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Research
Report



STATE OF **LATINO** Entrepreneurship

STANFORD GRADUATE
BUSINESS SCHOOL OF

Latino Entrepreneurship
Initiative

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ABOUT THIS REPORT

This 10th annual State of Latino Entrepreneurship (SOLE) Report provides a comprehensive analysis of Latino/a-owned businesses (LOBs), exploring a decade of growth, challenges, and future opportunities. Drawing on the 2024 Stanford Latino Entrepreneurship Initiative (SLEI) Survey of U.S. Business Owners, comparative benchmarks (i.e. White-owned businesses), and census data, the report highlights trends, actionable insights, and the evolving entrepreneurial landscape. With over 10,000 survey responses, this report offers rich insights into the role of Latino entrepreneurs in shaping the U.S. economy.

In this report, we explore trends related to a post-pandemic rebound and the resiliency of the Latino business segment. Key themes include:

- **Funding challenges, procurement opportunities, and resilience in the face of obstacles.**
- **Trends in technology adoption and green practices driving operational advancements.**
- **Employment trends and the quality of jobs created by Latino-owned businesses.**
- **Insights into industry distribution and business performance metrics.**

This milestone report reflects on how Latino-owned businesses have evolved, reveals critical progress and persistent gaps, and provides insights to guide business leaders, policymakers, and investors in supporting the continued growth of this vital entrepreneurial segment.

About the Cover

Michroma is a biotech startup founded by Latino entrepreneur, Ricki Cassini, that is transforming the food colorant industry with its sustainable fermentation process using fungi. Their natural, vibrant colors, including their flagship product Red+, provide a high-performing alternative to synthetic dyes like Red 40 and Red 3. This breakthrough comes at a pivotal time as consumers increasingly demand natural ingredients, regulations on synthetic dyes tighten, and environmental concerns grow. Michroma's approach delivers a solution that benefits both people and the planet. Emilia Mazza, Lead Fermentation Scientist at Michroma, is featured on the cover.

Our research focuses exclusively on employer firms, those with at least one paid employee other than the owner—as these businesses are poised to have great impact on the economy and job creation. The findings in this report are also considered in the context of broader national trends as we weight our sample to be as nationally representative as possible; additional methodological information related to sampling and measures can be found in **Appendix A**. We include a glossary of terms to support readers in **Appendix B**, and references for additional context can be found in **Appendix C**. This report celebrates a decade of progress for Latino/a entrepreneurs and their impact on the U.S. economy.

ABOUT US

STANFORD LATINO ENTREPRENEURSHIP INITIATIVE (SLEI) RESEARCH PROGRAM

SLEI operates a research program (SLEI-Research) that explores and expands our knowledge of the Latino/a entrepreneurial segment of the U.S. economy through research, knowledge dissemination, and facilitated collaboration. SLEI Research conducts an annual national survey to assess the current state of U.S. Latino/a entrepreneurship. SLEI Research operates as a collaboration between the Latino Business Action Network (LBAN) and Stanford Graduate School of Business, Center for Entrepreneurial Studies.

LATINO BUSINESS ACTION NETWORK (LBAN)

LBAN is a dynamic nonprofit organization based in Silicon Valley with a bold mission to strengthen the U.S. economy by empowering Latino entrepreneurship across the country. LBAN collaborates with Stanford University to drive research, educational programs, and ecosystem development.

In addition to driving SLEI-Research, LBAN collaborates with Stanford Graduate School of Business Executive Education, and offers two transformative educational programs: 1) LBAN Business Scaling Program at Stanford is designed to catalyze the scaling of Latino-owned businesses based in the U.S. that have generated \$1M+ in revenue or have raised \$1.5M+ from external investments, and 2) LBAN Startup Accelerator at Stanford accelerates growth and traction for Latina and Latino founders who've raised a minimum of \$200K equity investment. These nine-week hybrid programs provide access to the Stanford GSB faculty, industry expert content, personal mentorship, a network of capital providers, and a national supportive ecosystem. The programs have a robust network of 1,300+ LBAN alumni from 37 states and Puerto Rico who generate over \$11.7 billion in annual revenue. Learn more about LBAN's programs at Stanford here: www.lban.us/our-programs

This State of Latino Entrepreneurship Report was made possible in part through the investment and support of LBAN's principal partners: Wells Fargo, Bank of America, JPMorgan Chase & Co., Surdna Foundation, Capital One, Target, Chavez Family Foundation, Pitch Johnson, and Arrillaga Family. Learn more: www.lban.us

STANFORD GRADUATE SCHOOL OF BUSINESS (GSB)

Stanford Graduate School of Business has established itself as a global leader in management education through educational programs designed to develop insightful, principled, global leaders. Stanford GSB supports faculty research, curriculum development, and interaction among academic disciplines. It has a rich heritage of a symbiotic relationship with business communities, non-profits, and the government sector around the globe. Learn more: www.gsb.stanford.edu



SECTION I

EXECUTIVE SUMMARY

The 2024 State of Latino Entrepreneurship (SOLE) Report marks the tenth annual study dedicated to understanding the evolving landscape of Latino-owned businesses in the United States. Latinos account for over 70% of the overall growth in the U.S. population between 2022 and 2023.¹ Economically, this impact is profound. The value of goods and services produced by all Latinos in the U.S. reached \$3.6 trillion in 2022, ranking as the fifth largest economy globally, surpassing the GDPs of the United Kingdom and India.² Driving this economic contribution is the rapid growth of Latino-owned businesses, which are the fastest-growing and most dynamic group of the entrepreneurial landscape. Since we began this research, over the past decade, we have found that Latino entrepreneurs have significantly contributed to job creation, economic growth, and business diversification across the nation. The Stanford Latino Entrepreneurship Initiative (SLEI) has closely tracked this growth, offering data driven insights to inform future economic trends, policies, and programs. We highlight below key findings on the contributions, opportunities, and challenges facing this fast-growing segment of the business population. All data reported henceforth refer to

Latino-owned employer businesses (LOBs), with at least one paid employee other than the owner, generating at least \$10,000 in annual revenue, and White-owned employer businesses (WOBs) with the same criteria, unless stated otherwise.

Latino-owned businesses are a critical driver of US entrepreneurial growth, demonstrating resilience and expansion even amidst economic challenges.

