



# The Characteristics and Needs of Latino/a-owned Businesses in Southeast LA





# Introduction

Since its founding in 2003, Alliance for a Better Community (ABC) has understood the importance of Latino/as for the Los Angeles region's economic growth and vitality and the importance of Latino/a-owned businesses as a means for building wealth and long-term economic mobility. The Los Angeles metropolitan region is home to more than 31,000 Latino/a-owned employer businesses (LOBs) earning over \$10,000 in annual revenue. These Los Angeles LOBs represent 40% of all LOBs in California and 10% of all LOBs across the country. Their revenue growth rate has outpaced the revenue growth rate of White-owned businesses (WOB) in the Los Angeles metro area. In the past five years, the median compound annual growth rate for LOBs was 5.9% compared to 1.3% for WOBs .

The upward trajectory of Latino-owned businesses is promising, with the Los Angeles region's Latino/a population growing at a rate 3.6 times that of Non-Latino/as . Between 2010 to 2018, the region's Latino/a population added an average of more than 49,819 people per year . In addition, Latino/a business owners also tend to be younger on average. Nationally, roughly 33 percent of Latino/a entrepreneurs are younger than 45, compared to just 22% of non-Latino entrepreneurs . However, Latino/a businesses still face many challenges. For instance, LOBs often start out with less generational wealth and lower credit scores and struggle to obtain loans from traditional financial institutions.

In its commitment to advocating for policies and programs to support Latino/a-owned businesses in the region, ABC implemented a survey to better understand their characteristics and needs. ABC chose Southeast Los Angeles as the geographic focus for this survey. The SELA region comprises Bell, Bell Gardens, Cudahy, Florence-Firestone, Huntington Park, Lynwood, Maywood, South Gate, Vernon, and Walnut Park. Over 80% of the residents of SELA are Latino/a, 61% are native born, 41% are foreign born, and Spanish is spoken in 71% of homes .

5

---

<sup>1</sup> Gomez-Aguinaga, B., Furszyfer, J. Porras, J.I., & Oyer. P. (2023). Los Angeles Metropolitan Area: 2022 Regional Insights on Latino Entrepreneurship. Stanford Latino Entrepreneurship Initiative.

<sup>2</sup> Hamilton, D., & Hayes-Bautista, D. (2022) 2022 Metro Latino GDP Report: Los Angeles - Long Beach - Anaheim MSA. California Lutheran University & UCLA.

<sup>3</sup> Ibid.

<sup>4</sup> Cimini, K. (2020 February 25). Latino small business owners are the fastest-growing group of entrepreneurs in the U.S. CalMatters.

<sup>5</sup> Department of City and Planning. (2017). Southeast Los Angeles Demographic Profile. City of Los Angeles.



# Introduction

Since its founding in 2003, Alliance for a Better Community (ABC) has understood the importance of Latino/as for the Los Angeles region's economic growth and vitality and the importance of Latino/a-owned businesses as a means for building wealth and long-term economic mobility. The Los Angeles metropolitan region is home to more than 31,000 Latino/a-owned employer businesses (LOBs) earning over \$10,000 in annual revenue. These Los Angeles LOBs represent 40% of all LOBs in California and 10% of all LOBs across the country. Their revenue growth rate has outpaced the revenue growth rate of White-owned businesses (WOB) in the Los Angeles metro area. In the past five years, the median compound annual growth rate for LOBs was 5.9% compared to 1.3% for WOBs.

The upward trajectory of Latino-owned businesses is promising, with the Los Angeles region's Latino/a population growing at a rate 3.6 times that of Non-Latino/as. Between 2010 to 2018, the region's Latino/a population added an average of more than 49,819 people per year. In addition, Latino/a business owners also tend to be younger on average. Nationally, roughly 33 percent of Latino/a entrepreneurs are younger than 45, compared to just 22% of non-Latino entrepreneurs. However, Latino/a businesses still face many challenges. For instance, LOBs often start out with less generational wealth and lower credit scores and struggle to obtain loans from traditional financial institutions.

