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EXECUTIVE SUMMARY

This report presents the results of the Hispanic Business Council's market research initiative. This project was implemented in 2007 to better understand the characteristics and business development challenges of Hispanic Business owners in the greater Indianapolis area.

The Hispanic Business Enterprises (HBEs) were first classified into a matrix that differentiates whether their customers were primarily Hispanics or non-Hispanics and also whether or not the products or services they sell were mainly associated with a Latino/Hispanic culture. The Hispanic Business Enterprise (HBE)TM Classification MatrixTM are: one (highly-segmented), two (product-integrated), three (market-integrated), and four (highly-integrated). In general, the matrix classification suggest the higher the HBE category the higher the HBE integration level. There were 190 HBEs which completed the survey: 76 in category one, 46 in category two, 22 in category three, and 46 in category four.

OWNER DEMOGRAPHICS

We analyzed the HBEs owner demographics and find that, in general, the higher the level of HBE integration...

- ...the higher the HBE owner's education level.
- ...the greater the likelihood the HBE owner will be fluent in English
- ...the lower the likelihood the HBE owner will be fluent in Spanish.
- ...the lower the owner's indication that financial wealth is the primary benefit associated with owning their own business.
- ...the older the HBE owner may be.
- ...the more likely the owner is to be male.
- ...the more likely the owner is to have been born in the United States.
- ...the longer the owner is to have been in the United States, if born elsewhere.

INDUSTRY REPRESENTATION

Half of the total surveyed HBEs were within the wholesale/retail/distribution (27 percent) and food service industries (23 percent). HBEs in construction or manufacturing, professional services and technical services represent 10, 15, and 9 percent, respectively.

ORGANIZATIONAL CHARACTERISTICS

We analyzed the HBEs' organizational characteristics and find that, in general, the higher the level of HBE integration...
...the larger the number of employees they have.
...the longer they have been in operation.
...the higher the estimated market value for the business (the average was \$656,831).

There was no clear pattern regarding the official IRS classification of HBEs.

START UP AND DEVELOPMENT

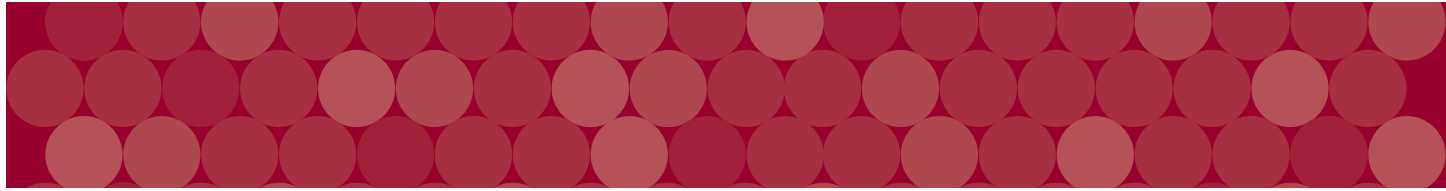
ANALYSIS AND FINDINGS OF HBE START UP AND DEVELOPMENT:

- Forty-seven percent of HBE owners started the business by themselves, 35 percent indicated they started the business with family members, 16 percent said they started the business with others who are not family members, and 2 percent indicated they bought the business.
- Most HBE owners did not have a written business plan.
- Thirty-seven percent said they have owned at least one business before the current one.
- The higher the HBEs' level of integration the lower the percentage of HBEs' employees that are Latino/Hispanic. In addition, HBEs use a higher percentage of Latino/Hispanic suppliers when they sell Latino/Hispanic products and/or services.
- Highly-integrated HBEs were more likely to be MBE-certified; however Hispanic business owners' use of MBE certification is still limited.
- Thirty percent of the HBE owners applied for a loan within the last two years. Of these, 81 percent were approved.

DID YOU KNOW?
Thirty percent of the HBE owners applied for a loan within the last two years. Of these, 81% were approved.

OWNERS PERCEPTIONS OF POSSIBLE BARRIERS

In general, Latino/Hispanic entrepreneurs were divided in their



opinions about possible barriers within the business environment in which they operate. However, 62 percent of the respondents indicated lack of capital was a possible barrier to further success.

OWNERS PERCEPTIONS OF RESOURCES NEEDED

The priority of resources needed for HBEs is as follows: mentoring from a successful business owner; access to services for help with marketing and sales ideas; access to services for help with accounting/taxation; additional business training in marketing and sales ideas; and additional training in their business or industry.

RECOMMENDATIONS

To facilitate the development of HBEs in category one (highly-segmented), the Greater Indianapolis Chamber of Commerce can provide them with customized training programs in the following areas:

- Preparation of business plans
- English as a second language
- Marketing and advertisement
- Doing business in Indianapolis
- Business law
- Financial management
- Accounting and taxation
- Human resource management
- Customer service

In addition, HBEs in category one may also benefit by having access to a pool of support consultants to clarify the best approach to overcome some of their daily operational challenges.

To facilitate the development of HBEs into category two (product-integrated), the Indianapolis Chamber can provide customized training programs in the following areas:

- Product or service expansion strategies
- English as a second language
- Strategic planning
- Customer needs assessment
- Industry related training
- Establishing strategic alliances

In addition, the Chamber can facilitate the development of

partnerships between Hispanic entrepreneurs and well established mainstream entrepreneurs.

To facilitate the development of HBEs into category three (market-integrated), the Chamber can provide customized training programs in the following areas:

- Market expansion strategies
- Product customization approaches
- MBE and WBE certification
- Cultural understanding of, and ability to communicate with, non-Hispanic customers
- Hiring, motivating, and retaining non-Hispanic employees
- English as a second language
- Establishing strategic alliances

In addition, the Chamber can also facilitate the development of partnerships between Hispanic entrepreneurs and well established mainstream entrepreneurs.

To facilitate the development of HBEs into category four (highly-integrated), the Chamber can provide training programs in the following areas:

- International market research
- Business development strategies
- Expanding into new markets
- MBE and WBE certification
- Managing a diverse labor force
- Establishing strategic alliances

INTRODUCTION

The Latino/Hispanic community today is the largest minority group in the United States; Latinos/Hispanics currently represent 15 percent of the U.S. population and according to the latest estimates of the U.S. Census Bureau, Latinos/Hispanics will account for 25 percent of the U.S. population by 2050. The growth of the Hispanic community is generating many challenges and opportunities for the general community. For instance, there is a need to facilitate the integration of Latinos/Hispanics in education, sports, labor force, recreation, politics, business, etc. Understanding the characteristics and business development challenges of Hispanic business owners provides a first attempt to tackle the issue of integrating Hispanic business owners into the business community of the greater Indianapolis area.

In the fall of 2005, the Greater Indianapolis Chamber of Commerce and the Indianapolis Hispanic Chamber of Commerce merged and created the Hispanic Business Council (HBC) within the Greater Indianapolis Chamber of Commerce structure. The leaders of both chambers felt an urgent need to support the growing Hispanic business community and agreed to work together to provide leadership for the successful creation, development, growth and retention of Hispanic Business Enterprises (HBEs) in the greater Indianapolis area. The Hispanic Business Council members were drawn from the board of the former Indianapolis Hispanic Chamber of Commerce and other business leaders active in the community.

In 2006, the Hispanic Business Council began to implement a series of initiatives intended to help Latino/Hispanic owned businesses. For instance, the council began creating opportunities for Hispanic business owners to network among themselves and with other business owners through an annual signature event called *Connexión*. This initiative has allowed Hispanic business owners to learn more about one another and to begin establishing business relationships with other Indianapolis business owners. Another avenue which the Hispanic Business Council has taken a proactive approach in helping grow Latino/Hispanic owned businesses is through its Mentor–Protégé Program. Currently, three emerging Latino/Hispanic businesses are strategically aligned with three mainstream, profitable and sustainable corporations which help the Latino/Hispanic protégé business develop and grow their respective business for a three-year period. Creating strategic business plans, providing financial analysis, targeting potential clients and growing

revenue are among the top benefits a protégé business gains through its participation in the program. Every year a new group of three Latino/Hispanic businesses are chosen and strategically paired with a mainstream and profitable corporation.

In 2007, the Hispanic Business Council decided to implement a market research initiative to better understand the characteristics and business development challenges of Hispanic Business owners in the greater Indianapolis area. This is the first effort of this kind ever undertaken in Indianapolis. This report presents the results of this market research initiative and is organized in the following sections. First, the research methodology explains the process that was followed to undertake the study. Second, the research findings highlight what was learned in regards to classifying HBEs into a reasonable framework, HBE organizational characteristics and owners' demographics, HBE start up and development, HBE owners' perceptions of possible barriers, and HBE owners' perception of resources needed. Lastly, the recommendations provide general suggestions in regards to how the Hispanic Business Council, state and local units of government, policy makers and other organizations can support Hispanic business owners in Indianapolis.

