ACKNOWLEDGEMENTS

This playbook was compiled and edited based on the notes of an informed observer at the inaugural 2021 Aspen Latino Business and Entrepreneurship Summit. None of the comments or ideas contained in this report should be taken as embodying the views or carrying the endorsement of any specific participant at the forum, our program, or any of the supporting donors.

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We also would like to thank Gwyn Hicks, who wove together content from various sources and formats generated during the Summit to articulate the key issues and recommendations in this report; and Alejandro Manzanares, Senior Program Manager, Eddy Encinales, Program Manager, and Mary Castillo, Communications Manager at the Aspen Institute Latinos and Society Program for editing, producing, and disseminating this white paper.
Small businesses, particularly BIPOC small businesses, have suffered disproportionate impacts from the pandemic...[But the] Latino entrepreneurial spirit is strong and vibrant. To rebuild our economy, we must invest in Latino entrepreneurs and small business owners.

— ISABELLA CASILLAS GUZMAN
27th Administrator, U.S. Small Business Administration, addressing the inaugural Latino Business & Entrepreneurship Summit participants

INTRODUCTION

Small businesses are the unsung heroes of the U.S. economy and critical to powering its recovery. Generating two-thirds of new jobs and employing half the private workforce, small businesses produce and provide products and services we rely on every day. Central to this narrative are the nation’s 4.65 million Latino-owned businesses (LOBs)—which employ 3 million American workers and generate an estimated $700 billion per year1. This includes addressing economic barriers for the nation’s 60.5 million Latinos, who represent more than 18 percent of the U.S. population2.

Although Latinos are starting businesses at record numbers, these businesses are likely to stay small due to economic and systemic opportunity gaps and are more likely to be concentrated in low-wage low-growth sectors. Addressing these gaps will not only expand Latino businesses, but also increase U.S. competitiveness overall.

U.S. Small Business Administration (SBA) Administrator Isabella Casillas Guzman notes that during the pandemic, SBA saw an unprecedented $1.1 trillion in federal investment go to relief spending for small businesses. As the SBA continues to roll out new programs with an equity focus, now is the time to close the economic opportunity gap that is holding Latinos back by ensuring Latino business owners and entrepreneurs have greater access to capital, digital upskilling, public procurement opportunities, as well as training, mentoring, and access to networks.

Leading this charge, the Aspen Institute Latinos and Society Program (AILAS) launched the inaugural Aspen Latino Business and Entrepreneurship Summit on October 27, 2021. Convening more than 160 local and national leaders from the business, policy, philanthropy, and civic sectors—both in person and virtually—the event created a platform for participants to share and explore strategies and solutions to foster the economic resilience and power of Latino business owners and entrepreneurs in cities and communities throughout the United States.

Among those gathered were representatives of the first cohort of the Aspen Institute’s Latino City Learning and Action Lab. This exciting new program fosters networking and learning among a cross-section of leaders from Latino-majority cities. These leaders are successfully bolstering their local economies by reimagining their Latino small business ecosystems. The cities in this first cohort of the lab are Chicago, El Paso, Miami, Phoenix, San Antonio, and San Bernardino.

Speakers, who included representatives from the Lab as well as national leaders working to support Latino-owned businesses, discussed Latina entrepreneurs, procurement as a critical driver of growth for firms, workforce development, digital inclusion, and access to capital. Speakers also showcased innovations to scale impact and boost the Latino business economy in their communities. This publication summarizes the rich knowledge shared and outlines the recommendations stemming from those conversations so it can be used to inform the work of those supporting our nation’s Latino entrepreneurs and small business owners.

See the Summit program book to read the full agenda, list of speakers and their bios. Watch the recordings from the Summit here.
Starting businesses at twice the rate of any other minority population, Latina entrepreneurs are the fastest growing small business segment in America. Already the power brokers in their own homes, Latinas have a long history of running businesses on the side to have additional funds to support their families. In many cases, Latinas in the workplace are finding that the only way to get promoted to the top is to launch their own companies. Others were forced to leave their jobs during the pandemic to care for their children and protect their families’ health. Now they are starting businesses that offer the flexibility they need to continue to run their homes while improving their family’s economic mobility.