In its commitment to advocating for policies and programs to support Latino/a-owned businesses in the region, ABC implemented a survey to better understand their characteristics and needs. ABC chose Southeast Los Angeles as the geographic focus for this survey. The SELA region comprises Bell, Bell Gardens, Cudahy, Florence-Firestone, Huntington Park, Lynwood, Maywood, South Gate, Vernon, and Walnut Park. Over 80% of the residents of SELA are Latino/a, 61% are native born, 41% are foreign born, and Spanish is spoken in 71% of homes.

---

<sup>1</sup> Gomez-Aguinaga, B., Furszyfer, J. Porras, J.I., & Oyer. P. (2023). Los Angeles Metropolitan Area: 2022 Regional Insights on Latino Entrepreneurship. Stanford Latino Entrepreneurship Initiative.

<sup>2</sup> Hamilton, D., & Hayes-Bautista, D. (2022) 2022 Metro Latino GDP Report: Los Angeles - Long Beach - Anaheim MSA. California Lutheran University & UCLA.

<sup>3</sup> Ibid.

<sup>4</sup> Cimini, K. (2020 February 25). Latino small business owners are the fastest-growing group of entrepreneurs in the U.S. CalMatters.

<sup>5</sup> Department of City and Planning. (2017). Southeast Los Angeles Demographic Profile. City of Los Angeles.

# Methods

The survey consisted of 46 questions designed to obtain descriptive information about Latino/a businesses in SELA, as well as information on challenges and needs faced by business owners. The survey was administered online and in person in both English and Spanish. Community leaders were trained to conduct outreach to business owners and to assist with survey completion using a phone, tablet, or computer. One-hundred and five business owners completed the survey; 95 did so in Spanish and 10 did so in English. Their responses are self-reports, therefore the results must be seen in that context. In some cases, respondents skipped questions, resulting in percentages being based on the respondents per question.

## Results

### About the Businesses

#### Location of Business Operations

The majority of respondents, 59.80%, operate their business from a physical location. The zip codes in which these physical businesses are located include the following:

ZIP CODE	CITY	PERCENT
90255	Huntington Park	27.14%
90262	Lynwood	20.00%
90280	South Gate	17.14%
90201	Bell Gardens	14.29%
90001	Los Angeles (Firestone Park)	11.43%
90270	Maywood	10.00%

For most, the physical location is a brick-and-mortar establishment separate from their home (55.88%), while for a few (5.88%), the physical location is their home.

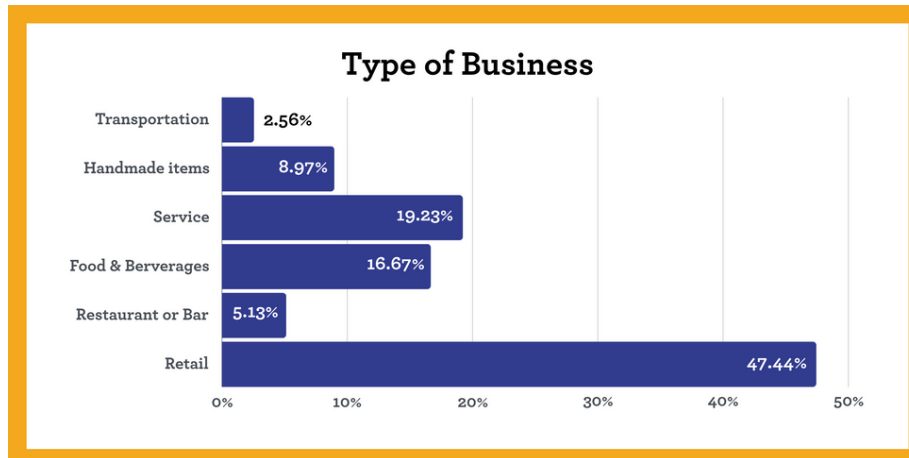
In contrast, 40.20% of survey participants do not have a physical location for their business. Some operate an online website or use social media for sales (11.76%), while 26.47% work at various locations through street vending or small business pop-ups/markets. They operate their business from the following zip codes:

