

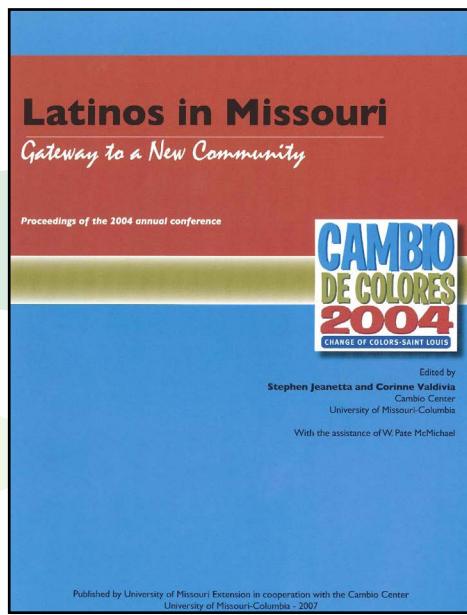


Proceedings of the 3rd Annual Conference
Latinos in Missouri:
Gateway to a New Community
A multistate conference about integration of immigrants
March 10-12, 2004 in St. Louis, Missouri
www.cambio.missouri.edu/Library/

Listening to Latino Business Owners

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Abstract

My study, Listening to Latino Business Owners, confirms the varied needs of Latino business owners for business assistance in the Greater Kansas City Metropolitan Area. The findings identify problem areas for which services are needed to increase the likelihood of Latino businesses' success and growth. In addition, barriers which prevent Latinos and Latinas from taking full advantage of business-learning opportunities that are available were found to include: a lack of comfort with the various structures of doing business, few service providers who speak Spanish, unclear expectations for various learning formats, and technology access.

In addition, I explore the issue of trust as it relates to Latino business owners and service providers who are not Latino. Findings suggest that experts may move too quickly to providing advice, counsel, and problem solving, thus alienating Latinos. I also explore feelings of discrimination and prejudice against Latinos and how Latino business owners handle these issues.

Finally, I recommend six new opportunities to meet current needs of Latino business owners which include a focus on the duality of community and company, family business and its unique needs within this particular culture, and appropriate programming that addresses the problems encountered starting a business, later in operations, and during business growth.

Keywords: Latino business owners, Latino entrepreneurship, Latino business success

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This study of Latino business owners in metropolitan Kansas City is the result of a collaborative effort by many organizations, primarily the Hispanic Chamber of Commerce, the Kauffman Foundation, and the Business Research and Information Development Group. Respondents were mostly male, middle-aged, experienced in their chosen line of business, and in business for an average of eight years. 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 primary focus of the research study was to discover areas of need in terms of programming, services, and products that may increase the number and growth of new Latino companies in the Kansas City Metropolitan Area. Using survey research and interviews, this study identifies the problems most often experienced by Latino business owners when starting a business as 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.

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 businesses. In another paper, I compare these problem areas by race/ethnic group; however, this study reveals that Latino business owners experience most of the same problems as other small business owners and entrepreneurs when they begin businesses and at the current time. Some Latinos expressed a lack of comfort with the various structures of doing business and noted a lack of service providers who speak Spanish. Familiarity with the language and culture would increase their comfort and trust levels with business assistance providers.

In the survey, Latino 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 consulting in Spanish may be an added benefit for Latino business owners. The unavailability 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.

Opportunities to partner with trade and professional organizations to bring business-assistance programming to the business owner are evident from the places Latino 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.

The research confirms the need for multiple learning strategies when attempting to reach Latino business owners. Providing a variety of formats and delivery methods will increase the willingness of participants to attend workshops, seminars, and classes.

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 it is 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 business owners than with individuals of other races 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.

The desire for bilingual or Spanish language capability, or both, is also important when service providers wish to do business with this community, especially recent immigrants and first-generation Latinos. Recognizing this need may motivate more service providers to partner together to provide this Spanish language capability.

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 sources of 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—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, which confuses and misleads 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 business owners include the following:

1. The creation and implementation of programming that informs, assists, and teaches family business. It should also explain 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 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 role of facilitator in learning must reflect these differences.
5. Latino business owners are highly motivated to be successful and make a contribution to their community. 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 business owners by current business owners since about three-fourths of the respondents indicated this was a motivational influence.

In summary, this descriptive study of Greater Kansas City Latino business owners reveals a highly motivated group of individuals who 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 a myriad of 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 Latinos, 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.