Over a five-year period,³ LOBs grew in number by 44%, coupled with a 36% increase in total revenue, generating \$654 billion in 2022⁴ (according to ABS 2023). During the same time period, the number of White-owned businesses decreased by 3%. Despite a challenging economic climate, LOBs have shown consistent expansion in number of businesses, revenue, and workforce. Without Latino-owned firms, the U.S. would have seen no net new growth in the number of businesses during the pandemic (2020-2021). Further, LOBs led growth in the number of firms across all industries including Arts and Entertainment (+86%), Construction (+75%), Transportation (+74%), Real Estate (+66%), and Professional Services (+48%). These indicators underscore their role as a critical driver of entrepreneurial activity in the U.S. economy.

Latino-owned businesses have rebounded in profitability post-pandemic, outperforming White-owned businesses in recent years.

Since 2016, profitability trends among Latino-owned businesses (LOBs) have revealed a story of resilience and recovery. Prior to the pandemic, our study found that Latino-owned firms were less likely than WOBs to report operating profitably. During the pandemic, both LOBs and WOBs experienced significant declines in the proportion of firms operating profitably. The portion of profitable LOBs dropped to 53% in 2020, with the comparable portion of WOBs falling to 62%. The lowest point for LOBs occurred in 2021, when only 43% reported profits. However, LOBs have since rebounded, slightly outpacing WOBs. This year we saw 84% of LOBs operating profitably, a notable change over the past 10 years of Latino business trajectory.

Latino-owned businesses continue to lead in providing opportunities for employee growth and advancement.

Latino business owners remain more likely to offer their employees benefits and pathways for growth and advancement compared to their White counterparts. The data reveal that 89% of Latino-owned businesses provide employer-paid benefits, compared to 75% of White-owned businesses, and 90% of Latino-owned businesses offer skill development opportunities, surpassing 77% among White-owned businesses. These trends align with our prior findings⁵ and underscore Latino-owned businesses' commitment to job quality. While White-owned businesses are more likely to offer remote work options, Latino-owned businesses prioritize benefits that foster upward mobility. As workforce dynamics evolve, these practices highlight the role of Latino entrepreneurs in shaping equitable employment opportunities.

Latino entrepreneurs show strong sustainability efforts.

Latino-owned businesses are moderately more likely to implement green practices, such as water conservation and renewable energy use, compared to White-owned businesses. This

commitment stems from motivations like cost savings, enhancing brand reputation, and meeting regulatory requirements. These sustainable initiatives not only improve environmental outcomes but also provide a model for businesses seeking to integrate sustainability into their operations.

Latino-owned businesses are adopting AI to enhance operations while fostering workforce growth and upskilling.

LOBs show similar levels of full AI integration as White-owned businesses, yet a higher proportion of LOBs view AI as applicable to their operations. Among businesses implementing AI, 59% of LOBs reported increases in worker skill levels compared to 55% of WOBs, and LOBs were more likely to report increased workforce size as alongside AI adoption. While both groups primarily adopted AI to improve the quality and reliability of goods and services, LOBs were more likely to report positive impact of AI adoption for their employees. Challenges such as system integration and data privacy/security were common across both groups, but LOBs were more inclined to express caution about future AI adoption. Nevertheless, 74% of LOBs cited increased operational efficiency due to AI, demonstrating its potential to drive business improvements.

Over the past decade, Latino-owned businesses have consistently faced funding challenges and receive less transparency regarding the criteria for funding decisions.

For the last ten years, Latino-owned businesses have reported persistent challenges in accessing capital. Latino entrepreneurs today are half as likely to receive full funding compared to White-owned businesses (21% vs. 40%). Additionally, only 51% of Latino business owners receive an explanation for funding denial, compared to 87% of their White counterparts. This lack of transparency can perpetuate long-standing challenges in financial systems and makes it difficult for Latino business owners to close the loop and effectively address gaps in their applications. Adding to this challenge, financing is often reported as the greatest low moment by Latino business owners—a stark contrast to the

high levels of optimism and resilience they otherwise exhibit. Over the years, many have navigated these disparities by tapping into personal savings or relying on high-interest funding sources like credit cards. This recurring reliance highlights the resilience of Latino entrepreneurs but also underscores the urgent need for equitable access to capital in the financial ecosystem.

Latino-owned businesses face common business challenges but big gap in marketing.

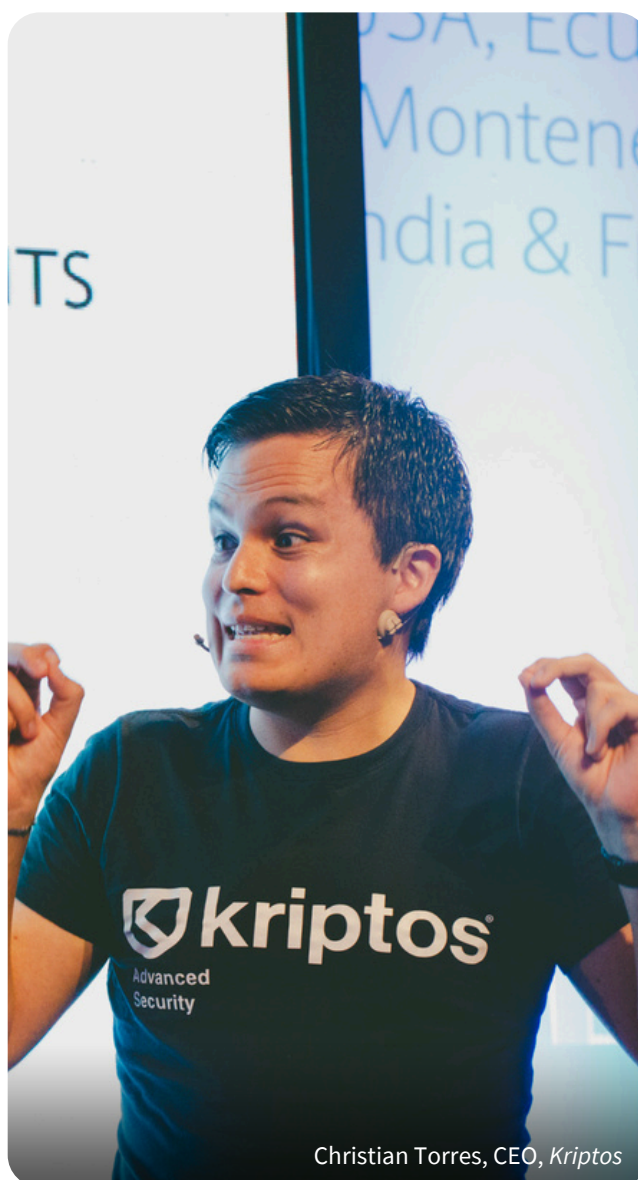
While inflation was the most commonly reported challenge this past year across all businesses, marketing and customer acquisition reveal the largest gap. Latino-owned businesses are more likely than White-owned businesses to identify marketing as their primary obstacle. These challenges include establishing an online presence, managing social media, and executing customer outreach effectively.