ZIP CODE	CITY	PERCENT
90255	Huntington Park	28.21%
90201	Bell Gardens	17.95%
90280	South Gate	17.95%
90242	Downey	5.13%
90262	Lynwood	5.13%
90270	Maywood	5.13%
	Cities Outside of SELA	12.8%

(70 responses)

## Type of Business

The most common business type among respondents is retail, which included the sale of goods such as flowers, clothing and textiles, jewelry, and fresh or packaged food products; 47.44% of participants indicated that they work in retail. The second most frequently cited business type was service; 19.23% of respondents indicated that they offered a service. Common services mentioned included auto and tire repair, hair styling, legal and tax preparation service, insurance, and working as a locksmith. The sale of meals or hot prepared food through a food truck, catering, street vending, or related means was the business type reported by 16.67% of participants (in the graph, this type of business is labeled as “food and beverage”). Only 5.13% of individuals involved in the sale of meals or hot prepared foods indicated that they do so in a fixed physical location such as a restaurant or bar. Smaller percentages of respondents indicated making and selling handmade items such as jewelry, art, candles, and soap (8.97%) and engaging in transportation activities like trucking or moving (2.56%).



(78 responses)

## Language Used in Business

Business owners primarily conduct their business in Spanish: 80.77% of business owners primarily use Spanish when interacting with clients, while 6.73% indicated using both Spanish and English. Only 12.50% of business owners reported using English primarily in their business interactions with clients.

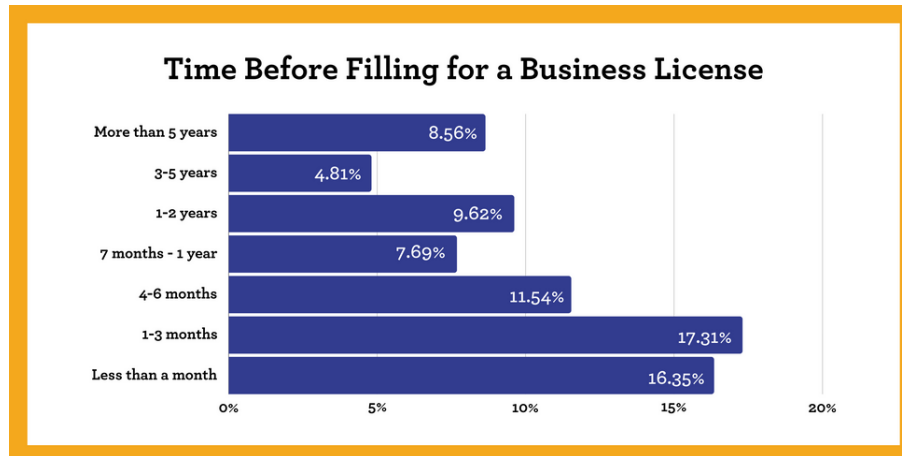
## Business Start-Up

### Motivation

Small business owners who completed the survey were driven by a desire for independence when starting their business: 56.56% indicated that they started their business so they could be independent and 36.36% to meet a community or personal need. Running a business as a path towards or as a result of generational wealth was true for only a small number of business owners: only 3.03% started their business because they wanted to create a path toward generational wealth and only 4.04% inherited their business.

