

STATE OF LATINO ENTREPRENEURSHIP 2016 EXECUTIVE SUMMARY

Remarkably, growth in the number of Latino-owned firms (hereafter, “Latino firms”) in the United States is outpacing growth in number among other firms. This high business creation rate is unique in the U.S. because the five-year average growth rate in the number of Latino firms has remained at double or triple that of the national average for the past fifteen years. This growth presents a great opportunity to expand the U.S. economy. If the number of Latino firms remained the same but their average sales mirrored that of non-Latino businesses, we could expect the impact to be an increase of 1.3 trillion dollars in sales.

This research report describes key findings from the second annual Stanford Latino Entrepreneurship Initiative (SLEI) 2016 Survey of Latino Business Owners. Through data collection led by Stanford faculty and researchers, this survey reached a national sample of over 4,900 Latino-owned businesses. The survey data provides much needed insights into all aspects of business operations and a deep dive into business strategies related to firm growth. Our research report focus is on providing an accurate and detailed profile of Latino firms as well as information about how scaled Latino firms differ from all the rest.

KEY INSIGHTS

- Latino firms are located all over the U.S., with 75% in majority non-Latino neighborhoods serving mostly non-Latino customers, and 60% of all firms located in four states.
- Immigrants own 29% of Latino firms, with 40-50% being businesses with revenue over \$1 million and more than 50 employees.
- Scaled firms are more integrated into the ecosystem of U.S. businesses, as shown by their numerous formal business memberships.
- 50% percent of Latinos at both startup and growth-stage solely utilize internal funding sources regardless of their size.
- Of the firms that received external funding, one-third use bank and business loans at the early stage while, in contrast, two-thirds use bank and business loans at the growth-stage.