“Lacking in most mainstream media coverage of the economic recovery is the key role played by small business growth. And an all-to-often overlooked factor is the impact of Hispanic entrepreneurs.” -- Poder360

“As the fastest growing business segment in the country, Hispanic business owners are a large indicator to the economic stability of the US. Quite bluntly, if the Hispanic small business community falters, the small business community is weakened. If the overall small business community fails, the US economy fails.” -- M.L. Barrera, “Back to Business: Giving a Small Business a Voice”
Latino Demographics
Between 2000 and 2010, Washington State experienced a 54.9 percent growth in the Latino/Hispanic population (from 441,500 to 684,000) compared to only 14.2 percent growth for the total population, making Latinos the largest and fastest growing minority in the state. The Latino share of Washington's total population went from 7.5 percent in 2000 to an estimated 11.3 percent in 2011 or 760,272 (US Census, 2011). In the last several decades, every county in Washington has seen an increase of Latinos; however, many are concentrated in eastern rural Washington counties such as Franklin (64 percent of the total population), Adams (58 percent), and Yakima (46 percent).

Despite this growth and their increased visibility and social, cultural, and economic contributions, Latinos (particularly first generation Latino immigrants) face significant and unique challenges such as educational attainment, health issues, small businesses and farms failure, discrimination, poverty, cultural and linguistic barriers, and others.

In this article, I explore the contributions and challenges of Latino entrepreneurs in Washington State and the efforts of the Latino Community Studies and Outreach Program at Washington State University to provide technical assistance and support.

The Situation of Latino Immigrant Entrepreneurs
Entrepreneurship is considered the engine of economic growth and job generation. Furthermore, entrepreneurs have been an enormous influence in shaping the current economic system in the US (Moss and Grunkemeyer, 2009; Mendoza, 2008). Latino immigrants tend to be entrepreneurial and risk takers. The fact that many of them leave everything in their home countries to come to the US, sometimes at great risk, indicates they pursue opportunities, no matter what.

In Latino and immigrant communities, members quickly identify niche markets for potential small businesses. Indicative of this, is that in a large number of rural towns and in urban neighborhoods consumers will likely find some kind of Latino-oriented businesses such as restaurants and grocery stores and non-ethnic businesses run by professional Latinos such as family medicine practices and insurance agencies. The Fiscal Policy Institute (2012) identified 15 industries with the largest presence of Latino owned businesses. At the top of the list are construction, restaurants, real estate, landscaping services, truck transportation, and cleaning services.

Other industries that require a higher education degree and made the top-15 list include physicians, management, scientific and technical consulting, and legal services. Latinos constitute the largest percentage of start-up businesses in Washington with nearly 18,000 businesses operated by Latinos (about 3.2 percent of all businesses) totaling over $9.7 billion in sales receipts and employing over 15,300 individuals (US Census, 2007).

Counting and accurately measuring Latino businesses is particularly difficult due to the informal operations of some of them and the difficulties they face in accessing services. This leads to them not being counted by agencies and formal services (Delgado, 2011). A further complication is that Latino small businesses show the highest failure rates with up to 50 percent failing in the first year of operations and another 35 percent failing by the fifth year (Mendoza, 2008).

These data, my own observations, studies and testimonials suggest that Latino immigrant small businesses face very unique challenges including:
1. Limited access to capital;
2. Inadequate or no information on rules and regulations;
3. Lack of trust in or reluctance to use formal small business assistance programs;
4. Insufficient culturally appropriate and linguistically accessible financial and training services;
5. Inexperience in business planning; and
6. Inadequate knowledge on business management practices, marketing, and financial stewardship.

Despite the various challenges for these entrepreneurs, they are opening businesses at almost twice the rate of all other groups in the state (Washington State Commission on Hispanic Affairs, 2011).

Is There a Latino Small Businesses Profile?
There is little scholarly work on the characteristics of Latino small business. Nevertheless, a common profile for Latino small businesses is that they are small, have annual revenues of less than $250,000, have very few employees, and do business locally (Grossman 2007). Such a profile provides only an incomplete picture and may hide important variety and diversity within the Latino business community. Other factors such as geographical location (rural vs. urban), length of residency, and immigration status influence the shape.
of a Latino business. Moreover, gender and educational attainment will influence decision towards one or another industry. For instance, college educated Latinos will more likely own technical, engineering, medical and law companies whereas lower educated Latinos will tend towards cleaning and landscaping services. Similarly, female Latinas will be more represented in day care services and male Latinos in construction. On the other side, there are very important motivators and values common among Latino entrepreneurs. Family involvement in running the business is crucial for the success of Latino businesses as is the desire for autonomy. Being one’s own boss is an important motivator.