## Business License

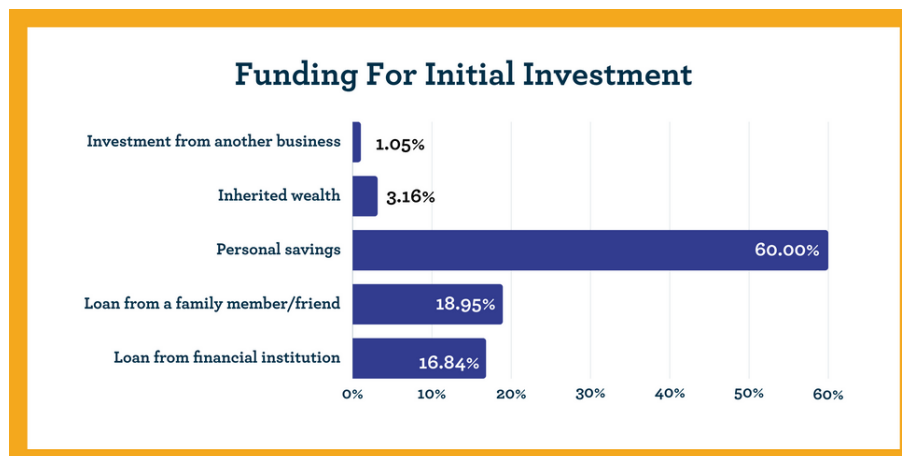
Most business owners surveyed obtained their business license relatively quickly after making the decision to start a business: 45.19% of business owners filed for a business license within six months, with 16.35% filing less than a month after deciding to open a business, 17.31% filing between one and three months, and 11.54% filing between 4 to 6 months. While 75.96% of businesses have their business license, 24.04% do not.



(94 responses)

## Initial Investment

The largest source of funding for initial investment in their business was personal savings (60.00%). Loans were less common, with loans from a family member or friend (18.95%) slightly exceeding loans from a financial institution (16.84%).



(85 responses)

## Year Business Was Founded

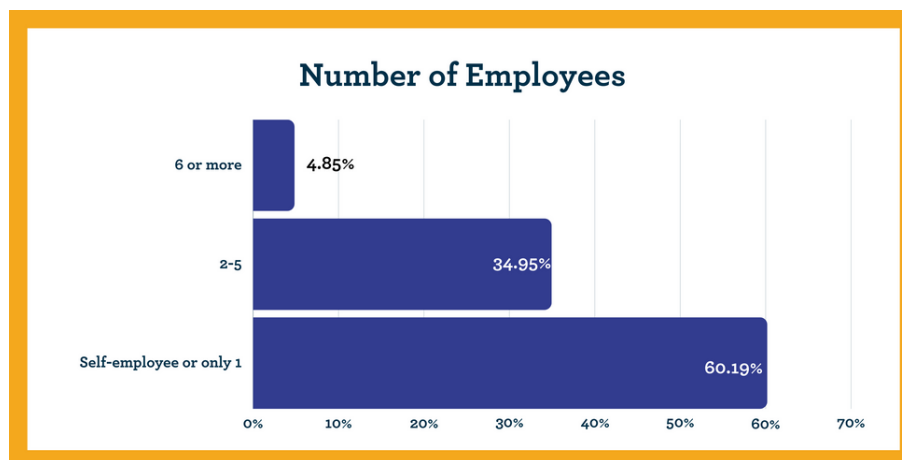
Over half the businesses were founded between 2000 and 2019. However, it is notable that 38.20% of businesses were founded during the pandemic and endemic phases of COVID-19.

YEAR FOUNDED	PERCENT
1981 - 1999	7.87%
2000 - 2014	28.09%
2015 - 2019	25.84%
2020 - 2023	38.20%

## Operations

### Employees

Few businesses in the survey sample have more than five employees. Nearly 35% reported having between 2 and 5 employees. Then, a significant percentage of small business owners had no employees besides themselves; 60.19% identified as being self-employed.

