NOT ALL HISPANICS SPEAK SPANISH**
- **CONCERN ON MISTAKES BY SPANISH LANGUAGE CUSTOMERS WHO TRY TO SPEAK IN ENGLISH**
- **THE MOST SUCCESSFUL SPANISH SPEAKING OWNERS DEALT PRIMARILY WITH ANGLO CLIENTS**
- **CONSULTANT ADVICE AND COACHING IS PREFERED IN SPANISH**



BUSINESS ADVISORS (FOCUS GROUPS)

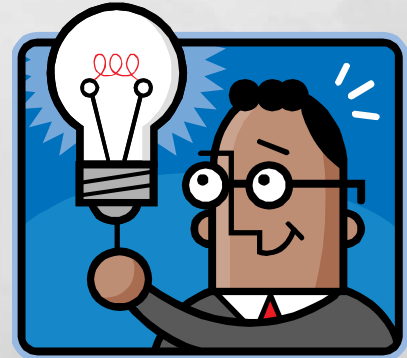


- **MAJORITY OF PARTICIPANTS KNEW OF PROFESSIONAL BUSINESS ADVISORS**
- **SOME USED AN ACCOUNTANT TO WRITE A BUSINESS PLAN**
- **OTHERS USED MENTORS, CONSULTANTS AND TRAINING PROGRAMS**
- **ALL SEEMED VERY AMENABLE TO RECEIVING BUSINESS ADVISING**

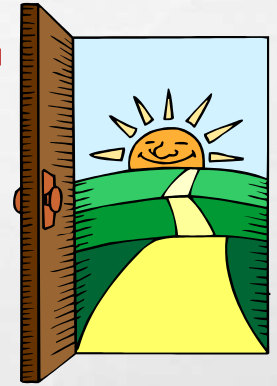
EXPECTED QUALITIES IN A BUSINESS ADVISOR

RANK ORDER OF FOUR QUALITIES PRESENTED:

- 1. IS KNOWLEDGEABLE ABOUT SMALL BUSINESS**
- 2. CAN BE TRUSTED**
- 3. IS CLOSE BY**
- 4. SPEAKS SPANISH**



WHAT MAKES YOU FEEL GOOD ABOUT YOUR BUSINESS? (FOCUS GROUPS)



- **THE FREEDOM TO WORK INDEPENDENTLY**
- **THE ABILITY TO TAKE A BREAK ANYTIME AND WORK ON YOUR OWN SCHEDULE**
- **FINANCIAL FREEDOM**
- **THE OPPORTUNITY TO TAKE ADVANTAGE OF YOUR OWN ABILITIES**
- **THE ABILITY TO EXPRESS YOUR PASSION FOR YOUR BUSINESS AND ACT ON YOUR CONVICTION ABOUT HOW TO DO THINGS RIGHT**

WHAT MAKES YOU FEEL GOOD ABOUT YOUR BUSINESS? (CONT.)

- **THE ABILITY TO HELP OTHERS, BE OF SERVICE TO THEM AND MAKE HAPPY CLIENTS**
- **THE SATISFACTION FROM CLIENTS LISTENING TO YOUR RECOMMENDATIONS AND HEARING THEIR APPRECIATION FOR HOW YOU HAD HELPED THEM**
- **LEARNING FROM CLIENTS--SOMETIMES YOU LEARN MORE FROM CLIENTS THAN YOU GIVE TO THEM**
- **KNOWING THAT WHEN CLIENTS LIKE YOUR WORK, IT WILL HELP YOUR BUSINESS WITH WORD OF MOUTH**



WHAT WORRIES YOU? (FOCUS GROUPS)



- **FINDING AND HIRING QUALIFIED EMPLOYEES**
- **MEETING GOVERNMENTAL REGULATIONS AND LICENSING REQUIREMENTS**
- **THE UNCERTAINTY OVER HAVING ENOUGH WORK IN THE FUTURE AND MAKING ENOUGH MONEY TO PAY BILLS AND TAXES**
- **CONFLICT BETWEEN BUSINESS DEMANDS AND THE NEEDS OF THE FAMILY**
- **DEALING WITH NEGATIVE EMPLOYEES**

WHAT WORRIES YOU? (CONT.)

- **BUSINESS NOT BEING WARM, FRIENDLY AND PERSONABLE TO CREATE RECOMMENDATIONS**
- **NOT UNDERSTANDING THE REAL OPPORTUNITY THE BUSINESS PRESENTS**
- **NOT UNDERSTANDING THE IMPORTANCE OF CUSTOMER SERVICE FOR FUTURE BUSINESS**
- **NOT PROMOTING THE BUSINESS TO NEW CUSTOMERS**

**DON'T
PANIC**

Gracias