**Supporting and Strengthening Latino Entrepreneurs**

In 2009 Washington State University initiated concerted efforts to reach out and assist Latino small businesses and Latinos interested in becoming small business owners. To do that, as the Latino Community Studies and Outreach specialist, I joined the Microenterprise Assistance Pilot Project (MAPP), funded by the Northwest Area Foundation to reach out to hundreds of small business owners and potential ones in heavily Latino populated counties in rural Washington. After MAPP was completed, we established another project called “Assistance to the Financial Health of Latino and Minority Businesses” (ASFINLA for its acronym in Spanish). Through ASFINLA we taught a series of targeted bilingual workshops, organized weekend entrepreneurship trainings, held local business forums and fairs, and engaged numerous local partners in counties with low self-employment, shortage of small businesses, and a large percentage of Latino immigrants.

Further, we provided one-on-one technical assistance and referral services, and conducted diversity training for our partners. The statewide ASFINLA effort evolved from a successful local model of Latino small business assistance pioneered in Skagit County, Washington.

ASFINLA’s ingredients of success include:

- Trust. Establishing a trusting relationship with the client before anything else is the foundation to build upon any technical assistance and training
- Cultural sensitivity and appropriateness. No immigrant community, whether Latino or not, will be responsive to services that do not acknowledge their culture and values.
- Empowerment. We approach whatever task with the attitude of “we are here to learn as much as to teach” as well as meeting them where they are located, not where I am or want them to be.
- Ongoing support. Intense initial individual support is absolutely essential since Latino immigrant entrepreneurs need to navigate a complicated, confusing, foreign, and often unfriendly regulatory small business system.

**Impacts**

Despite the relative short life of ASFINLA, evaluations indicate that participants greatly increased their understanding of what is required to be a successful small business owner. Across all workshops, 70 to 90 percent of the participants indicated a “high” to “very high” increase in: their understanding of a business plan; ability to handle Department of Revenue audits; understanding of the market; awareness of Department of Labor and Industries regulations; readiness to start a business; skills to manage a business; ability to prepare their taxes; and use of technology for business. As an illustration, 83 percent of respondents (n=105) are better prepared to file their taxes correctly. Participants also indicated they would change their business practices to improve efficiency, increase revenues, and obtain adequate insurance for their businesses. Furthermore, several students said that because of the training they are ready to start their business in less than six months and others stated that they use more scheduling tools, the Web, and business software than before. Still others indicated they look at their accounting and budgeting system more frequently. Anecdotal information from participants and partners suggest that we generated over $1 million in business cost savings, access to new loans, and avoidance of regulatory fines and penalties. Additionally, three new Latino businesses opened with the assistance of ASFINLA and local partners in the last five months. Participant testimonies of appreciation include: “Keep these programs going. They are very indispensable,” “Thank you for caring about [Latino] small businesses,” and “I enjoyed it a lot… We hope you continue supporting us.”

**Conclusions**

Our experience through ASFINLA suggests we are beginning to address the disconnect between mainstream financial and training services and the Latino small business community. We work in partnership with many organizations, institutions, agencies, and the private financial sector at the local and state level and have provided cultural competency training to some of
them. These partnerships are crucial in our work with Latino small business. Our work with the Latino Business Retention and Expansion Program in Northwest Washington has helped us reach out to the Latino business and connect to other local partners in the financial service arena. My connections in south central Washington have helped me enlist the Tri-Cities Hispanic Chamber of Commerce as an important local partner for the ASFINLA work with Latino entrepreneurs. Further, partnering with the Association of Washington State Hispanic Chambers of Commerce has helped us access funding from regional foundations such as the Northwest Area Foundation. Collaborating with state agencies (Washington Department of Revenue, Department of Labor and Industries) provided us access to experts on regulations who then trained the Latino small business owner in Spanish. Looking for and finding the right partners is of utmost importance for working with underserved communities.

The Latino business contribution to the Washington economy is evident as Latino businesses increase the tax base and generate employment. Unfortunately, as the title and content of this article suggest, the Latino business community is an overlooked and underserved community. Little research can be found on Latino small businesses not to mention the need for Extension services and outreach programs to establish lasting culturally and linguistic appropriate programs.

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