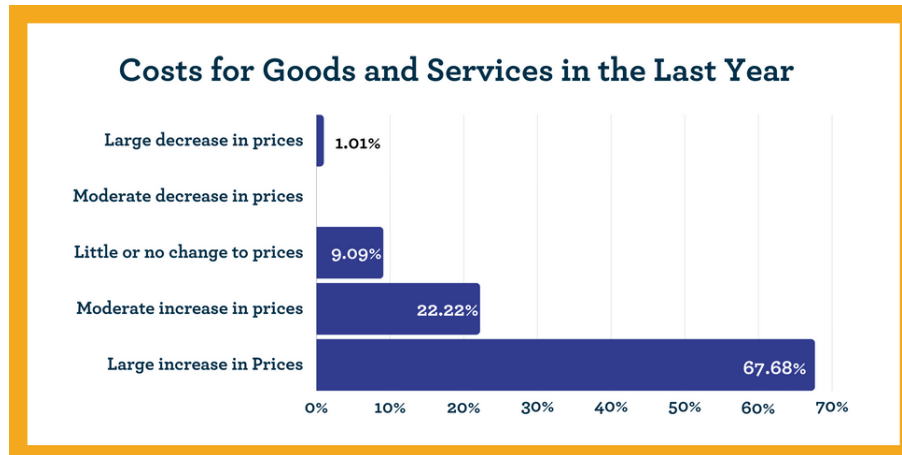


The majority of businesses, 69.15%, did not experience a change in the number of employees in the last year. A roughly similar percentage experienced an increase or decrease in the number of employees. Not many employees reported trying to hire additional employees. Only 28 business owners indicated that they had tried to hire an additional employee in the last year. Among this group, over half (54%) indicated that they had difficulty hiring employees. The top three reasons given for not being able to hire employees included not being able to afford another employee, decreased demand for their product or service, and difficulty finding interested candidates.



## Costs for Goods and Services

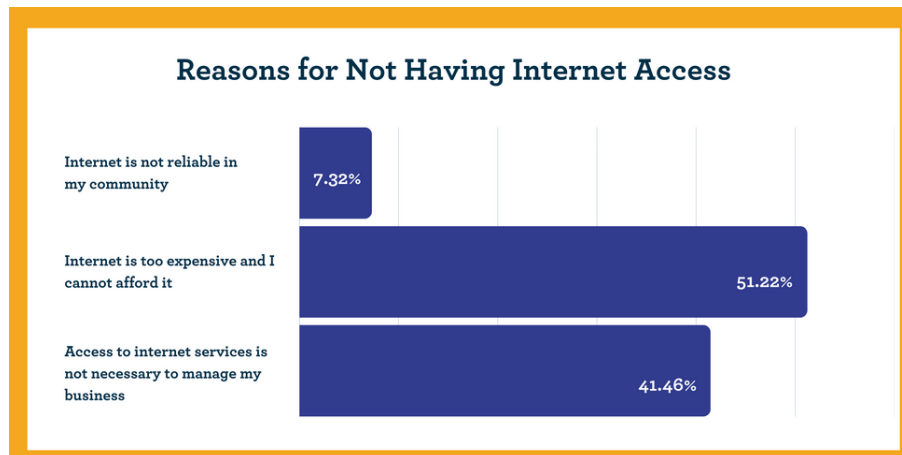
In the last year, costs of goods and services increased for nearly 90% of small business owners.



(89 responses)

## Access to Broadband/Internet

A little over half of small business owners reporting having access to broadband/internet: 53.47% have access to the internet while 46.53% do not. For those who do not have access to the Internet, the primary barrier to access is affordability, followed by a belief that access to internet services is not necessary to manage their business.



(36 responses)

The cost of internet access is less than \$99 per month for most respondents: 41.18% pay between \$51-\$99 and 21.57% pay less than \$50. For those with broadband/ internet access, the quality of the service could be greater, with only 37.74% indicating the service is either “above average” or “excellent.” Another 37.74% of respondents rate their internet service as “average” and 24.53% rate the service as “below average” or “very poor.”