RESEARCH METHODOLOGY

The research project reported here is probably the most comprehensive effort ever made to collect and analyze data from Hispanic Business Enterprise (HBE)TM owners in central Indiana. The in-person questionnaire contained over 160 items related to significant aspects of starting and running a business as well as items related to the characteristics of HBE owners. This section provides an overview of significant elements of the project's methodology.

The project included both qualitative and quantitative methods. Qualitative research in this project was especially useful for evaluating topic coverage, modifying question wording, determining the relevance of response categories, and adding issues of concern to HBE owners. Quantitative research was used to make estimates about the population of interest, for determining how widespread characteristics, perceptions, and opinions are within this population, and for identifying key differences among subgroups of interest. Briefly, the research process included the following:

1. Researchers reviewed relevant literature and previous work on ethnic business owners.
2. The draft questionnaire was prepared.
3. Simultaneously, several databases of names of HBE owners in central Indiana were compiled into a sample frame.
4. Qualitative interviews were conducted with members of the target population to obtain input on the project.
5. Five IUPUI student interviewers were first trained and then conducted in-person interviews with 190 Hispanic business owners in central Indiana during the summer of 2007.

THE SAMPLE

Every reasonable effort was made to identify by name, telephone number, email address, and/or address all of those who own Hispanic businesses. A Hispanic-owned business was defined as any business for which more than 50 percent of the ownership was held by a person or persons of Hispanic descent.

First, numerous lists were compiled in an attempt to assemble a complete sample frame. The Greater Indianapolis Chamber of Commerce purchased the complete listing of businesses registered over the past ten years from the Indiana Secretary of State. This list included at least partial information on 60,000 businesses. The list was carefully reviewed by two analysts, working independently, to identify potential HBEs. Each potential HBE was called to determine whether in fact the business met the criteria for inclusion in the study.

In addition to the Secretary of State listing, other lists were collected from databases maintained by Latinus Group (one of the primary sponsors of this study), and a recently-discontinued popular publication directed towards the local Latino/Hispanic market. Names were also identified using personal contacts through the Hispanic Business Council. Additionally, each interviewer was trained to ask respondents if they could recommend other HBEs for inclusion in the study.

Finally, recognizing that it is not uncommon for new HBEs to operate informally and that we may have missed HBEs in the assembled listings, interviewers were asked to identify HBEs as they drove around the city. Specifically, each interviewer was assigned an area

to canvas looking for HBEs that were not on the compiled list. In addition, the principal investigators also sought out such businesses.

THE SURVEY

The questionnaire was designed to answer the primary question posed by the Greater Indianapolis Chamber of Commerce: "What are the business needs of HBEs and what can the GICC do to help local HBEs become better integrated into the mainstream business community?"

A variety of sources of information were utilized to help develop the questionnaire. The authors have been involved with HBE development for a number of years, and thus relied on professional experience with the relevant issues. Also, the academic literature related to development of ethnic minority businesses was reviewed. Input was obtained from members of the Hispanic Business Council, most of whom interact with HBE owners on a regular basis.

Most importantly, however, the authors sat down with four HBE owners for in-depth discussions and analysis of the topic areas. These interviews lasted about two hours and provided the information necessary to finalize the questionnaire.

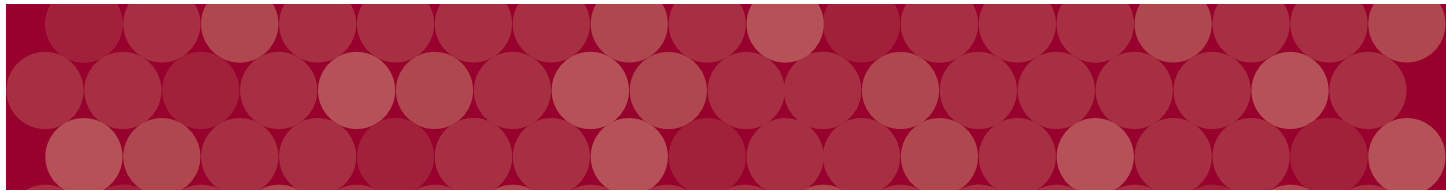
The final version of the questionnaire was translated into Spanish, and back-translated into English, in accordance with commonly accepted standards of bilingual research.



ADMINISTRATION

The IUPUI Solution Center and the Indiana Business Research Center helped greatly to interview, hire, and train five IUPUI students to serve as interviewers. The IUPUI Solution Center was responsible for monitoring and paying the students. The Indiana Business Research Center helped with all other administrative processes and with the remote data entry system.

Of the five students, four were completely bilingual and could administer questionnaires in whichever language the respondent preferred. The fifth interviewer spoke English only, and was given interviewees pre-screened as preferring English. The interviewers completed each survey and then uploaded the survey data into a database.



Interviews were completed in-person with the business owner. Interviews took approximately 30 to 40 minutes to complete on average.

LIMITATIONS

There are a few notable limitations of the results reported within this report. First, despite merging several lists of HBE owners, the original sample frame was not complete and thus the resulting sample may not provide an accurate representation of all Hispanic-owned firms. It is important to note that the sample data compiled in this report is based on about the same number of firms that were identified in the 2003 U.S. Census report as Hispanic-owned businesses that exist in Central Indiana.

Second, because the sample may not be technically representative in a statistical sense, references to statistical significance are presented for illustrative purposes only.

Finally, we have only begun to conduct a formal assessment of non-response bias. Therefore, it is possible that those who responded may be systematically different from those who did not.

FUTURE RESEARCH

The authors are planning to replicate this study periodically to report the development of Hispanic Business Enterprises (HBEs)[™] in Indianapolis. We are also planning to compare the results of this study with the characteristics and business development challenges of HBEs in other major cities across the United States. In addition, we would like to extend this study by analyzing the development of other immigrant business communities and/or minority business enterprises in Indianapolis. For instance, the authors propose to modify the classification matrix to classify other minority business enterprises along their target markets (Ethnic vs. Non-Ethnic) and their products or services (Ethnic vs. Non-Ethnic). This strategy will help us understand the level of integration and the characteristics and business development challenges of, for instance, African American and Asian American owned companies.

We also propose to undertake a comprehensive study of the state of internationalization of businesses in Indianapolis. In particular, we will modify the classification matrix to classify a representative sample of the population of companies in Indianapolis along their major source of revenue (local/domestic vs. international/global)

and their major source of cost (local/domestic vs. international/global). This study will allow us to understand the stage of internationalization of businesses in Indianapolis and more importantly to learn the best practices and major barriers to the internationalization of companies in Indianapolis.

RESEARCH FINDINGS

Part I. Classification Matrix

One of the primary purposes of this study was to classify Hispanic Business Enterprises (HBEs) into a set of comprehensive categories. The classification of HBEs into categories was instrumental for identifying the business drivers and characteristics that explain success levels within the HBE community in the greater Indianapolis area.

**TABLE 1
HBE CLASSIFICATION MATRIX™**

		TARGET MARKET	
		HISPANIC	NON-HISPANIC
PRODUCT OR SERVICE	HISPANIC	1 Highly-Segmented n=76 40%	3 Market-Integrated n=22 12%
	NON-HISPANIC	2 Product-Integrated n=46 24%	4 Highly-Integrated n=46 24%

To classify Hispanic businesses into this matrix we asked survey respondents to indicate whether their customers were primarily Hispanics or non-Hispanics and also whether or not the products or services they sell were mainly associated with a Latino/Hispanic culture. The HBEs classified in categories one (highly-segmented) and two (product-integrated) target primarily U.S. Hispanic customers. Nationwide, this target market includes approximately 30 million Hispanics or about 10 percent of the U.S. population. Thus, the size of this target market is relatively small; nevertheless, this target market

is growing at a faster pace than any other ethnic or non-ethnic U.S. market.

The HBE classification matrix shows there were 190 HBEs which completed the survey. Out of the total, 76 HBEs were classified as **highly-segmented** which represent 40 percent of the sample.

1. **Highly-Segmented:** This category includes HBEs which mainly target Latino/Hispanic customers to provide them with products and/or services that are mainly associated with a Latino or Hispanic culture. Businesses in this category are considered to be highly-segmented because they are focused on serving the needs of the Latino/Hispanic community with ethnic related products or services. In this category, there are ethnic restaurants, ethnic supermarkets, ethnic bakeries, etc.