Certifications open contracting opportunities for Latino-owned businesses but fall short of addressing barriers.

Certifications have proven instrumental in helping Latino-owned businesses secure local government contracts, with certified businesses 40% more likely to win contracts than their non-certified counterparts. These certifications create pathways for growth and scalability.⁶ However, challenges—such as limited access to decision-makers and complex procurement processes—continue to hinder their full potential. Addressing these persistent barriers could significantly enhance the impact of certifications, allowing Latino-owned businesses to scale and thrive in the contracting space.

Latino entrepreneurs exemplify optimism and resilience, even amidst significant challenges.

Over the past decade, Latino business owners have consistently demonstrated remarkable resilience and optimism, often reporting greater enthusiasm for their business futures compared to White-owned businesses.⁷ This year, 72% of Latino entrepreneurs reported a positive outlook on their business trajectory, despite navigating persistent funding challenges, market challenges, and economic pressures like inflation. While financing remains one of the most significant low points for Latino-owned businesses, their ability to adapt and remain optimistic underscores their entrepreneurial spirit and determination. This optimism will continue to drive their contributions to the U.S. economy.



Christian Torres, CEO, Kriptos



SECTION II

BUSINESS FORMATION AND GROWTH

The growth in the number of Latino-owned businesses has been a consistent force reshaping the U.S. economic landscape over the past decade.⁸ During this period, Latino-owned businesses (LOBs) have transformed industries, created jobs, and fueled economic revitalization in regions across the country. This entrepreneurial dynamism reflects not only the cultural and demographic shifts of a growing Latino population but also their ability to adapt and innovate in response to changing market conditions. This section delves into the historical growth trajectory of LOBs, spotlighting their expanding footprint and contributions to the U.S. economy.

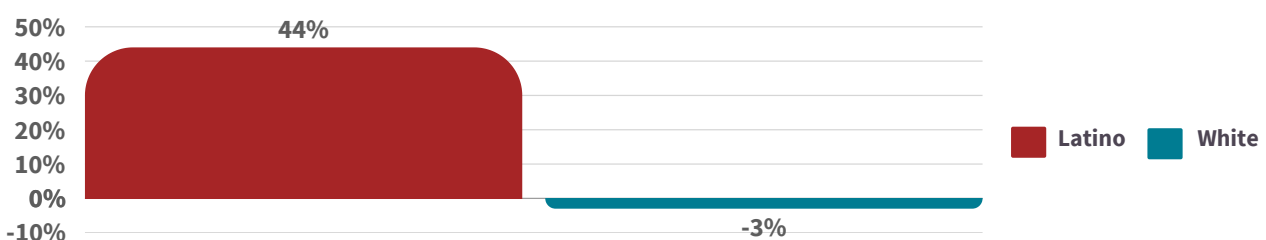
Number of Latino-Owned Businesses has Continued to Grow Over the Last Decade

LOBs have grown in number steadily year-over-year despite the effects of the pandemic.

Latino-owned businesses increased in number by 44% compared to a decrease of 3% for WOBs over the time period pre- and post pandemic (2018-2023)

The number of Latino-owned businesses increased from 322,076 in 2018 to 465,202 in 2023. As shown in **Figure 1**, LOBs increased in number by 44% compared to a decrease of 3% for WOBs over the time period pre- and post pandemic (2018-2023). During the pandemic years of 2020-2021, there was no net new growth in the number of non-Latino U.S. businesses.⁹ This trend of resilience parallels LOB growth during the Great Recession¹⁰ with the entrepreneurial dynamism of Latinos continuing on a historical, upward trajectory.

FIGURE 1: GROWTH RATE IN NUMBER OF U.S. BUSINESSES 2018-2023



Source: U.S. Census Annual Business Surveys, 2018-2023.

Growing In Number Across All Industries

The growth in the number of LOBs spans diverse industries, with top growth in high-performing sectors like arts and entertainment, construction, transportation, real estate, and professional services (**Figure 2**). Real estate, in particular, saw an impressive growth rate of 66%, potentially being associated with broader surges in Latino homeownership in recent years despite high mortgage rates impacting the housing market. In 2023, the Latino homeownership rate reached 50%, representing 10 million homeowners and the largest single-year net gain since 2005 with 377,000 owner-households.¹¹

The construction industry also stands out with a remarkable 75% growth rate in the number of LOBs from 2018 to 2023, with Latino entrepreneurs playing an important role in addressing the growing demand for housing and infrastructure. This expansion is particularly significant given the labor shortages affecting the industry,¹² as Latino business owners increasingly step into leadership roles to drive project completion.¹³ Similarly, the transportation sector has emerged as another key driver of growth, with a 74% increase over the same period. The growing

need for logistics and delivery services has fueled this sector's expansion as the revenue from primary freight shipments is forecasted to grow to \$1,627 billion in 2032.¹⁴

Comparatively, the number of WOBs has stagnated or declined across several industries during the same period. The number of manufacturing firms declined by 8% among WOBs but grew by 30% among LOBs. In the retail trade sector, WOBs experienced a 10% decline, whereas Latino-owned businesses saw a 22% increase. Adaptability and sustained performance in slow-growing or volatile sectors also highlight the strength of LOBs. For example, food services, which were heavily impacted by the COVID-19 pandemic, rebounded with a 37% growth rate in the number of LOBs, compared to a 3% decline among WOBs. These trends suggest that Latino entrepreneurs can adapt to market disruptions and capitalize on their business pivots. Our prior research found that Latino business owners were more likely to report making strategic business changes such as increasing their use of technology and transitioning to e-commerce during the pandemic.¹⁵

FIGURE 2: GROWTH IN THE NUMBER OF LATINO-OWNED EMPLOYER BUSINESSES BY INDUSTRY COMPARED TO THE GROWTH RATE OF WHITE-OWNED BUSINESSES, 2018-2023



Source: U.S. Census Annual Business Surveys, 2018-2023. Note: Industries with fewer than 1,000 Latino-Owned Businesses not displayed.