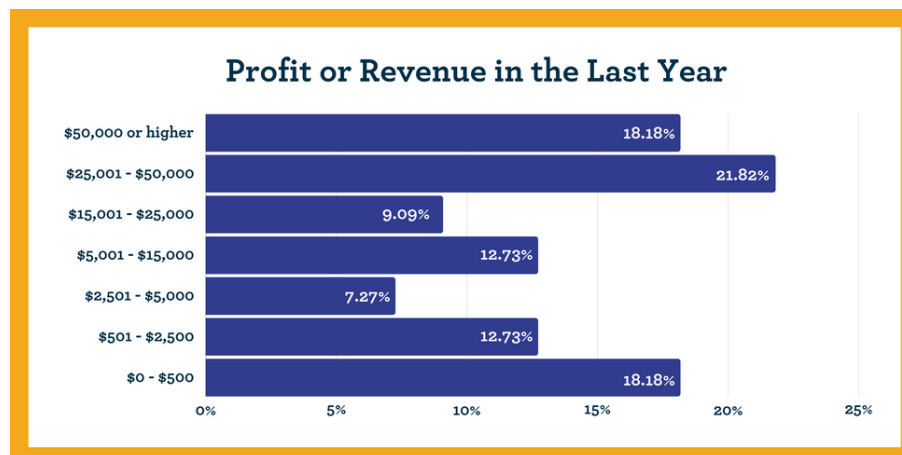


## Communication Strategies to Reach Clients

Business owners prefer to interact with clients in person, with 77% marking this as their way of communicating with clients. Using their mobile phone either to make calls or send texts is the next most commonly cited means of communicating with clients. Business owners made less use of digital communication strategies such as social media, websites, and email. The majority of businesses, 64.21%, do not have a website, however, respondents were slightly more comfortable using social media. About 50% indicated that they use social media platforms for their business.

## Revenue

When asked about the total operating revenue or sales for their business in the last full year, 44.44% indicated that they were not sure of the answer. Of the 55.56% who were able to give a response, the breakdown of revenue is as follows:



(55 responses)

## Challenges

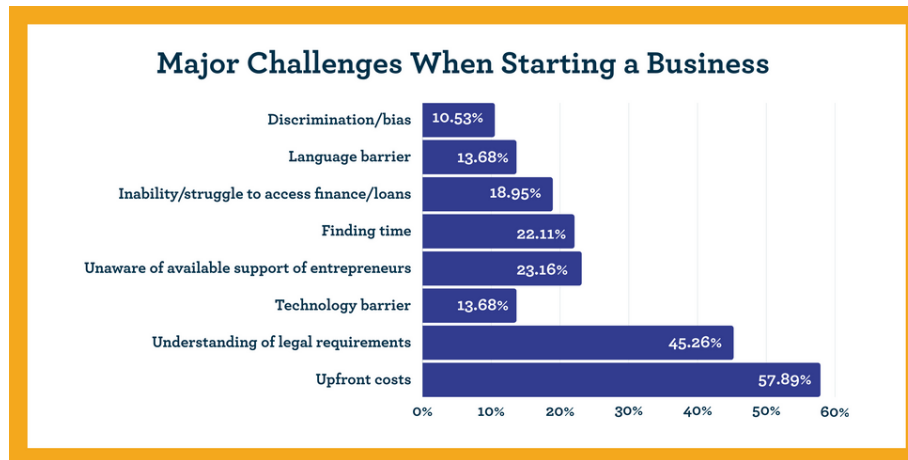
### Effect of COVID-19

Among the respondents, 77.88% were negatively affected by the COVID-19 pandemic. Only 10.68% of those surveyed, however, received a loan or grant for their business from either the local, state, or federal government during the pandemic.