The percentage of HBEs classified into this category appears to be relatively low and might not represent the actual percentage of HBEs currently operating within this category throughout Indianapolis. We believe firms in this category might be underrepresented in part because they tend to be more highly associated with informal businesses. In consequence, it is difficult to identify and survey these businesses.

There were 46 HBEs classified as **product-integrated** and they represent 24 percent of the total sample. The product-integrated category is characterized as follows:

2. **Product-Integrated:** This category includes HBEs which mainly target Latino/Hispanic customers to provide them with mainstream products and/or services which are not associated with a Latino or Hispanic culture. Businesses in this category are considered to be product-integrated because they bring mainstream products and/or services to the Hispanic community. In this category, there are companies providing real estate services, mortgage services, auto sales, etc.

The percentage of companies in this category appears to more closely represent the actual number of companies currently operating in this category. HBEs in this category can grow by increasing the array of mainstream products and/or services that they provide to Latino/Hispanic customers. Nevertheless, the growth potential for companies in this category is also

constrained by the size of U.S. Hispanic markets and the growth of the U.S. Latino/Hispanic community.

The HBEs classified in categories three (market-integrated) and four (highly-integrated) target primarily non-Hispanic customers. This target market includes approximately 270 million or about 90 percent of the U.S. population. Thus the size of this target market is relatively large; however, the population within this category is growing at a slower pace than is the case for U.S. Latinos or Hispanics.

There were 22 HBEs classified as **market-integrated** and they represented 12 percent of the survey respondents.

3. **Market-Integrated:** This category includes HBEs which mainly target non-Latino/Hispanic customers to provide them with products and/or services that are primarily associated with a Latino or Hispanic culture. Businesses in this category are considered to be market-integrated because they are focused on delivering Hispanic ethnic related products and/or services to the general community. In this category, there are companies providing food services, media related services, consulting services, etc.

The percentage of companies in this category appears to more closely represent the actual number of companies currently operating in this category. Please note there is a higher proportion of HBEs focused on providing non-Hispanic products and/or services to Hispanic customers than HBEs providing Hispanic products and/or services to non-Hispanic customers. Indeed, it appears it is more difficult to penetrate mainstream U.S. markets with Latino/Hispanic products and/or services than it is to penetrate Latino/Hispanic markets with mainstream products; it is easier to be product-integrated than market-integrated. The level of competition within mainstream markets is higher than within U.S. Hispanic markets. Such market environments could partially explain a higher challenge for HBEs to penetrate mainstream markets with Latino/Hispanic products and/or services.

There were 46 HBEs classified as **highly-integrated** and they represent 24 percent of the surveyed HBEs. The highly-integrated category is characterized as follows:

4. **Highly-Integrated:** This category includes HBEs which mainly target non-Latino/Hispanic customers to provide them with mainstream products and/or services that are not associated with a Latino or Hispanic culture. Businesses in this category are considered to be highly-integrated because they emphasize the delivery of mainstream products and/or services to the general community; they compete in mainstream U.S. markets. In this category, there are companies providing construction services, manufacturing services, professional services, etc.

The percentage of HBEs classified into this category appears to be relatively high and might not necessarily represent the actual percentage of HBEs currently operating within this category in Indianapolis. We anticipate firms in this category might be overrepresented because they tend to be more highly associated with formal businesses. Thus, it is easier to identify businesses within this category and to survey them.

Part II. Owners Demographics, Industry Representation, and Organizational Characteristics

Owner Demographics across HBEs categories

This section presents some of the HBE owner demographics within the four classification categories. In particular, we find statistically significant differences among HBEs in the following areas:

- **HBE Owner Education Level.** The education level is greater for HBE owners in category four (highly-integrated). The median level of education for Hispanic entrepreneurs in this category is completion of a four year college or university. For HBE owners in categories two (product-integrated) or three (market-integrated) the median level of education completed is graduation from a technical school or less than four years of college or university study. The education level is lowest for HBEs in category one (highly-segmented). HBE owners in this category have a median education level of slightly above high school graduate. Therefore, the higher the HBEs level of integration the higher the HBE owner's education level.
- **HBE Owner English Language Skills.** The respondents were

**TABLE 2
HBE OWNER EDUCATION LEVEL BY MATRIX CATEGORY**

EDUCATION LEVEL		MATRIX CATEGORY				TOTAL
		Highly-Segmented	Product-Integrated	Market-Integrated	Fully-Integrated	
Less than H.S.	Count	25	10	3	4	42
	Percent	32.9%	22.2%	13.6%	8.9%	22.3%
H.S. Graduate	Count	21	8	4	8	41
	Percent	27.6%	17.8%	18.2%	17.8%	21.8%
Less than 4 Years College/Tech	Count	17	13	9	5	44
	Percent	22.4%	28.9%	40.9%	11.1%	23.4%
College Grad/Some Grad School	Count	9	8	3	16	36
	Percent	11.8%	17.8%	13.6%	35.6%	19.1%
Graduate Degree	Count	4	6	3	12	25
	Percent	5.3%	13.3%	13.6%	26.7%	13.3%
TOTAL	Count	76	45	22	45	188
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%

asked how they would rate their English-speaking skills. HBE owners in category four (highly-integrated) rated themselves the highest, extremely fluent in English. HBE owners in category three (market-integrated) rated themselves with a lower level of proficiency; however, they also felt they were somewhat fluent in English. HBE owners in category two (product-integrated) rated themselves at a much lower level of proficiency; they felt they only have a middle level of fluency in English. The lowest average level of fluency in English was associated with HBE owners in category one (highly-segmented). They rated their proficiency in English at a significantly lower level than HBE owners in category two; however, they also felt they have some moderate level of fluency in English. Therefore, as HBE owners integrate they are more likely to be fluent in English.

- **HBE Owner Spanish Language Skills.** The respondents were asked how they would rate their Spanish-speaking

skills. HBE owners in category one (highly-segmented) rated themselves the highest, extremely fluent in Spanish. HBE owners in category two (product-integrated) rated themselves with a lower level of proficiency; however, they also felt they were somewhat fluent in Spanish. HBE owners in category three (market-integrated) rated themselves at an even lower level of proficiency; however, they also felt they were somewhat fluent in Spanish. The lowest average level of fluency in Spanish was associated with HBE owners in category four (highly-integrated). Nevertheless, they also felt they were somewhat fluent in Spanish. We may argue, as HBE owners integrate they are less likely to be fluent in Spanish.

- **HBE Owner Motive for Owning a Business.** The respondents were asked to indicate how strongly they disagree or agree with a statement suggesting the primary benefit that they seek from owning their own business is financial wealth.

HBE owners in category one (highly-segmented) indicated they strongly agree with such a statement and their response was statistically significantly different from that of HBE owners in category four (highly-integrated) which indicated they somewhat disagree with that statement. HBE owners in categories two (product-integrated) and three (market-integrated) were somewhat in agreement with that statement. Therefore, it appears the higher the HBEs integration level the lower the owners' indication that financial wealth is the primary benefit associated with owning their own business.

- **HBE Owner Age.** HBE owners in category four (highly-integrated) are on average 45 years old. HBE owners in categories two (product-integrated) and three (market-integrated) have the same average age, 42 years. In category one (highly-segmented), HBE owners are on average 39 years old. Therefore, it appears the higher the level of integration of HBEs the older the HBE owner is.
- **HBE Owner Gender.** Within our sample, there were 130 males and 60 females; therefore, approximately two-thirds of the HBE owners were males and one-third females. In category four (highly-integrated), 78 percent of the HBEs were owned by males and 22 percent by females. In category three (market-integrated), 83 percent of the HBEs were owned by males and 17 percent by females. In category two (product-integrated), 67 percent of the HBEs were owned by males and 33 percent by females. In category one (highly-segmented), 60 percent of the HBEs were owned by males and 40 percent by females. Hence, females HBE owners have relatively greater representation in categories one and two than is the case in categories three and four.
- **HBE Owner Country of Origin.** Over half of our sample respondents were from Mexico, and about 16 percent were from the United States. The remainder were from Central America, South America, and other areas. These findings seem to be consistent with recent census-based analyses of country of origin data.