Setting Latina business owners up for success is critical to the nation’s economic recovery. To leverage this opportunity, Latina entrepreneurs need:

- **Access to capital**, along the continuum of business needs, from seed funding to private equity to federal investment and matching funds. Financial institutions such as Community Development Financial Institutions (CDFI) can support Latina entrepreneurs and small business owners by streamlining the loan process, including underwriting loan applications electronically to make it faster to get and deploy loans to minority- and women-owned businesses.

- **Training, capacity and resources** that are culturally competent and explain not only how to access capital, but also how to properly run and scale firms (e.g., negotiate contracts, review leases, hire, establish and track projections, forecasting, etc.). These wrap-around resources must be mindful of terminology and explain financial terms that do not have a direct Spanish translation, such as “loan officer” and “capital stack.” They should also be available in Spanish and Portuguese to reach Latinas who are not fluent in English.

- **Access to high-speed broadband and training** to bring their companies online and increase their digital acumen, including help learning to use software, disparate online tools required for business success, and applications that support business planning and operations.

- **Support navigating the certification process** (e.g. Minority Business Enterprise for corporate vs. government contracts, SBA certifications) to make the contracting process easier and leverage corporate and government funds earmarked for minority-owned businesses. The SBA, and others can help by streamlining the application process and making funds available through innovative bonding programs on an earlier timeline rather than making businesses wait 60 to 90 days for payment.

- **Support integration, ease of business connections, and help overcoming cultural hurdles** they may face as entrepreneurs coming from other countries and adapting to U.S. business practices. Many Latinas need support building relationships with bankers, attorneys, consultants, and others who can help them navigate and establish proper HR, financial, marketing, sales and other systems to manage and grow their businesses.

- **Mentoring from other business leaders** can help emerging entrepreneurs learn to navigate the business world. This must include creating a network of high-growth Latina business leaders who are focused on lifting each other up and establishing a supportive and inclusive business ecosystem. Most major cities have women’s business centers and investment groups for Latinas. A national directory of these resources is needed.

The answer is rooted firmly in the family and especially in the home. The net worth of a white household is $183,000 vs. $43,000 for Latino households. Latinas are not going to let that go by without taking action and the path of entrepreneurship for many means greater financial independence, stability and success for their families, when done right.

— MYRNA SONORA
Regional Vice President, South Florida, Prospera
We need to make sure that from the very top levels, we are represented. That means corporate boards, that means advisory boards, that means your senior executives as well as your workforce. But we need to hold ourselves to that high standard.

— CONGRESSMAN PETE AGUILAR (CA-31)

PREPARING WORKERS FOR THE JOBS OF TODAY AND TOMORROW

The World Economic Forum’s Future of Jobs Report 2020 predicts that, as machines replace 85 million jobs by 2025, the shift will lead to a net addition of 12 million jobs. But the pandemic accelerated automation, presenting an urgency to upskill workers to meet the current and future demand for employees across all industries with higher digital skills. As projections indicate that Latinos will comprise 28% of the U.S. population by 2060, Latino workers need the skills and training to obtain emerging jobs that will be critical for the U.S. economy and its global competitiveness.

The pace of change that will happen with automation will be fast, but new jobs will be created as a function of that automation. Latino workers need to be ready to move from positions vulnerable to automation to the vacancies in the new industries created by this technological change. To get ready for the jobs of tomorrow, Latino employees need:

• **To learn about all jobs, including jobs in new industries, as early in their education as possible** so their career exploration isn't limited but forward looking and filled with diverse income opportunities. Industries are being formed now and Latino students should learn about them so they can prepare.

• **Develop higher education partnerships with the Federal government to educate the workforce of tomorrow** around promising industries such as cybersecurity. Cybersecurity, in particular, is an industry that receives investments from the government. It is important to leverage those investments to train a diverse workforce that can reap the benefits of this new and growing sector.