### Challenges When Starting Business

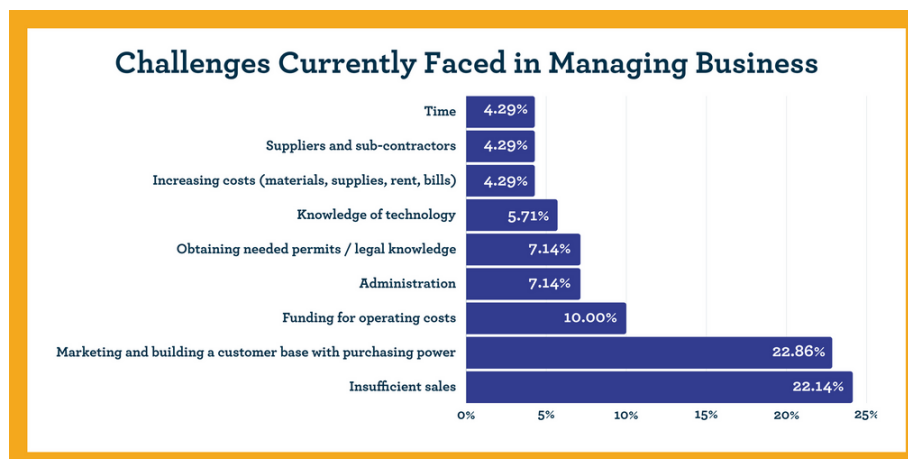
The most significant challenge faced by small business owners when opening their business has been covering upfront costs; 57.89% of respondents indicated that this was a difficulty for them. As noted earlier, most business owners use personal savings or a loan from family members or friends to start their business. Few turned to a financial institution for a loan. This theme is reflected in the responses to the current question on challenges when starting a business as well. Only 18.95% reported an inability or struggle to access finance or loans. This low percentage is most likely a reflection of the fact that few tried to obtain a loan from a financial institution.

The second most frequently mentioned challenge was understanding the legal requirements to start a business, which was reported by 45.26% of survey participants. Technology barriers (24.21%), unawareness of available supports (23.16%), and time (22.11) were cited by a smaller percentage of small business owners as being a challenge when they began their business.



## Current Challenges

Small business owners were given the opportunity to indicate the largest challenge they currently face in managing their business. The question was open-ended. Responses were coded into themes. The two most frequently mentioned challenges included insufficient sales, reported by 24.14% of respondents, and marketing and building a customer base with purchasing power, reported by 22.86%. Challenges mentioned when starting their business persist, such as funding for operating costs and knowledge of legal requirements and technology, albeit for fewer respondents.



## Resources

### Awareness and Use

The majority of participants were not aware of any local resources for small businesses provided by their city. Eighty-seven percent (87%) of respondents were not aware of local resources for small businesses. Of those, 13% who were aware of resources, however, few could give examples of the resources that they had previously received.

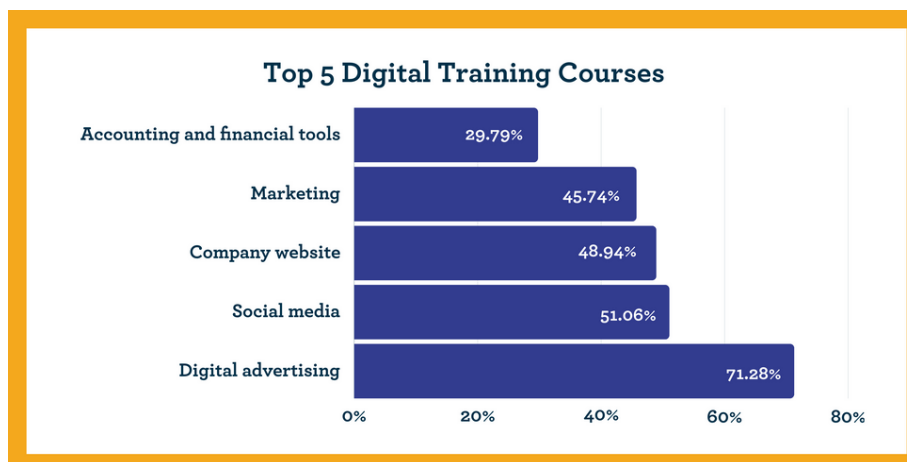
## Desired Resources

Survey respondents were given the chance to describe the resources they most needed in an open-ended question. An analysis of themes revealed that the top three resources needed are loans or grants, more publicity and marketing, and training. Helpful training topics included grant writing, legal and tax requirements, finance, administration, market analysis and marketing, and online sales.