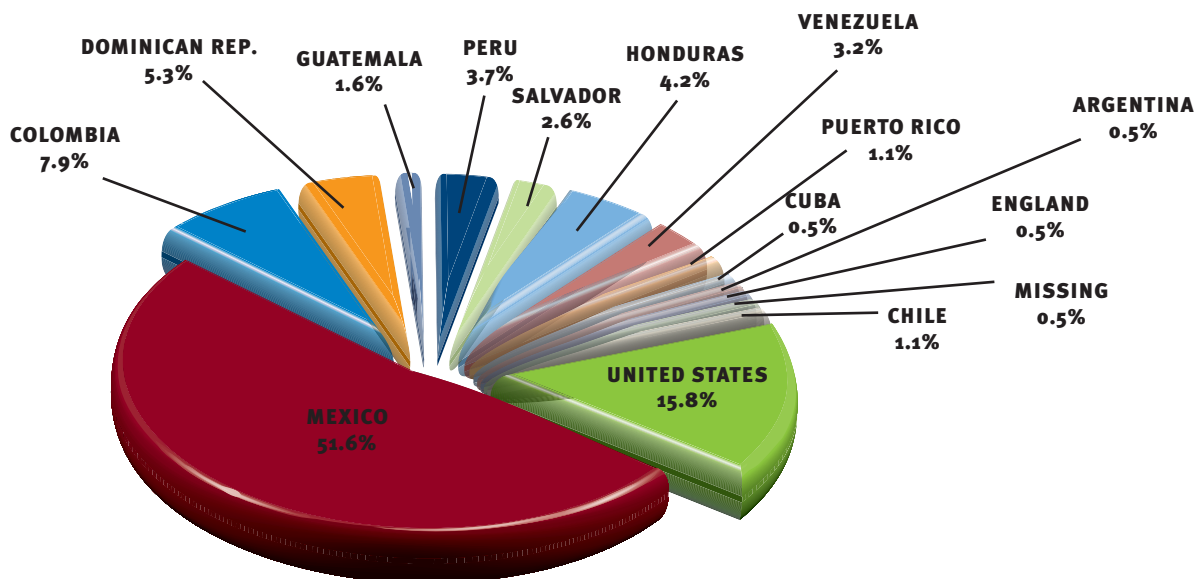
The Mexican HBE owners account for the largest percentage of HBEs across the four HBE classification categories. However, the higher the HBEs integration level the lower the proportional representation of HBE owners with Mexican identity. Specifically,

HBE owners with Mexican identity represent 63 percent of the HBEs in category one (highly-segmented), 36 percent of the HBE owners in category two (product-integrated), 52 percent of the HBE owners in category three (market-integrated), and 33 percent of the HBE owners in category four (highly-integrated). The U.S. account for the next highest percentage of HBE owners across the four HBE classification categories. For instance, HBE owners with U.S. identity represent 12 percent of the HBEs in category one (highly-segmented), 36 percent of the HBEs in category two (product-integrated), 14 percent of the HBEs in category three (market-integrated), and 31 percent of the HBEs in category four (highly-integrated).

- **HBE Owner Year of Arrival in the U.S.** The respondents were asked, if born outside of the U.S., what year did they move to the United States. HBE owners in category four (highly-integrated) arrived on average in 1983; this suggests they have been in the United States the longest period of time. HBE owners in categories one (highly-segmented), two (product-integrated), and three (market-integrated) arrived to the United States on average between 1991 and 1993. We may argue, the higher the level of integration of HBEs the longer the HBE owner has been in the United States.
- **HBE Owner Plans to Return to Country of Origin.** The respondents were asked if they were born outside of the U.S., did they plan to stay in the U.S. or return to their country of origin. The responses of HBE owners in category four (highly-integrated) suggest 69 percent plan to stay while 31 percent plan to return. In the case of HBE owners in category three (market-integrated), 65 percent plan to stay while 35 percent plan to return. HBE owners in category two (product-integrated) indicated 59 percent plan to stay while 41 percent plan to return. In the case of HBE owners in category one (highly-segmented), 57 percent plan to stay while 35 percent plan to return. Therefore, we may argue the higher the level of integration of HBEs the more likely it is that their owners plan to stay in the United States.

**TABLE 3
HBE OWNER COUNTRY OF ORIGIN**

Country of Origin		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	United States	30	15.8	15.9	15.9
	Mexico	98	51.6	51.9	67.7
	Colombia	15	7.9	7.9	75.7
	Honduras	8	4.2	4.2	79.9
	Guatemala	3	1.6	1.6	81.5
	Venezuela	6	3.2	3.2	84.7
	Salvador	5	2.6	2.6	87.3
	Dominican Republic	10	5.3	5.3	92.6
	Peru	7	3.7	3.7	96.3
	Puerto Rico	2	1.1	1.1	97.4
	Chile	2	1.1	1.1	98.4
	Argentina	1	0.5	0.5	98.9
	England	1	0.5	0.5	99.5
	Cuba	1	0.5	0.5	100.0
	Total	189	99.5	100.0	
Missing	System	1	0.5		
TOTAL		190	100.0		



INDUSTRY REPRESENTATION

This section presents the industry representation of HBEs within the four classification categories.

**TABLE 4
HBE INDUSTRY REPRESENTATION BY MATRIX CATEGORY**

INDUSTRY	HBE CLASSIFICATION CATEGORY				TOTAL	%
	Highly-Segmented	Product-Integrated	Market-Integrated	Highly-Integrated		
Construction/Manufacturing	0	6	0	12	18	10
Wholesale/Retail/Distribution	28	15	0	8	51	27
Professional Services	7	8	2	11	28	15
Technical Services	3	6	2	6	17	9
Food Services	28	0	13	2	43	23
Other Services	10	11	5	7	33	17
TOTAL	76	46	22	46	190	

Table 4 shows the wholesale/retail/distribution and the food service industries account for half of the total surveyed HBEs. These two industries account for 27 and 23 percent of the total number of surveyed HBEs, respectively. The same number of HBEs within those two industries is deemed highly-segmented (28); however, there are 15 HBEs classified within category two (product-integrated) from the wholesale/retail/distribution industry while there are 0 HBEs classified within this category in the food services industry. These findings suggest Latino or Hispanic entrepreneurs may find it easier to grow by bringing mainstream products to Hispanic customers when such products are not related to the food service industry. In contrast, there are 13 HBEs classified within category three (market-integrated) in the food service industry while there are no HBEs classified in that category in the wholesale/retail/distribution

industry. These findings suggest Latino/Hispanic entrepreneurs may find it easier to grow by bringing Hispanic products to mainstream customers when Hispanic food services are involved.

HBEs in construction/manufacturing, professional services, and technical services represent 10, 15, and 9 percent respectively, and in aggregate, account for 34 percent of surveyed HBEs. Most of the HBEs within these industries were classified as highly-integrated while a fewer number of HBEs are deemed to be either highly-segmented or product-integrated. There were 17 percent of the HBEs deemed to be providing other services. In this category, we find businesses in staffing services, lawn services, beauty salons, etc.

Note that there were no construction or manufacturing firms classified

in categories one or three. This is likely due to the fact that there are no “Hispanic construction services” or “Hispanic manufacturing services” per se.

ORGANIZATIONAL CHARACTERISTICS ACROSS HBEs CATEGORIES

This section presents some of the organizational characteristics of HBEs within the four classification categories. In particular, we find statistically significant differences among HBEs in the following areas:

- **HBE Employees.** The number of employees is greater for HBEs in category four (highly-integrated); in particular, they have an average of 12 employees. HBEs in category three (market-integrated) have the second highest average number of employees, 9.5. In contrast, in categories one (highly-segmented) and two (product-integrated), HBEs have a similar average number of employees, 4 and 3.8, respectively. Therefore, the higher the level of integration of HBEs the larger the number of employees they have. Table 5 illustrates the relationship between category and number of employees.

- **HBE Business Age.** The number of years of operation is also greater for HBEs in category four (highly-integrated), an average of 7 years of operation. In category three (market-integrated), HBEs have an average of 4.8 years of operation. HBEs in category two (product-integrated) have an average of 4.0 years of operation. In category one (highly-segmented), HBEs have an average of 3.2 years of operation. We may state that the higher the level of integration of HBEs the longer they have been in operation.

- **HBEs Official IRS Classification.** The official IRS classification of HBEs does not have a clear pattern. HBE owners’ responses suggest there are 35 percent classified as proprietorships, 21 percent classified as corporations, 14 percent classified as LLC/LLP, 13 percent classified as partnerships, 11 percent classified as subchapter S corporations, and 6 percent without a specific official IRS classification. Most HBEs in category four (highly-integrated) were classified as either Sub S corporations or LLC/LLP while most HBEs in categories one (highly-segmented), two (product-integrated), and three (market-integrated) were classified as proprietorships.