Regional Growth in the Number of Latino Firms

The landscape of Latino entrepreneurship across the United States demonstrates remarkable regional growth (**Figure 3**). Between 2018-2023, the average state growth rate in the number of Latino-owned businesses was 62%. Utah leads the nation with a 145% growth rate for LOBs over the five-year period. Other states with high rates of growth in the number of LOBs include North Dakota (140%), Idaho (130%), and Minnesota (114%), all of which surpassed 100% growth. The data reveals that states not traditionally associated with large Latino populations are experiencing significant growth. States such as California (38%), Texas (36%), and Florida (43%), which have historically large Latino populations, have moderate growth rates (see **Appendix A** for a table with more detailed state-level data).

Economic Impact of Latino-Owned Businesses

LOBs not only grew in number but also demonstrated significant revenue gains. Total revenue for LOBs increased by 55% over a five-year period, growing from \$423 billion in 2018 to \$654 billion in 2023. The most significant jump occurred between 2021 and 2022, where revenues increased by approximately \$100 billion, representing a 21% growth rate (**Figure 4**). This leap demonstrates the resilience of Latino-owned businesses during a period of economic recovery following the pandemic, driven by their ability to adapt to disruptive market conditions and venture into high-growth sectors such as construction, transportation, and real estate. The consistent increase in both the number of businesses and their revenue highlights the growing economic contributions of Latino entrepreneurs.

FIGURE 3: GROWTH RATE IN NUMBER OF LATINO-OWNED EMPLOYER BUSINESSES BY STATE, 2018-2023

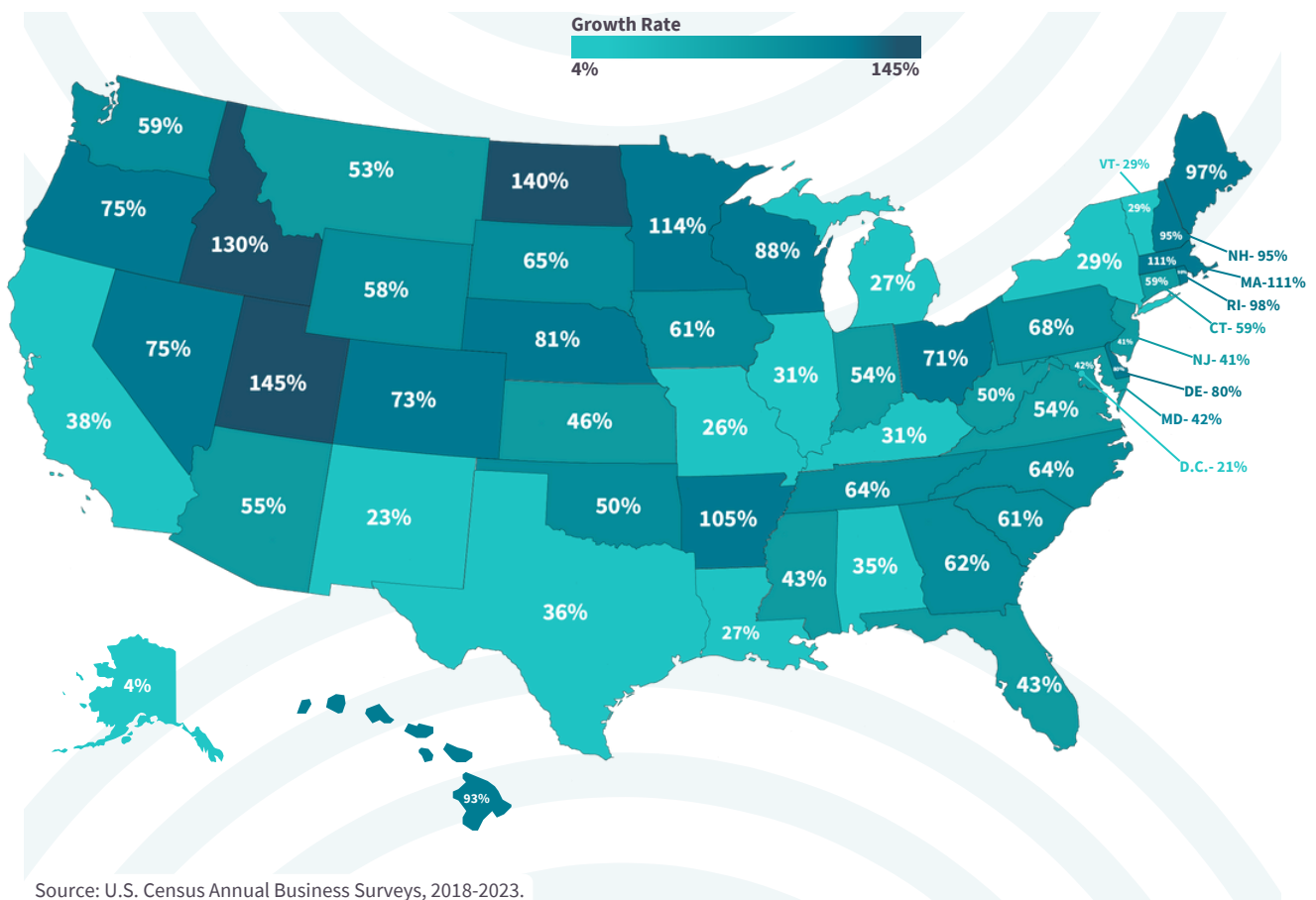
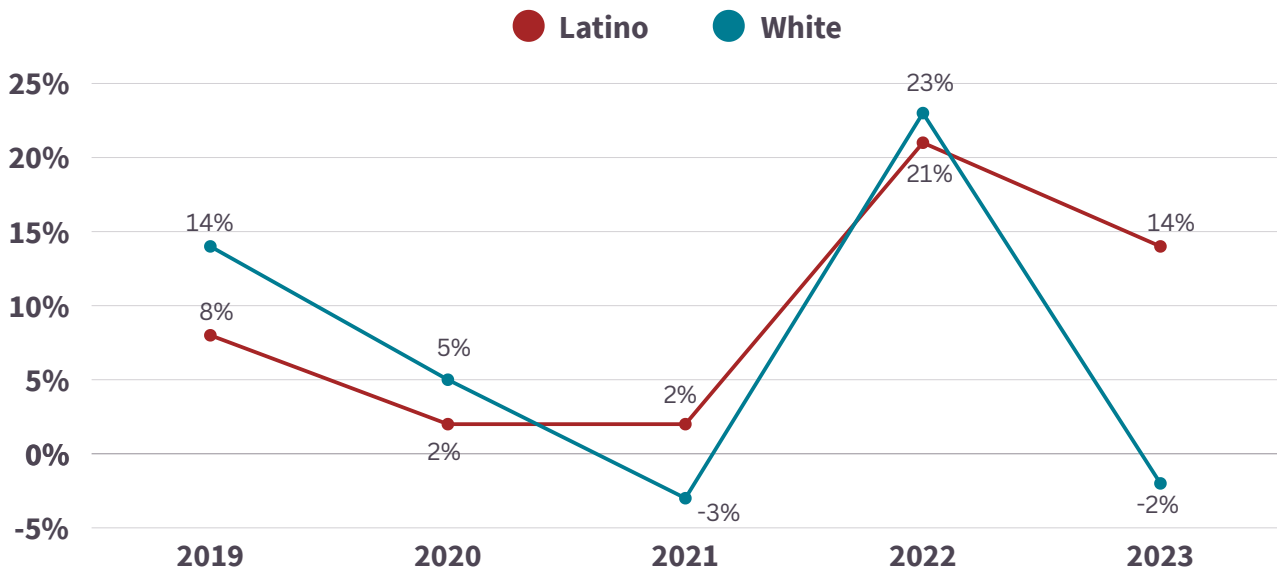