(62 responses)

Survey respondents are also interested in receiving training tied to technology: 57% percent indicated that they would be “very likely” to participate in digital training while 21% are “likely” to do so. The top five digital training courses of interest are noted below:



Small business owners would be open to participating in a digital training course if it were low-cost or free (66.67%), in Spanish (43.01%), and with flexible scheduling options (54.84%).

## Plans for the Future

Actions that small business owners have considered taking in the next year align with some of the challenges and needs that they raised in the survey. The top four actions they have considered taking include obtaining financial assistance or additional capital through public or private sources (44.68%), taking a course or class that would benefit their business (39.36%), developing online sales or websites (39.36%), and increasing marketing for sales or hires (38.30%).

# Discussion

The business owners from Southeast Los Angeles who completed this survey showed themselves to be deeply committed to their organization and to have a strong work ethic. Over 50% chose the path of small business ownership for the independence that it offers, and many were willing to use their own savings to start their business. Over 60% have been in business for five years or more. An additional 40% opened a business since the onset of the COVID-19 pandemic in 2020—at a time that caused so much economic hardship for many Latino/as in the region, these business owners relied on their entrepreneurial spirit to forge a new direction for themselves. The majority of business owners in SELA work with a small staff to serve their communities in the areas of retail, service, and food and beverage (e.g., food trucks, catering, or street vending).

The great perseverance of business owners to advance is made more notable in the context of barriers that they face. Obtaining a loan from a financial institution was not a viable option for the majority. Only about 17% of business owners received a loan from a financial institution when they started their business. They also faced a challenge with obtaining financial support from government sources, when available. For example, only 10% received funding from the U.S. Small Business Administration's Paycheck Protection Program during the height of the COVID-19 pandemic. In addition to struggling to cover up-front costs, several business owners had difficulty navigating legal requirements. For example, one-fourth of respondents do not have a business license.

A common theme in open-ended responses to questions related to challenges centered on insufficient sales and the need to build a larger customer base with purchasing power. Almost half of respondents reported making \$15,000 or less in revenue in the last year. Business owners are interested in resources that could help them be more effective and profitable. The top three resources of interest include loans and grants, publicity and marketing, and training in topics like finance, marketing, and legal requirements, among others.

Connecting business owners to resources, however, needs to be improved. The majority of business owners were not aware of local resources in their communities. Making sure that information is available in their language is crucial, given the large percentage of respondents who indicated Spanish as their primary language. Flexible scheduling and low or no cost are also factors that should be considered when making opportunities such as training available.

# Conclusion

ABC undertook this survey of small business owners in Southeast Los Angeles as part of its commitment to community-centered and research-driven decision-making. It is our hope that by uplifting the experiences of 105 business owners, a conversation can start among community-based organizations, government agencies, philanthropic foundations, and others interested in the economic advancement of Latinos in SELA. It is necessary to better understand the inventory of current resources available to business owners, as well as to identify new, innovative approaches to support them based on their unique characteristics and needs. Many chambers of commerce, nonprofit organizations, and government agencies do have information and programs that could help small businesses in the region, but there needs to be a more coordinated and effective campaign to get the word out to the businesses that could most benefit from these. Then, there is a need for creative thinking to overcome some barriers with deeper root causes, such as the difficulty in accessing financing, with its roots in historic and systemic racism. ABC intends to continue to be a leader in advocating for more research, community outreach and education, and advocacy for policies, funding, and programs that will enable Latino/a businesses to thrive and prosper.

**For more information about this survey and other ABC efforts on economic prosperity, please reach out to Erika Cervantes at [erika@afabc.org](mailto:erika@afabc.org).**



[afabc.org](https://afabc.org)



[@afabc\\_la](https://twitter.com/afabc_la)



[facebook.com/afabcla](https://facebook.com/afabcla)