**TABLE 5
HBEs NUMBER OF EMPLOYEES BY MATRIX CATEGORY**

NUMBER OF EMPLOYEES		MATRIX CATEGORY				TOTAL
		Highly-Segmented	Product-Integrated	Market-Integrated	Highly-Integrated	
2 or fewer	Count	27	17	2	11	57
	Percent	35.5%	37.0%	9.1%	23.9%	30.0%
3 - 5	Count	32	20	7	13	72
	Percent	42.1%	43.5%	31.8%	28.3%	37.9%
6 - 10	Count	14	7	4	4	29
	Percent	18.4%	15.2%	18.2%	8.7%	15.3%
Greater than 10	Count	3	2	9	18	32
	Percent	3.9%	4.3%	40.9%	39.1%	16.8%
TOTAL	Count	76	46	22	46	190
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%

- **HBEs Market Value.** The survey respondents were asked to indicate their best estimate of the current perceived market value of their business. The average estimated market value for the surveyed businesses was \$656,831. The owners' perceived business market values vary across HBEs categories.

1. **Highly-Segmented:** The average estimated business market value for the HBEs classified in this category was \$181,732.
2. **Product-Integrated:** The average estimated business market value for the HBEs classified in this category was \$320,469.
3. **Market-Integrated:** The average estimated business market value for the HBEs classified in this category was \$1,397,382.
4. **Highly-Integrated:** The average estimated business market value for the HBEs classified in this category was \$1,308,928.

HBEs in categories one (highly-segmented) and two (product-integrated) have lower levels of estimated business market value. In contrast, HBEs in category three (market-integrated) and four (highly-integrated) have higher levels of estimated business market value.

Part III. Start Up and Development

This section provides a general overview of the approach followed by Hispanic entrepreneurs to start and develop their businesses. This section also illustrates how these approaches differ across the four HBE classification categories.

HBEs Start Up Characteristics

We asked survey respondents to identify how they started the business. Forty seven percent responded they started the business by themselves, 35 percent indicated they started the business with family members, 16 percent said they started the business with others who are not family members, and 2 percent indicated they

bought the business. As can be seen in Table 6, the start up approach varies across HBE categories.

1. **Highly-Segmented:** Out of 75 HBEs classified in this category, 43 percent started the business by themselves, while 45 percent started the business with other family members, 9 percent started the business with others who are not family members, and 2 percent of the owners bought or inherited the business.
2. **Product-Integrated:** Out of 46 HBEs classified in this category, 52 percent of the business owners began by themselves, 33 percent started the business with other family members, 15 percent started the business with others who are not family members, and none of the owners bought or inherited the business.
3. **Market-Integrated:** Out of 22 HBEs classified in this category, 14 percent of the business owners began by themselves, 50 percent started the business with other family members, 32 percent started the business with others who are not family members, and about 4 percent of the owners bought the business.
4. **Highly-Integrated:** Out of 46 HBEs classified in this category, 63 percent of the business owners began by themselves, 13 percent started the business with other family members, 22 percent started the business with others who are not family members, and 2 percent of the owners bought the business.

HBE owners are more likely to start a business by themselves when they belong to category two (product-integrated) and four (highly integrated). HBEs in these two categories provide non-Hispanic products or services to Hispanic and non-Hispanic customers. HBE owners are more likely to start a business with other family members when they are classified in category one (highly-segmented) and three (market-integrated). HBEs in these two categories provide Hispanic products or services to Hispanic and non-Hispanic customers.

**TABLE 6
HBE START-UP METHOD ACROSS CLASSIFICATION CATEGORIES**

ORIGIN		MATRIX CATEGORY				TOTAL
		Highly-Segmented	Product-Integrated	Market-Integrated	Highly-Integrated	
Start Myself	Count	32	24	3	29	88
	Percent	42.7%	52.2%	13.6%	63.0%	46.6%
Start w/ Family	Count	34	15	11	6	66
	Percent	45.3%	32.6%	50.0%	13.0%	34.9%
Start w/ Others	Count	7	7	7	10	31
	Percent	9.3%	15.2%	31.8%	21.7%	16.4%
Buy Business	Count	1	0	1	1	3
	Percent	1.3%	0%	4.5%	2.2%	1.6%
Inherit Business	Count	1	0	0	0	1
	Percent	1.3%	0%	0%	0%	0.5%
TOTAL	Count	75	46	22	46	189
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%

**TABLE 7
HBE BUSINESS PLAN BY MATRIX CATEGORY**

BUSINESS PLAN		MATRIX CATEGORY				TOTAL
		Highly-Segmented	Product-Integrated	Market-Integrated	Highly-Integrated	
No	Count	58	30	10	20	118
	Percent	77.3%	65.2%	45.5%	44.4%	62.8%
Yes	Count	17	16	12	25	70
	Percent	22.7%	34.8%	54.5%	55.6%	37.2%
TOTAL	Count	75	46	22	45	188
	Percent	100.0%	100.0%	100.0%	100.0%	100.0%

HBEs Use of Written Business Plans

Overall, slightly over one-third of the HBE owners currently have a written business plan; however, as shown in table 7 there were significant variations across matrix categories.

The survey respondents were asked whether they have a written business plan and to explain why they did or did not have a plan. On one hand, HBE owners that have a written business plan suggested the following reasons:

- To evaluate the potential value creation of the business
- To visualize the future of the business
- To develop performance metrics
- To obtain loans from financial institutions.

On the other hand, HBE owners that do not have a written business plan justified the lack of a business plan because of the following reasons:

- The business is just starting
- I don't know what a business plan is
- I don't have time to prepare one
- I do not have one yet we have not had any profits
- It has not been required of me, etc.

Thus, HBE owners need to be educated about the importance of business plan preparation and the Chamber may provide much needed help in this area.

HBEs Ownership of Previous Businesses

We asked survey respondents to indicate whether they have owned any businesses before the current one. Sixty-three (63) percent indicated they did not own any businesses before and 37 percent said they have owned at least one business before the current one. The prior business ownership experience varies across HBEs categories.

1. **Highly-Segmented:** Out of 74 HBEs classified in this category, 35 percent of the business owners indicated they have owned at least one business before owning the current one.
2. **Product-Integrated:** Out of 46 HBEs classified in this category, 46 percent of the business owners indicated they have

owned at least one business before owning the current one.

3. **Market-Integrated:** Out of 22 HBEs classified in this category, 45 percent of the business owners indicated they have owned at least one business before owning the current one.
4. **Highly-Integrated:** Out of 46 HBEs classified in this category, 28 percent of the business owners indicated they have owned at least one business before owning the current one.

Most HBEs in category one (highly-segmented) belong to the retail trade and food services industries. The significant growth of the Hispanic community in Indianapolis may have played a favorable role for HBEs in such industries. HBE owners in category four (highly-integrated) are the least likely of all to have had a prior business ownership experience. Many of the HBEs in category four (highly-integrated) belong to either professional or technical services industries. These business owners might have more stable and successful businesses. In contrast, HBE owners in categories two and three indicate higher prior business ownership. Perhaps they might have had a prior business in category one.

HBEs Use of Latino/Hispanic Employees

We anticipate HBEs will be more likely to employ other Latinos or Hispanics. However, as HBEs integrate we anticipate they will have a lower number of Latino or Hispanic employees. The findings of the study suggest that is precisely the case. For instance, in categories one and two HBEs have an average of 94 percent of Latino/Hispanic employees. In contrast, in categories three and four HBEs have an average of 80 and 57 percent of Latino/Hispanic employees, respectively. There is a statistically significant difference between the percentage of Latino or Hispanic employees in categories one (94 percent) and those in category four (57 percent). Thus, the higher the HBEs integration level the lower the percentage of HBEs' employees that are Latino/Hispanic.

HBEs Use of Latino/Hispanic Suppliers

We anticipate HBEs are more likely to utilize other Latinos/Hispanics individuals or HBEs as suppliers. However, as HBEs integrate we expect they will have a lower need for heavy reliance on Latino/Hispanic suppliers. We find HBEs use a higher proportion of Latino/Hispanic suppliers when the products or services that they sell are Latino or Hispanic. Specifically, HBEs in category one have an average of 60

percent of Latino/Hispanic suppliers; HBEs in category three have an average of only 37 percent. In categories two and four HBEs have an average of 24 and 9 percent of Latino/Hispanic suppliers, respectively. There is a statistically significant difference between the percentage of Latino/Hispanic suppliers in categories one (60 percent) and those in the other categories. Thus, HBEs use a higher percentage of Latino/Hispanic suppliers when they sell Latino/Hispanic products and/or services.