• **Increase skills through different programs, such as certificate, training, and vocational programs as well as community colleges.** Baccalaureate programs are not for everyone or at the reach of everyone, so it is important to offer different avenues to skills that can be used for high paying jobs in the industries of tomorrow.

• **Create training programs with input from employers, educators and support organizations.** Employers can foresee some of the gaps their companies will face in the changing economy, while supporting organizations and educators know how to reach Latinos and ensure they are ready to learn new skills.

• **Training for the whole family** to help parents understand how to navigate the K-12 system so they can find the pathways that maximize the potential of each child as well as explore additional training for themselves.

• **Ensure representation of Latinos at all levels, not just in the workforce.** By doing so, we can ensure we are represented at every table and empowered to advocate for our community at every level.
Although supplier diversity has become an important topic in looking to grow firms, many corporations and public entities lack an equitable and cohesive supplier diversity strategy that could increase their competitive advantage by pursuing new business opportunities with Latino-owned companies. Efforts to strengthen the U.S. economy must include strategies that foster a more deliberate, coordinated brokering process. Fortunately, as buyers look at their performance plans, companies, governments, anchor institutions, and others are realizing the economic advantages of having a diversified supply chain, as a means of growing minority firms in their cities.

The federal government, the largest purchaser in the world spending $560 billion a year on procurement, is prioritizing supplier diversity and sending a message on its importance for the future of the country. As part of the Biden administration’s commitment to strengthening diversity, equity, and inclusion, an executive order for the SBA includes a goal of increasing contract spending on small, disadvantaged businesses by 50 percent over the next five years. This represents a tremendous opportunity for Latino-owned businesses to secure more government contracts. However, Latino-owned businesses often do not have the networks or knowledge needed to access procurement opportunities and provide their products and services.

Kris Oswold, vice president for global supplier diversity at UPS, noted, “If an organization is committed to diversifying its supply chain, it’s going to attract more business. Diversifying our hiring gives us the ability to bring different viewpoints and experiences. Businesses that understand our commitment to diversifying our supply chain are much more likely to do business with us. It also helps with hiring—potential employees want to work with firms that are committed to a diverse supply chain.”

According to Oswald, as companies like UPS realize the business advantage of a diverse supply chain, they become committed to increasing their spend on businesses of all types. UPS spending on minority businesses is already up more than 30 percent in 2021 over the previous year’s total spend.

The sports and entertainment industry is also leaning into the advantages of diversifying its supply chain. The Washington Nationals set the trend for Major League Baseball when it announced it would award 90 percent of its bids to small businesses. Half of all Major League Baseball teams have since instituted this approach.

The Nationals also took steps to ensure diversity among its owners. Paxton Baker, one of five African American minority owners—another minority owner is Latino—explains that by building diversity into every level of the club, from the top down, all fans see themselves reflected in the organization. This creates a loyalty that trickles down into the surrounding communities and keeps those communities engaged with the team.

Other actions the government and corporations can take to level the playing field and give Latino and other small business owners a chance to compete include:

- Moving away from making DEI part of the procurement department and embracing it as a sustained company culture. When a commitment to diversity comes from the top, it creates higher quality participation across the board and leads to better outcomes. Jaime di Paulo, president and CEO of the Illinois Hispanic Chamber of Commerce, also recommends asking companies to sign an MOU that spells out their commitment to contracting with minority-owned small businesses.

As we talk to Latino business owners throughout the country, we need to say that not only are we open for business, but the U.S. government is now taking a different approach and is holding itself accountable. We are focused on new strategies to put this back into performance evaluations of senior executive staff who oversee the purse strings.

— BIBI HIDALGO
Associate Administrator,
Office of Government Contracting & Business Development, U.S. Small Business Administration
• **Unbundling projects to ensure contracts are set up to allow small businesses to compete.** When multiple projects are bundled together, often in the name of efficiency, they become too large for small businesses to compete. Procurement offices can also support small businesses by helping multiple small firms work together to bid on large contracts as one entity. This may require providing legal support and help accessing the resources needed to create a competitive bid.