FIGURE 4: AVERAGE ANNUAL REVENUE GROWTH RATES, 2018-2023

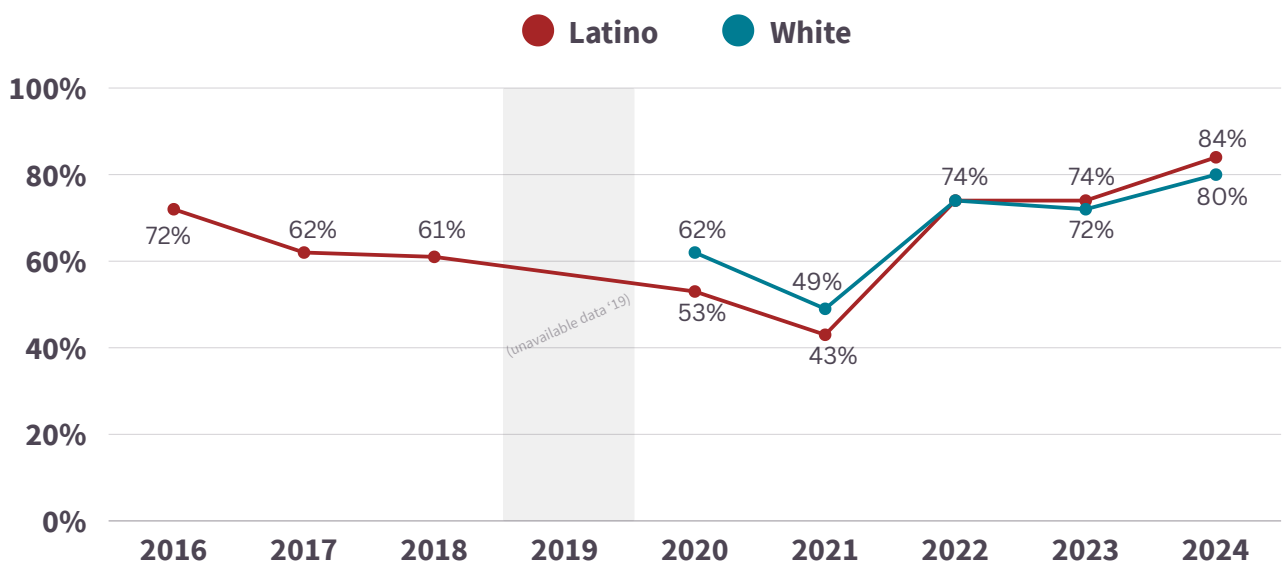


Source: U.S. Census Annual Business Surveys, 2018-2023.

The post-pandemic rebound is further reflected in profitability trends. Both LOBs and WOBs saw sharp declines in the share of firms reporting profitability during the pandemic. In 2020, the portion of LOBs operating profitably dropped to 53%, and 62% of WOBs reported being profitable that year.

The lowest profitable year over the last 10 years for LOBs was 2021 with only 43% of LOBs reporting profits. However, LOBs have rebounded strongly in the years since, with more LOBs reporting operating profitably than WOBs in 2023, for the first time in our collection of responses from both groups (**Figure 5**).

FIGURE 5: PORTION OF FIRMS REPORTING OPERATING PROFITABLY, 2016-2024



Source: SLEI Survey of U.S. Business Owners, 2016-2018, 2020-2024. Note: Profitability not collected in 2019 survey.

SECTION III

WORKFORCE TRENDS, GREEN INITIATIVES, AND TECH INNOVATION

Latino-owned businesses are emerging as leaders in workforce development and showing growth in sustainability and technology innovation. These businesses are demonstrating forward-thinking practices that challenge stereotypes and position them as pioneers in key areas. This section explores workforce trends, green initiatives, and tech innovation, drawing on our latest findings to highlight the unique contributions and challenges of LOBs.