HBEs Use of MBE Certifications

The survey respondents were asked whether their companies were certified as a minority-owned business. In general, a significant number of respondents were unfamiliar with the concept of minority business enterprise certification. We anticipate HBEs in categories three (market-integrated) and four (highly-integrated) are more likely to be Minority Business Enterprise (MBE) certified than those in categories one (highly-segmented) and two (product-integrated). We find over half of market-integrated and highly-integrated HBEs indicate they were MBE certified. In contrast, less than half of highly-segmented and product-integrated HBEs answered they were MBE certified. Therefore, the Hispanic business owners' use of MBE certification is still limited. Nevertheless, the higher the HBEs integration level the higher the likelihood the business is MBE certified.

HBEs Loan Applications

The survey respondents were asked whether they applied for a loan within the last two years. In general, 30 percent of the HBE owners indicated they applied for a loan within the last two years and 70 percent said they did not. Applications to loans vary across HBEs categories.

1. **Highly-Segmented:** Out of 75 HBEs classified in this category, 27 percent of the business owners indicated they applied for a loan within the last two years.
2. **Product-Integrated:** Out of 46 HBEs classified in this category, 28 percent of the business owners indicated they applied for a loan within the last two years.
3. **Market-Integrated:** Out of the 22 HBEs classified in this

category, 18 percent of the business owners indicated they applied for a loan within the last two years.

4. **Highly-Integrated:** Out of 46 HBEs classified in this category, 44 percent of the business owners indicated they applied for a loan within the last two years.

HBEs in categories one (highly-segmented), two (product-integrated), and three (market-integrated) had a relatively similar percentage of HBEs applying for a loan within the last two years. In contrast, HBEs in category four (highly-integrated) have a significantly higher percentage of HBEs that applied for a loan within the last two years.

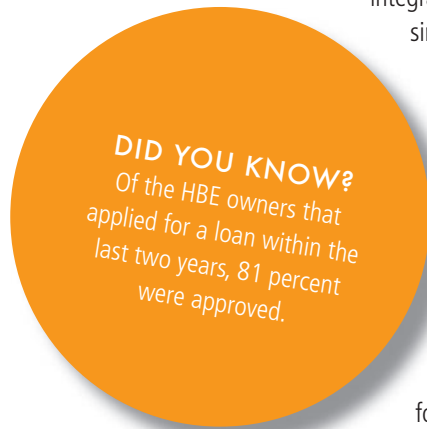
HBEs Loan Approvals

The survey respondents that applied for a loan within the last two years were asked to indicate whether their loan applications were approved. In general, 81 percent of the HBE owners that applied for a loan within the last two years reported they were actually approved while 19 percent said they were rejected. Loan approvals also vary across HBEs categories.

1. **Highly-Segmented:** Out of the 20 HBEs classified in this category that applied for a loan within the last two years, 75 percent indicated their loan application was approved.
2. **Product-Integrated:** Out of the 13 HBEs classified in this category that applied for a loan within the last two years, 62 percent indicated their loan application was approved.
3. **Market-Integrated:** Out of the 4 HBEs classified in this category that applied for a loan within the last two years, all indicated their loan application was approved.
4. **Highly-Integrated:** Out of the 20 HBEs classified in this category that applied for a loan within the last two years, 95 percent indicated their loan application was approved.

Other Business Development Practices

The respondents were asked what are the most important strategies or activities which have contributed to their business development.



HBEs owners suggested the following best practices:

- Quality of delivery above expectations
- Understand customer needs and the marketplace
- Marketing, advertisement, networking
- Hiring, motivating, promoting and retaining the right personnel
- Selecting the right location for your business
- Having a good portfolio of products and services
- Having competitive pricing
- Having clear business principles (Honesty, integrity, etc.)
- Superior customer service
- Being patient, committed and consistent
- Having good employee training

Part IV. Owners Perceptions of Possible Barriers

The survey asked respondents about possible barriers to further success that might be experienced by business owners. In particular, they were asked to indicate whether they strongly disagree (a rating of 1), somewhat disagree (a rating of 2), neither agree nor disagree (a rating of 3), somewhat agree (a rating of 4), or strongly agree (a rating of 5) with 15 statements describing possible barriers that might keep them and their business from reaching their full potential. (See Table 8)

TABLE 8
RESPONDENTS' PERCEPTIONS OF POSSIBLE BARRIERS TO THEIR BUSINESS

"...for each statement, please tell me if you 'strongly disagree,' 'somewhat disagree,' 'neither agree nor disagree,' 'somewhat agree,' or 'strongly agree.' This scale is on the 'answer categories' card. I consider _____ to be a barrier that might keep this business from reaching its full potential."

	Strongly Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Strongly Agree	MEAN
Federal laws and regulations	35%	11%	14%	19%	20%	2.80
State or local laws and regulations	36%	9%	15%	20%	19%	2.77
Limited access to technology	45%	14%	14%	12%	15%	2.38
Limited administrative support	32%	14%	14%	23%	17%	2.79
Limited business experience	37%	12%	12%	19%	19%	2.72
Lack of training	32%	10%	16%	24%	18%	2.86
Limited English language skills	40%	7%	10%	18%	24%	2.79
Limited Spanish language skills	69%	10%	8%	6%	6%	1.70
Lack of mentoring	26%	10%	15%	24%	24%	3.10
Lack of capital	22%	9%	8%	20%	40%	3.47
High operating cost	25%	13%	27%	16%	19%	2.93
Limited networking opportunities	30%	14%	22%	18%	15%	2.73
Lack of specific knowledge/skills	31%	14%	19%	16%	18%	2.75
Low margins or profitability levels	24%	12%	19%	23%	17%	2.97
Limited access to large corporations or public opportunities	27%	9%	21%	19%	20%	2.96

In general, Latino/Hispanic entrepreneurs were divided in their opinions about possible barriers within the business environment in which they operate. Indeed, about half of the respondents indicated they strongly disagree or somewhat disagree with 12 out of the 15 possible barriers presented to them while the other half of the respondents indicated they somewhat agree or strongly agree. The respondents' perceptions were almost equally divided into the disagreement (strongly or somewhat) and the agreement (somewhat or strongly) areas for those 12 possible barriers.

There was a higher percentage of respondents who indicated they strongly disagree or somewhat disagree with 2 out of 15 possible barriers. These possible barriers included: Limited access to technology (59 percent) and limited Spanish language skills (79 percent). It may be appropriate for most HBEs to strongly disagree or somewhat disagree with a statement indicating limited Spanish language skills is a possible business barrier. Indeed, this might be the case because most Latino/Hispanic entrepreneurs are likely to be fluent in Spanish. However, it is important to recognize that the meaning of Hispanic Business Enterprises does not equate to Spanish speaking companies. We will further discuss the characteristics of Hispanic entrepreneurs taking into account language preferences within the challenges across HBE categories.

There was a higher percentage of respondents who indicated they somewhat agree or strongly agree with one out of 15 possible barriers. In particular, 60 percent of the respondents indicated lack of capital was a possible barrier to further success. Most business owners agree that a lack of capital impedes their success.

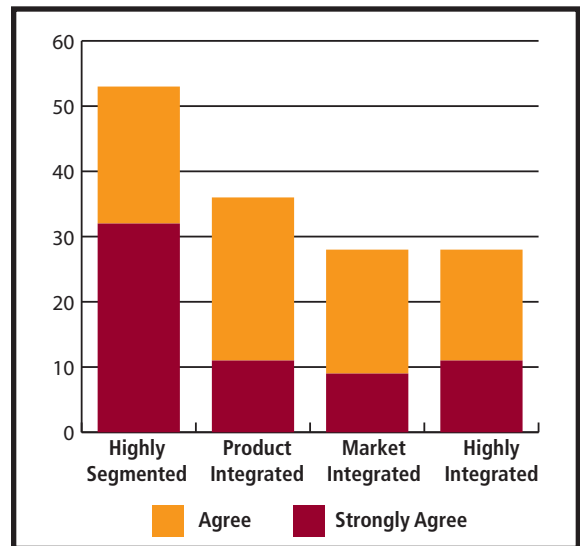
Perception of Possible Barriers across HBEs Categories

This section presents the perceptions of possible barriers to further success that were identified by Latino/Hispanic business owners across HBEs classification categories. Statistically significant differences were present across respondents in the four HBEs categories regarding two of the 15 possible barriers. There were statistically significant differences among HBEs in the following two barriers:

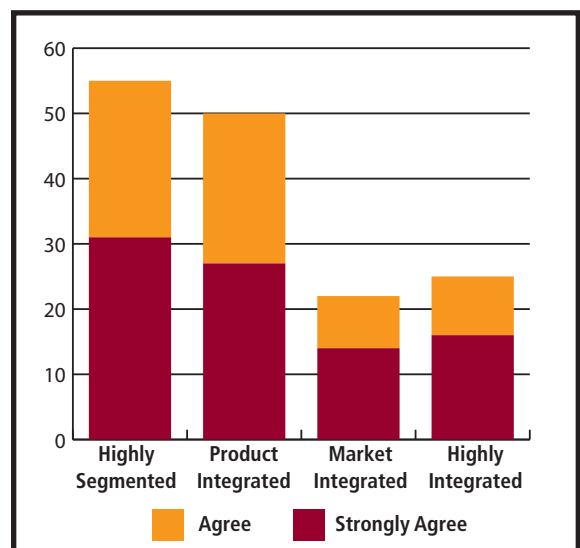
- **State or local laws and regulations.** Highly-segmented HBEs were more likely than others to strongly agree that state or local laws and regulations are a barrier to their success.
- **Limited English language skills.** About half of highly-segmented and product-integrated HBEs versus about one

quarter of market-integrated and highly-integrated HBEs agreed that limited English skills were a barrier to their success. Perhaps Latino entrepreneurs in categories three and four are more likely to be fluent in English and thus don't see limited English skills as a barrier to further success.

