

Latino Capital: Supporting Small Business

Breakout Session on Monday, September 20, 2021 from 1:30 - 2:30 pm ET

Sponsored by: American Bankers Association, Facebook, JPMorgan Chase & Co., New York Life, United Airlines

Moderator: Jennifer Rodriguez, President & CEO, Greater Philadelphia Hispanic Chamber of Commerce

Panelists: Marlene Orozoco, Lead Research Analyst, Stanford Latino Entrepreneurship Initiative
Rona Fourte, Global Community Engagement – Supplier Diversity Business Management United Airlines
Sandra X Magallon, West Division Area Manager, Chase Bank
Diana Doukas, Manager, Economic Impact, Facebook

Prior to the pandemic, Latino entrepreneurs were the fastest growing demographic in America's small business ecosystem and Latinas were opening businesses at six times the national average. However, the COVID-19 pandemic disproportionately impacted minority-owned businesses that had already faced inequitable barriers to financial and operational solvency. This breakout session brought together leaders to discuss ways to leverage Latino entrepreneurship and policies and programs that support their unique paths to success.

Representative Steven Horsford (NV-4), a former small business owner, served as panel chair and opened the session by acknowledging that entrepreneurs in underserved communities face unique challenges, particularly as our nation recovers from COVID-19. Congressman Horsford touched on the importance of government support and private sector investment in building capital for Latino owned small businesses.

Jennifer Rodriguez, President & CEO of the Greater Philadelphia Hispanic Chamber of Commerce moderated the panel discussion with Marlene Orozoco, Rona Fourte, Sandra X Magallon, and Diana Doukas. The conversation covered a wide range of topics including taking advantage of available education and training programs, the importance of building relationships, ways to expand access to capital, and best practices for adopting technology.

Pre-COVID Trends

In the ten years prior to the pandemic there had been immense growth in the number of Latino owned small businesses - close to 34% growth - this was especially true for Latina owned small businesses. Contrary to misconceptions, this growth was not limited, it was measured across sectors, including in the construction, finance and insurance, and transportation and warehousing industries. Latino owned businesses had been outpacing white owned businesses in terms of revenue growth. While barriers to accessing capital had been an ongoing problem, it has been exacerbated by the pandemic.

Rapid Technology Adoption

COVID-19 has hit minority-owned small businesses particularly hard. Diana Doukas shared highlights from Facebook's recently released, *Global State of Small Business* report that found minority led businesses were 50% more likely to report lower sales compared with this time last year. However, one of the bright spots that has emerged during the pandemic is the rapid adoption of technology and automating processes among Latino owned small businesses.

According to the Facebook report, 51% of Hispanic owned businesses have increased their use of digital tools during the pandemic to transition to online services. Facebook has developed business hubs and resource guides in English, Spanish, and other languages to help guide new users on how to amplify their message. They also provide e-commerce shops, which serves as opportunities for small businesses to modestly invest in the transition from physical to online stores.

Build Professional Relationships

The panelists spoke at length about strategies small businesses can use to graduate from small to increasingly larger businesses. They all agreed that “developing a business is a community effort, not a DIY one.” They pointed to the many supports available to provide professional assistance and emphasized the importance of developing relationships with others in the community.

Dr. Marlene Orozco of the Stanford Latino Entrepreneurship Initiative, presented research that showed that Latino owned businesses that participated in formal business organizations (i.e. Chamber of Commerce, Hispanic Chamber of Commerce, Trade Association, etc.) were more likely to come in contact with capital providers and more likely to apply for and receive Paycheck Protection Program (PPP) funding. She pointed to an example from her research - a network of small Latino businesses shared real time information on receiving PPP loans within their network, this group had an amazingly high 82% success rate in applying for and receiving PPP funds. Dr. Orozco summarized that “organizations are key in terms of synthesizing and distilling information in a constantly changing environment.”

Rona Fourte spoke of the key role relationships play in how United interacts with its suppliers. She encouraged small businesses to work with their local minority business development council to: become certified minority, small businesses; learn from other small businesses; and to access opportunities to interact with large businesses to learn about their contracting and procurement processes.

Seek Support & Training

All panelists agreed that there are many tools and resources available if one knows where to find them. Sandra Magallon highlighted JP Morgan Chase's recently launched Minority Entrepreneurship program, which provides a sustainable financial education curriculum. The program covers digital marketing, building a resilient operation, wealth-building milestones, and one-on-one coaching.

Rona spoke about how United began a program 60 years ago to help diversify the supply chain. It provides employees with training so they can coach small businesses, prioritizing long-term relationships over transactional relationships. “We Stand United” was launched last year to better understand the needs of vendors, including buying, preparation, and scalability to help small businesses compete for opportunities in the supply chain.

Capital is Available

All of the speakers shared examples from their organizations about new and innovative programs designed to provide capital for entrepreneurs and small businesses. Facebook launched “Invoice Fasttrack” to help suppliers with cash flow; it provides the opportunity for suppliers to sell their invoice to Facebook for a low fee to get paid quickly, while they await invoice payment. Chase has made a \$30 billion commitment to advancing racial equity that includes \$2 billion for additional capital for small businesses. They work in conjunction with local organizations to educate small businesses about the recovery funds and grants available.

Parting words for the audience: (optional - if there is space and interest in calling out one or two of these quotes - may also add visual interest to lay out)

- Marlene: “Invest in yourself, apply for a capacity-building program, seek out these resources, get connected to the online community...all trends are pointing to continued Latino growth in businesses.”
- Rona: “Resilience and relationship-building - it's not easy, but there is nothing to preclude you from growing to a mid-size business or a large corporation. As you think about your journey and the aspirations you have for your business, be thoughtful in your planning cycle for how fast you want to grow and how far you want to go. Build relationships to provide support.”
- Diana: “One thing that has stood out to me is the percentage of small businesses that are optimistic about their future...all of us are in this together, to support you - the small business owner. We are listening and we'd like to show up for you.”