• **Overcoming unconscious biases and being willing to share business opportunities.** Once minority businesses owners break down those barriers, they then need to commit to helping other businesses join them.

• **Streamlining the certification process.** Corporations spend a lot of time tracking and ensuring that the businesses they work with are certified. While certification is a necessary part of due diligence, it is not practical to ask a two-person firm to complete a six-month certification process. Updating the certification system to make it easier for small businesses to complete the process will increase the network of certified businesses. Once there is a strong network of certified Latino businesses, those businesses should be encouraged to mentor other Latino-owned businesses and help them complete the process.

Not only is it the right thing to do, from the entertainment and sports industry side, investing in Latino-owned businesses is also the smart thing to do. It’s good for business.

— PAXTON BAKER  
Minority Owner, Washington Nationals
UNLEASHING THE HISPANIC BUSINESS POTENTIAL THROUGH DIGITAL INCLUSION

Latino entrepreneurs and small business owners were among the hardest hit by the pandemic, exacerbating existing inequalities. A lack of access to digital tools and critical capital caused a third of Latino-owned businesses to temporarily close or permanently shut down. Insufficient access to a digital safety net, including e-commerce channels, has continued to hamper the resilience and competitiveness of Latino businesses for the past two years.

Throughout the country and across the globe, the pandemic has made all companies part of the tech industry. As Hector Mujica of Google.org notes, “We need to stop talking about the digital economy and just talk about the economy. The economy is the digital economy. Two-thirds of jobs require basic digital skills.”

For Latino-owned businesses to experience the upward economic mobility that tech can bring—and in turn become an economic engine for their communities—the ratio of several current data points needs to change. Although Latinos now represent more than 18 percent of the U.S. population, they only represent 7 percent of the tech workforce, just 4 percent of tech leadership, only 2 percent of tech board members, and 2 percent of tech startup founders. Despite the billions of dollars going into the tech industry, Latina representation in the tech field is just 0.4 percent.

Flipping these ratios will require closing the nation’s current digital divide with massive federal investment in broadband access and the technical upscaling of small businesses. Other actions needed to increase the tech capacity of Latino-owned businesses include:

- **Capacity-building resources that are offered in Spanish and English.** Skills building resources need to be culturally relevant and led by people who look and sound like the community they are targeting.
- **Access to business consultants and mentors who can help craft a holistic digital strategy.** This includes identifying the myriad of online tools and software they need to start and grow their businesses.
- **Inclusive tech ecosystems and cybersecurity protections that ensure once business owners have access to and increase their use of technology, they know how to protect their data.** These security systems need to offer Latino business owners a turn key approach that understands individual companies’ needs and covers all aspects of running a business.
- **Centralized repository of entrepreneurial resources that business owners can access to find coaching, mentoring, and other resources they need to build their tech capacity.** This should include access to capital and to local business support organizations, such as incubators, accelerators, chambers, small business development centers (SBDC’s), and programs like Grow with Google and SBA Community Navigator Pilot Program.

(We need to) understand the actual challenges a business owner is going through, identify the digital skills they don’t have themselves or on their team, and figure out how to fill that skills gap with outside support. It is beneficial to the community to have these businesses stay in the community. To do that, we need to offer them support to keep their doors open.

— MARCELA ALAVA
Special Assistant to the President and Deputy Director Technology, Executive Office of the President, Office of Administration
• **Inclusive support for students working to complete tech programs, including paid internships and tech apprenticeships.** Additionally, tech firms can increase Latino representation in the field by incentivizing recruiters to expand their search beyond top ranked institutions and include geographies where they do not traditionally explore for talent.

• **Unrestricted tech funds that will put flexible capital into Latino entrepreneurs** and allow the business owners to determine what their business needs are to grow and how best to expand their tech capabilities.