**FIGURE 2
BARRIER: STATE AND LOCAL LAWS**



**FIGURE 3
BARRIER: LIMITED ENGLISH SKILLS**



In addition, Latino/Hispanic entrepreneurs also rated three other possible barriers to further success differently; however, such differences were not deemed statistically different. These possible barriers are:

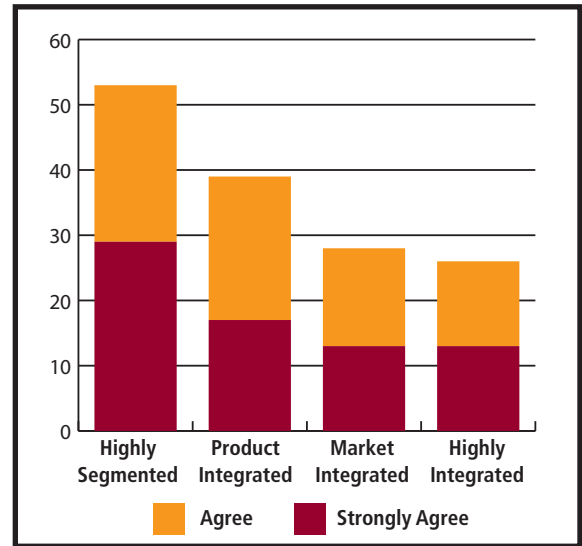
- **Federal laws and regulations.** HBEs in category one (highly-segmented) were most likely to agree that federal laws and regulations might be a barrier.
- **Limited Spanish language skills.** Highly segmented HBEs were least likely to see Spanish language skills as a barrier, while product-integrated and highly-integrated HBEs were most likely.
- **Limited administrative support.** HBEs in category one (highly-segmented) and category three (market-integrated) were slightly more likely to strongly agree that lack of administrative support is a barrier.

Other Business Barriers

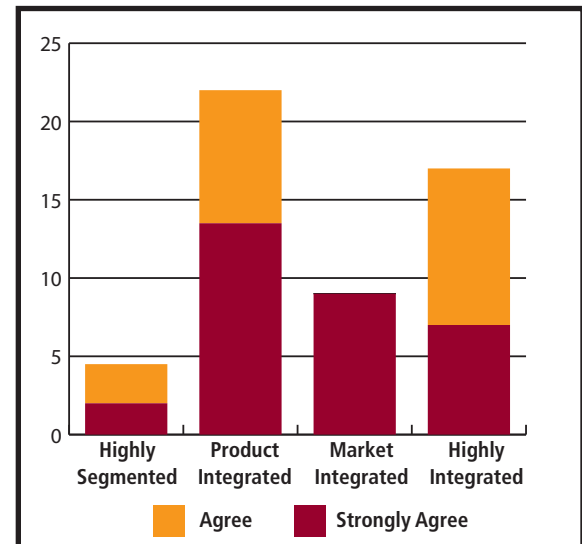
The respondents were asked what are the biggest issues or challenges they have faced or are currently facing with their business. HBE owners indicated the following barriers:

- Challenges with employee recruitment, development and retention
- Lack of capital to expand the business
- Intense competition
- Marketing to larger customers
- Qualifying for larger projects
- Low purchasing power of Hispanic customers
- High number of intermediaries which make profit margins low
- High cost for advertisement
- Seasonal sales and decreased level of sales during the winter season
- High cost for rent
- Challenges with gender-based communications

**FIGURE 4
BARRIER: FEDERAL LAWS**



**FIGURE 5
BARRIER: LIMITED SPANISH SKILLS**



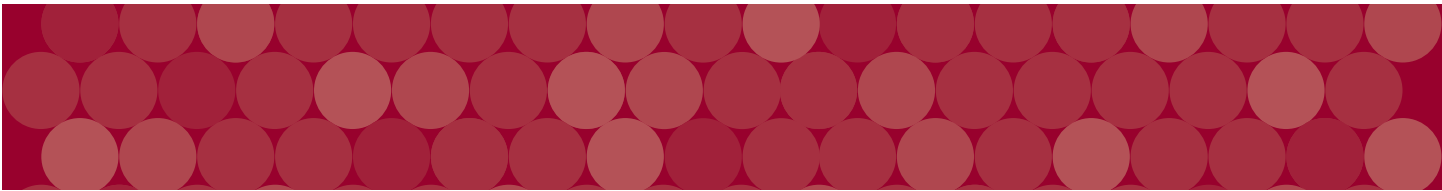
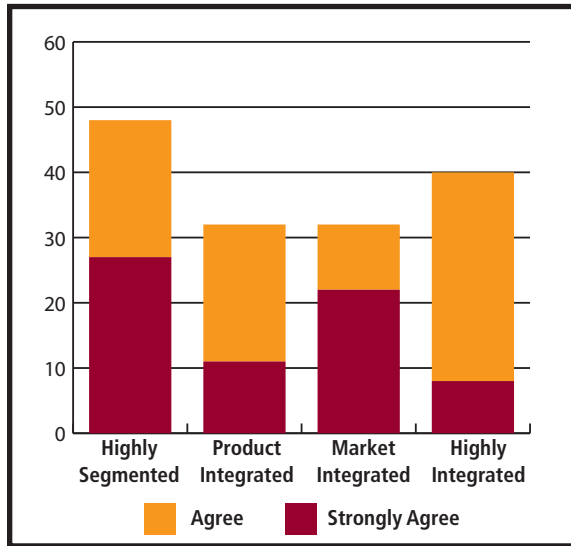


FIGURE 6
BARRIER: LIMITED ADMINISTRATIVE SUPPORT



Part V. Owners Perceptions of Resources Needed

The survey inquired Hispanic entrepreneurs about their interest in using resources that might be available to them. In particular, they were asked to rate a list of resources on a scale from 1 to 5, where “1” means “not at all interested” and “5” means “extremely interested.” The questionnaire listed 21 possible business resources. (See Table 9)

In general, Latino/Hispanic entrepreneurs were clearly somewhat interested or extremely interested in using the resources listed within the survey. Specifically, more than 50 percent of respondents indicated they were somewhat interested or extremely interested with 21 out of the 21 resources presented to them.

The priority of resources needed for HBEs is as follows: mentoring from a successful business owner; access to services for help with marketing and sales ideas; access to services for help with accounting/taxation; additional business training in marketing and sales ideas; and additional training in their business industry.