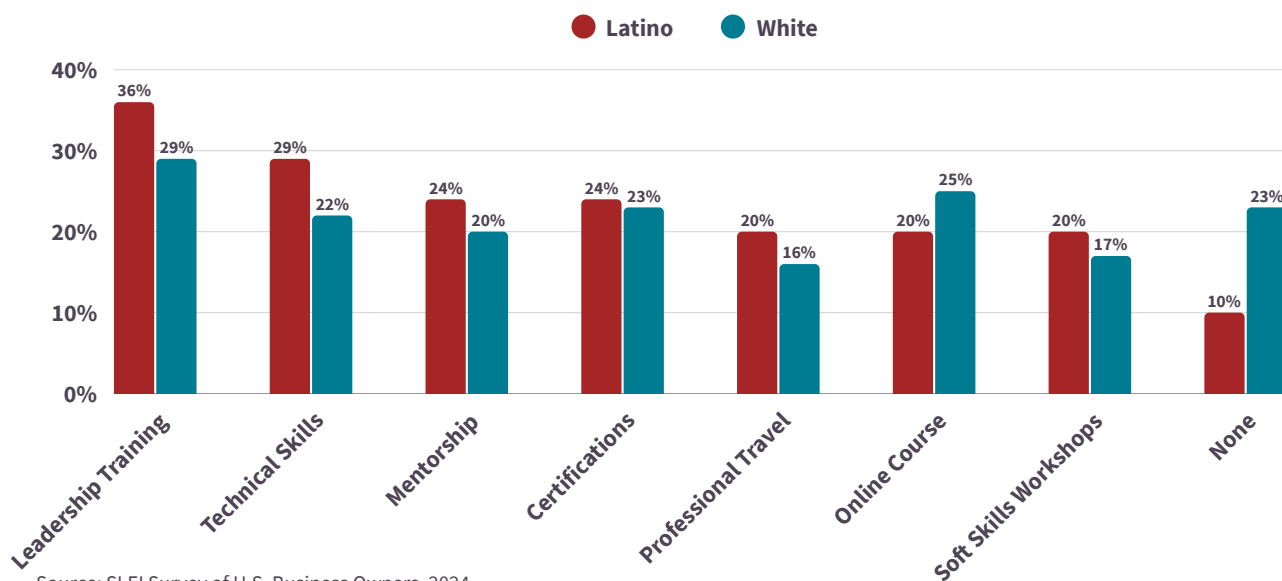
Latino-Owned Businesses Lead in Employee Growth and Opportunities

In our prior research, we standardized a measure for workforce opportunities – the Employee Opportunities Index. This metric demonstrated that LOBs consistently provide greater opportunities to their employees compared to their WOB counterparts.¹⁷ Other studies have reaffirmed these findings, challenging preconceived notions about the financial capacity of businesses owned by entrepreneurs of color to invest in their workforce.¹⁸

Our findings remain consistent with these trends, as LOBs remain more likely to offer their employees benefits, pathways for growth, and advancement compared to their White counterparts. Specifically, 89% of LOBs provide employer-paid benefits, compared to 75% of WOBs. Among LOBs, the top benefits provided to employees include health insurance (46%), paid time off (39%), and performance bonuses (37%). LOBs are also more likely to provide professional development opportunities (**Figure 6**), which include leadership training, technical skills, and mentorship opportunities. These investments in workforce development demonstrate the commitment of LOBs in building businesses that prioritize employee well-being and growth.

This commitment is particularly relevant in the context of low unemployment, with an average rate of 4% in 2024.¹⁹ With a competitive labor market, retaining and attracting talent is increasingly challenging for all businesses. This propensity of LOBs to offer benefits and growth opportunities can provide a strategic advantage. Research shows that companies offering robust benefits and career development pathways experience higher employee retention rates and productivity.²⁰

FIGURE 6: PROFESSIONAL DEVELOPMENT OPPORTUNITIES PROVIDED BY EMPLOYER BUSINESSES

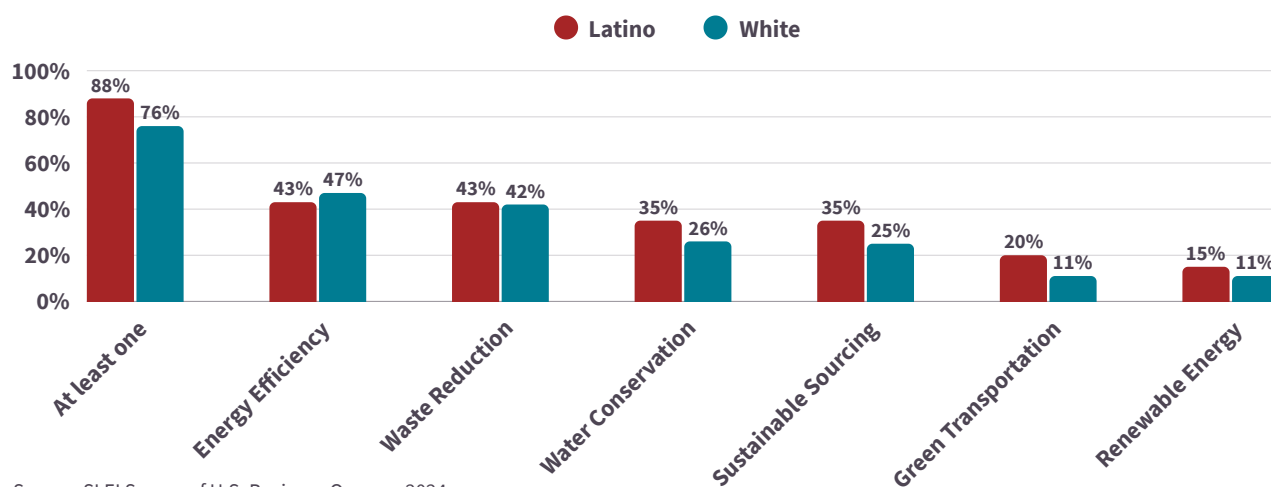


Source: SLEI Survey of U.S. Business Owners, 2024.

Latino Entrepreneurs Show Strong Sustainability Efforts

Latino-owned businesses are also at the forefront of implementing green practices. From water conservation efforts to the use of renewable energy, LOBs are more likely than WOBs to adopt many sustainability initiatives (**Figure 7**). This commitment is driven by a combination of motivations, including cost savings, enhancing brand reputation, and meeting regulatory requirements.