• **Cross-sector partnerships between businesses and community colleges** to ensure students are building the tech skills they need to enter the local job market as well as an overhaul of the current curriculum. Raul Moas, Miami Senior Director of the Knight Foundation explained, “There is a desperate need for entrepreneurs and business leaders to speak honestly and candidly with universities about how to develop local talent. They need to tell universities how to develop curriculum that is... preparing students for jobs.”

We have to recognize that in moments like these, coming out on the other side of a global pandemic, the businesses and entrepreneurs that continue to thrive are the ones that are able to shift their business models by leveraging digital skills and tools.

— HECTOR MUJICA
Economic Opportunity Lead, Americas, Google.org
ACCESS TO CAPITAL TO SCALE LATINO-OWNED BUSINESSES: A SYSTEMIC PERSPECTIVE

As the federal government pours millions of dollars into programs aimed at stimulating the post-pandemic economy, the nation is awash in capital. For Latino business owners to leverage this opportunity, they need systems reform on both the public and private side to move more funding toward small businesses and capacity building. This must start by creating supportive business ecosystems that offer both access to funds as well as coaching for how best to use those funds to grow the business. Additionally, these business ecosystems must put more focus on the demand side and include coaching that helps Latino business owners articulate how the goods and services they offer can meet local demand.

“We are spending too much time on the capital side of the continuum and almost none on the demand side,” Katz said, explaining that major reforms in anchor procurement and supplier diversity practices need to be made. To direct more capital toward Latino-owned businesses, critical systems changes and capacity building are needed, including:

• A shift among CDFIs to focus more squarely on the lifetime capital needs around the continuum of capital of small businesses.

• Specialized funds that can be deployed into minority communities have promise but need to become part of the broader ecosystem and come with a strategic market plan to be effective. One example that could serve as a model for others is LATITUDE Ventures in San Diego, which deploys capital to Latinx tech entrepreneurs.

• Stronger and more inclusive connections between infrastructure projects and the communities they ultimately serve. There is an enormous economic opportunity in the construction industry right now to build wealth, but people want to know who is bringing in the money that will own and develop property in their neighborhoods. Displacement is threatening many local communities, particularly Latinos. Local banks, through DEI efforts, have a role to play in community projects by ensuring ownership stays within the community.

• Specialized entrepreneurial training that meets business owners where they are and is tailored to their individual needs and stage of firm growth, as opposed to a one-size-fits all approach. Lengthy, generic online sessions are not going to work for small business owners who are focused on daily tasks. Instead, they need resources to answer tailored questions as they arise in order to focus more of their time on growing their firm. Latino business owners also need support to build their networks and form important relationships with bankers, lawyers, and other business serving partners - to collaborate and partner with to quickly and effectively grow and problem solve.

• Room to fail. Businesses often fail their first time out. However, Latino business owners may fear that if they don’t succeed, they will be cut off from future funding. As a result, they do not take the calculated risks necessary for growth. Embracing failures and highlighting success stories that come from failures will encourage more Latino entrepreneurs to try new approaches. Creating an ecosystem that bolsters each individual entrepreneur will further normalize these failures as reflective of the ecosystem and not the individual. Ultimately, this will provide lessons that the entire ecosystem can put toward future growth.

Small businesses have to be part of the build back strategy. They create jobs and build net worth. They also become an intergenerational transfer of wealth – something the business owners leave to their families. Those who start in small businesses become leaders in their communities.

— HENRY CISNEROS
Chairman, American Triple I Partners and former Secretary of the U.S. Department of Housing and Development
Latino-owned businesses can substantially impact their communities through job creation and contributions to a robust economy. Access to growth capital can allow Latino entrepreneurs to reach the scale necessary to secure sizable procurement opportunities in high-growth categories. However, for small businesses, lower than average sales and fewer employees can make capital harder to access. By creating new capital products (on both the equity and debt side) tech, governments, business support intermediaries, banks, CDFIs, MDIs, and other financial institutions can remove this barrier and create more pathways for inclusive entrepreneurship.