Perception of Resources Needed across HBEs Categories

This section presents the perceptions of resources needed that were identified by Latino/Hispanic business owners across HBEs classification categories. Statistically significant differences were present among respondents in the four HBEs categories for 12 out of the 21 resources presented to them. There were statistical significant differences among HBEs in the following resources:

- Additional Business Training in Marketing and Sales Ideas.** While highly-segmented HBEs were extremely interested in this resource, highly-integrated HBEs were only somewhat interested.
- Additional Business Training in Financial/Banking Issues.** Highly-segmented HBEs are somewhat interested while product-integrated and highly-integrated HBEs are somewhat uninterested in additional business training in financial/banking issues. Perhaps Hispanic entrepreneurs operating product-integrated HBEs might be more knowledgeable and experienced in financial and banking matters.
- Additional Business Training in Legal Issues.** HBEs in category one (highly-segmented) indicated they were somewhat interested in additional business training in legal issues. In contrast, HBEs in categories two (product-integrated), three (market-integrated), and four (highly-integrated) mostly indicated they were less interested in this resource.
- Additional Training in Worker Management Issues.** While highly-segmented HBEs were somewhat interested in additional training in worker management issues, highly-integrated HBEs were less interested in this resource.
- Access to Services for Help with Accounting/Taxation.** Highly-segmented HBEs were somewhat interested while highly-integrated HBEs were less interested in access to services for help with accounting/taxation.
- Access to Services for Help with Marketing and Sales Ideas.** Highly-segmented HBEs were interested while highly-integrated HBEs were less interested in access to services for help with marketing and sales ideas.
- Access to Services for Help with Legal Issues.** HBEs in

**TABLE 9
RESPONDENT INTEREST IN TRAINING AND SERVICE OPPORTUNITIES**

"For each of the following, please indicate how much interest you would have in using the resource mentioned for you or your employees. Please rate each on a scale from 1 to 5, where "1" means "not at all interested" and "5" means "extremely interested." This scale is on the "answer categories" card."

	Not at all Interested				Extremely Interested	MEAN
	1	2	3	4	5	
Additional business training in...						
accounting/taxation	23%	7%	16%	15%	39%	3.41
marketing and sales ideas	17%	5%	12%	20%	46%	3.73
computer or internet ideas	25%	10%	12%	18%	35%	3.26
financial/banking issues	23%	9%	18%	17%	33%	3.27
legal issues	20%	9%	16%	18%	35%	3.38
worker management issues	23%	9%	10%	21%	36%	3.37
other management issues	22%	7%	16%	21%	33%	3.36
Additional training in your business industry	17%	7%	14%	17%	45%	3.65
Access to services for help with...						
accounting/taxation	18%	5%	9%	19%	48%	3.72
marketing and sales ideas	11%	5%	15%	19%	50%	3.92
computer or internet ideas	23%	13%	11%	14%	39%	3.35
financial/banking issues	19%	11%	13%	20%	37%	3.46
legal issues	17%	11%	13%	20%	39%	3.52
worker management issues	20%	8%	17%	17%	37%	3.43
other management issues	19%	5%	16%	22%	37%	3.53
Mentoring from a successful business owner	8%	8%	12%	20%	52%	4.01
Help with minority business certifications	30%	6%	11%	10%	43%	3.29
Additional funds from investors	34%	6%	10%	15%	35%	3.12
Additional funds from bank loans	26%	7%	12%	18%	36%	3.32
Help to manage personal credit	38%	8%	10%	11%	34%	2.95
Training to manage personal wealth	29%	13%	13%	11%	34%	3.06

category one (highly-segmented) indicated they were somewhat interested while HBEs in categories two (product-integrated) and four (highly-integrated) suggested they were less interested in access to services for help with legal issues.

- **Access to Services for Help with Worker Management Issues.** Highly-segmented, product-integrated and market-integrated HBEs were somewhat interested while highly-integrated HBEs were less interested in access to services for help with worker management issues.
- **Access to Services for Help with Other Management Issues** The identical pattern seen in the previous item appears here: highly-segmented, product-integrated and market-integrated HBEs were somewhat interested while highly-integrated HBEs were less interested in access to services for help with other management issues.
- **Mentoring from a Successful Business Owner.** Highly-segmented, product-integrated and market-integrated HBEs were interested while highly-integrated HBEs were less interested in mentoring opportunities.
- **Help to Manage Personal Credit.** Highly-integrated HBEs were not interested in help to manage personal credit, while highly-segmented and product-integrated HBEs were slightly interested.
- **Training to Manage Personal Wealth.** The identical pattern seen in the previous item appears here: highly-integrated HBEs were not interested in help to manage personal wealth, while highly-segmented and product-integrated HBEs were slightly interested.

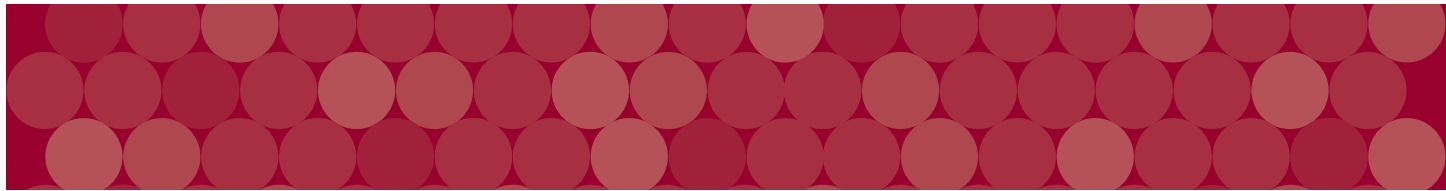
RECOMMENDATIONS

The Greater Indianapolis Chamber of Commerce can support the development of the Hispanic business community in Indianapolis by facilitating educational and networking opportunities. Those opportunities are needed by HBE owners across all levels of integration. On one hand, the lower the level of integration of a HBE the greater the educational needs of the HBE owner. On the other hand, the higher the level of integration of a HBE the more sophisticated the educational needs of the HBE owner are. Nevertheless, there are two critical areas of need across HBEs integration levels: First, business planning; and second, English as a second language (ESL) programs. Having access to support in those areas may allow HBE owners to develop the knowledge and skills needed to compete in integrated markets.

In addition, the Indianapolis Chamber can also facilitate the development of HBE owners by helping them visualize and narrow down the business areas in which they might be more successful. Some HBE owners could transfer their knowledge and skills into new businesses that will allow them to operate in a more integrated market. To accomplish this, the chamber should provide training and expand and make more easily available to HBE owners the mentor-protégée program.

We anticipate most HBEs are likely to start operating in category one (highly-segmented) and for the most part remain within that category. Most HBEs are relatively small and as such have business growth potential within such a category. To facilitate the development of HBEs in category one, the chamber can provide them with customized training programs in the following areas:

- Preparation of business plans
- English as a second language (ESL)
- Marketing and advertisement
- Doing business in Indianapolis
- Business law
- Financial management
- Accounting and taxation
- Human resource management
- Customer service



In addition, HBEs in category one may also benefit by having access to a pool of support consultants to work with them in their business strategy and to help them to overcome some of their daily operational challenges.

HBEs might be established in category two (product-integrated) or expand from category one (highly-segmented) into category two. By following this strategy, HBEs can enlarge their revenue base without a significant marginal effect in their fixed cost of operation. Indeed, they might be able to utilize their current infrastructure to deliver not only Latino/Hispanic products or services but also mainstream ones. To facilitate the development of HBEs into category two (product-integrated), the chamber can provide customized training programs in the following areas:

- Product or service expansion strategies
- English as a second language (ESL)
- Strategic planning
- Customer needs assessment
- Industry related training
- Establishing strategic alliances

In addition, the Chamber can facilitate the development of partnerships between Hispanic entrepreneurs and well established mainstream entrepreneurs. This strategy might lead to the creation of new HBEs through which an expanded array of mainstream products or services could be provided to the growing Hispanic community in Indianapolis.

We also believe HBEs might be established in category three (market-integrated) or expand from category one (highly-segmented) into category three. By following this strategy, HBEs might be able to increase their revenue base; however, to accomplish such a goal they might also encounter a significantly higher cost of operation. For instance, HBEs might need to customize their Hispanic products and/or services to the needs of the general community. In addition, they might have to use new distribution channels to deliver their products or services. Some critical success factors to this approach are having cultural understanding to satisfy the customer needs, and hiring and managing Non-Hispanic employees. To facilitate the development of HBEs into category three (market-integrated), the chamber can provide customized training programs in the following areas:

- Market expansion strategies
- Product customization approaches
- MBE and WBE certification
- Cultural understanding of, and ability to communicate with, Non-Hispanic customers
- Hiring, motivating, and retaining Non-Hispanic employees
- English as a second language
- Establishing strategic alliances

In addition, the Chamber can also facilitate the development of partnerships between Hispanic entrepreneurs and well established mainstream entrepreneurs. This strategy might lead to the creation of new HBEs through which Hispanic products or services could be provided to mainstream customers in Indianapolis.

HBEs might also be established in category four (highly-integrated) or expand from either category one (highly-segmented), two (product-integrated), or three (market-integrated) into category four. Following this strategy, HBE owners are more likely to create more value; however, they need to be prepared to develop a more complex business structure to successfully compete in a more competitive business environment. To facilitate the development of HBEs into category four (highly-integrated), the Chamber can provide training programs in the following areas:

- International market research
- Business development strategies
- Expanding into new markets
- MBE and WBE certification
- Managing a diverse labor force
- Establishing strategic alliances