FIGURE 7: ADOPTION OF SUSTAINABLE AND GREEN INITIATIVES



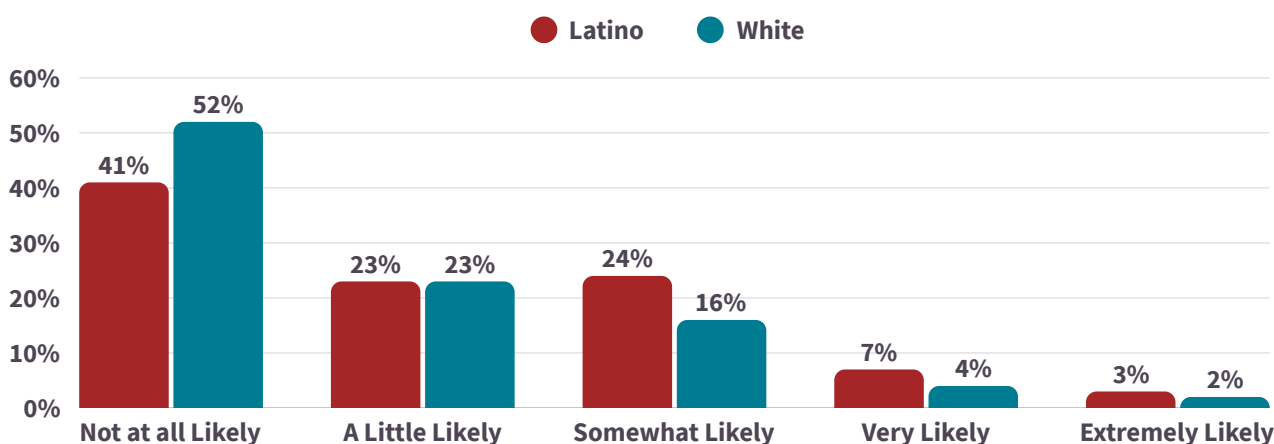
Source: SLEI Survey of U.S. Business Owners, 2024.

Both LOBs and WOBs are likely to report implementing practical sustainability efforts, such as energy efficiency and waste reduction efforts, that can both help the environment and reduce business costs.

The latest Census data also shows that LOBs are more concerned about the potential negative impacts from extreme weather compared to

WOBs, with 10% of LOBs reporting “very likely” or “extremely likely” negative impacts in the future (**Figure 8**). This heightened concern may stem from the fact that many LOBs operate in industries (e.g. construction and transportation) and geographic regions (e.g. CA) that are particularly vulnerable to climate-related disruptions and transportation. As a result, LOBs’ sustainability efforts can also be seen as a proactive approach to future-proofing against climate risks.

FIGURE 8: PERCEPTIONS OF FUTURE NEGATIVE IMPACTS FROM EXTREME WEATHER



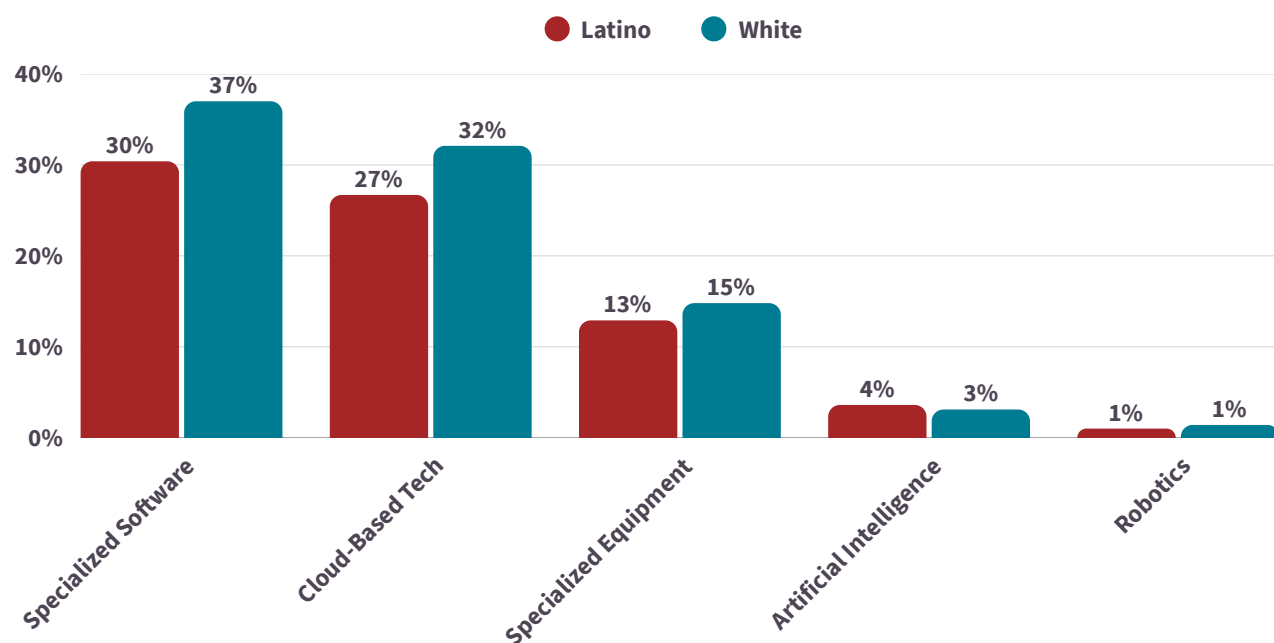
Source: U.S. Census Annual Business Survey, 2023.