Distribution of Paycheck Protection Program (PPP) loans gave lenders an opportunity to try new approaches. For example, some organizations that wanted to help businesses in their communities did not have the capacity to execute on larger deals. The National Association for Latino Community Asset Builders (NALCAB) stepped in and provided funds so that their members could provide the support local businesses needed.

Other strategies for breaking down barriers to capital include:

- **Building strong relationships in the banking community.** CDFIs provide an alternative to traditional banking and offer wraparound support services that help small business owners not just create deeper relationships with the lender than they could with a traditional bank, but navigate other pain points related to growing a business. To unleash inclusive entrepreneurship, we need to move Latino entrepreneurs and small business owners away from personal savings and “family and friends” borrowing as a primary source of capital, and into long-term relationships with banks. CDFIs that hire from within their local community and have bilingual staff can help build trust with clients.

- **Fostering an intentional Latino entrepreneur ecosystem** with a full continuum of business resources available so that when someone needs help there is a trusted organization and local ambassadors who can point entrepreneurs in the right direction, and can speak through the challenges of starting and growing a business.

- **Letting the facts speak for themselves.** Latinos are a strong, upwardly mobile population that is a solid worthwhile investment. Greater effort to call attention to Latino business success stories is needed to change the narrative on the perceived risk of lending to Latino entrepreneurs and small business owners.

- **Listening to what the community needs.** Instead of coming in and saying, “this is what we are going to do,” lenders need to listen to a community, learn what they need, and then use the community’s ideas and the people they trust to meet those needs and build new financial products. Local anchor institutions—e.g., community colleges, universities, and medical institutions—can help determine what a community needs and offer insights for how to engage the rest of the community to best meet those needs.

- **Keeping touch and relationship management for continued future success.** Although technology has increased the use of automation, keeping strong relationships requires lenders and other institutions to reach out to clients directly.

- **Focus and investing in the next generation.** Mentorship and training programs aimed at high school and college students are an important part of keeping the pipeline of Latino entrepreneurs strong. Business resources that help business owners pass their companies down to their children are also important.

We need to lead with the facts and bring to the table the economic data that shows the positive impact of supporting Latino businesses.

— MARLA BILONICK
President and CEO, National Association for Latino Community Asset Builders
There is a reconocimiento right now of the sheer force and power of the Latino community and what we can contribute to our economic prosperity. Rather than say thank you and feel blessed about it, we should press our advantage. This is the exact time when we need a sense of urgency to collectively adapt, advocate, and achieve.

— MIKE VALDES-FAULI
President and CEO, Chemistry Cultura and Advisory Board Member,
Aspen Institute Latinos and Society Program

CONCLUSION

Latino-owned businesses are an important engine of the American economy, representing more than 3 million American jobs. The U.S. Latino economic annual output totals 2.7 trillion\(^2\), and according to the Latino Donor Collaborative 2021 report\(^3\), U.S. Latinos represent the 7th largest economy in the world. The vitality and future of the U.S. economy and prosperity for all Americans depends on Latino entrepreneurship and business success.

The recommendations included in this white paper are intended to provide public and private strategies for leaders at any level to support the Latino business community, especially as we work collectively to rebuild our economy amid the ongoing COVID-19 pandemic and leverage once-in-a-generation federal investments to unlock economic prosperity for American Latinos and all communities.

If you have any questions about the strategies outlined in this paper or would like to learn more about how the Aspen Institute Latinos and Society Program is working to support local Latino business and entrepreneurial ecosystems, please email LatinoBusiness@aspeninstitute.org.

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8. Ibid.
9. Ibid.
11. Ibid.
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LATINOS & SOCIETY

The Aspen Institute Latinos and Society Program (AILAS), founded in 2015, provides a non-partisan, unbiased platform for shared learning across communities of influencers on the critical barriers preventing greater Latino achievement, and jointly surfaces new, innovative, and actionable solutions for a more prosperous future for all Americans.

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