Latino-Owned Businesses Adopting AI at Rates Similar to White-Owned Firms

AI continues to emerge as a transformative tool in business. Although AI adoption among Latino-owned businesses are still in their early stages, our findings reveal meaningful experimentation and a growing openness to frontier technologies. This is important as generative AI, in particular, is heralded as having the potential to close content and technology gaps that large corporations have over smaller firms.²¹

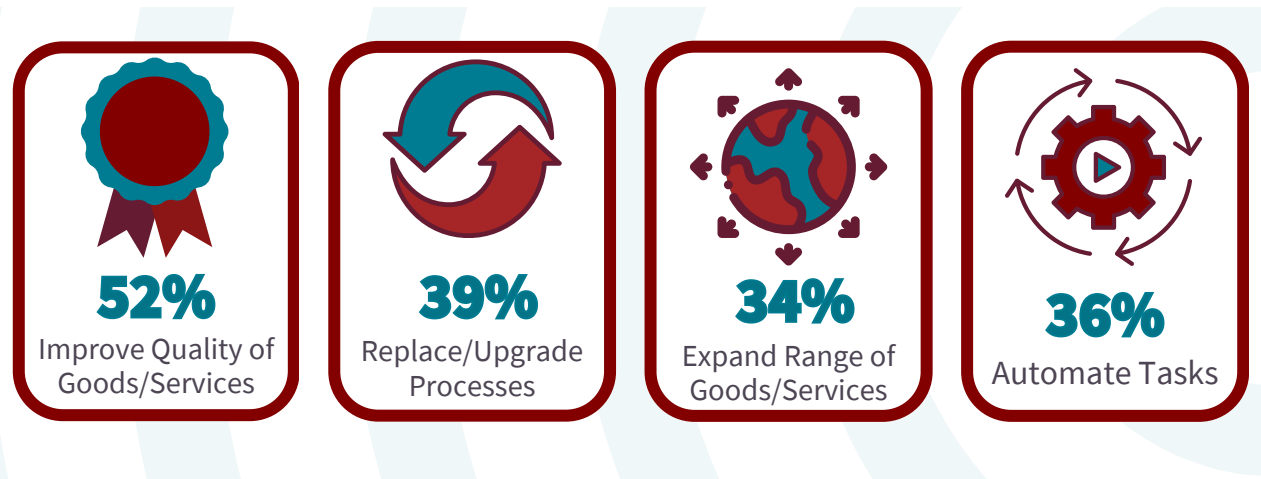
According to the latest Census data, 4% of Latino-owned firms reported integrating AI into their processes, compared to 3% of WOBs (**Figure 9**). Our survey collected AI usage data in 2024 and we find approximately 20% of LOBs and WOBs reported using AI. ChatGPT was released in November 2022, thus, our data may reflect the increase in popularity in the two years after its release. While this upward trending usage and parity reflects progress, LOBs are more likely to approach AI adoption with caution, driven by concerns about system integration and data privacy/security.

FIGURE 9: TECHNOLOGY USED IN BUSINESS PROCESSES



Source: U.S. Census Annual Business Survey, 2023.

FIGURE 10: TOP REASONS FOR AI ADOPTION AMONG LATINO-OWNED BUSINESSES USING AI

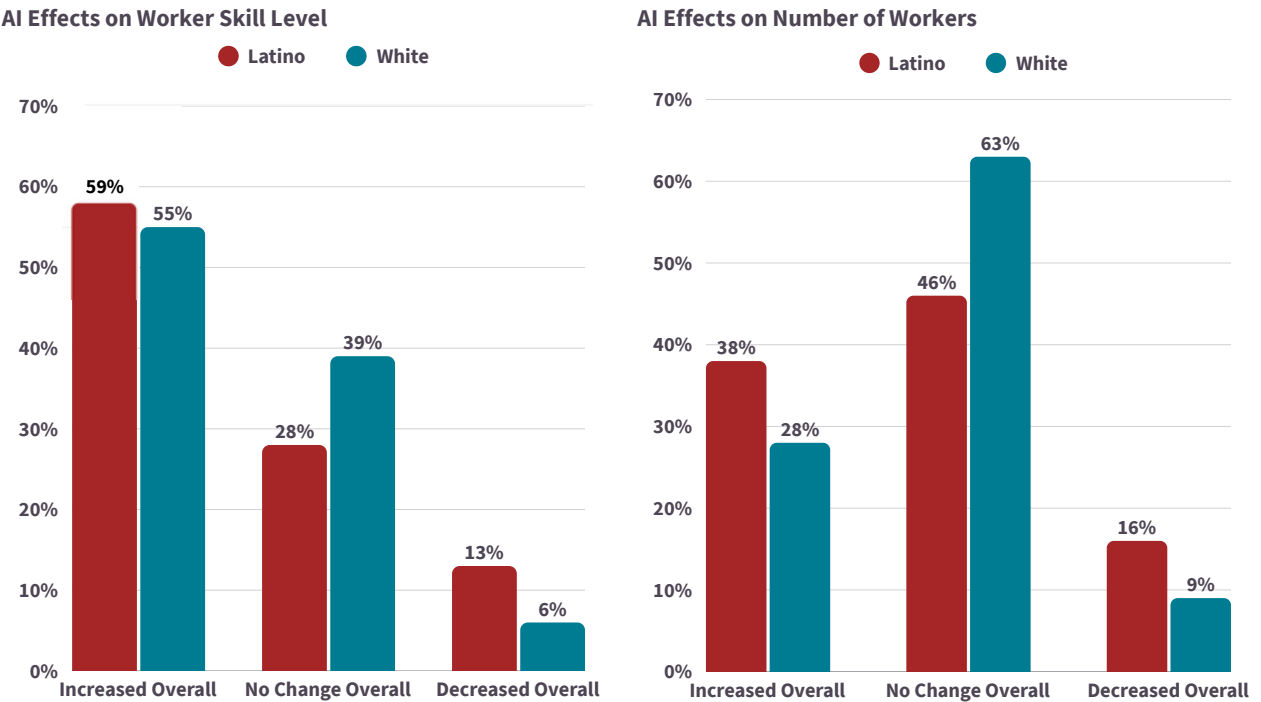


Source: SLEI Survey of U.S. Business Owners, 2024. Note: Data not shown for White-Owned Businesses as there is no statistical difference between the two groups in any of the reasons for adopting AI.

Both LOBs and WOBs primarily use AI to improve the quality and reliability of goods (**Figure 10**). Although conventional wisdom suggests people worry that AI may drive reductions in employment, a significant majority of LOBs (83%)

and WOBs (91%) reported that AI implementation had no effect on the number of workers in their firm, or actually corresponded with an increase in employment (with LOBs more likely to report an increase) (**Figure 11**).

FIGURE 11: AI EFFECTS ON SKILL LEVEL OF WORKERS AND NUMBER OF WORKERS, 2021-2023



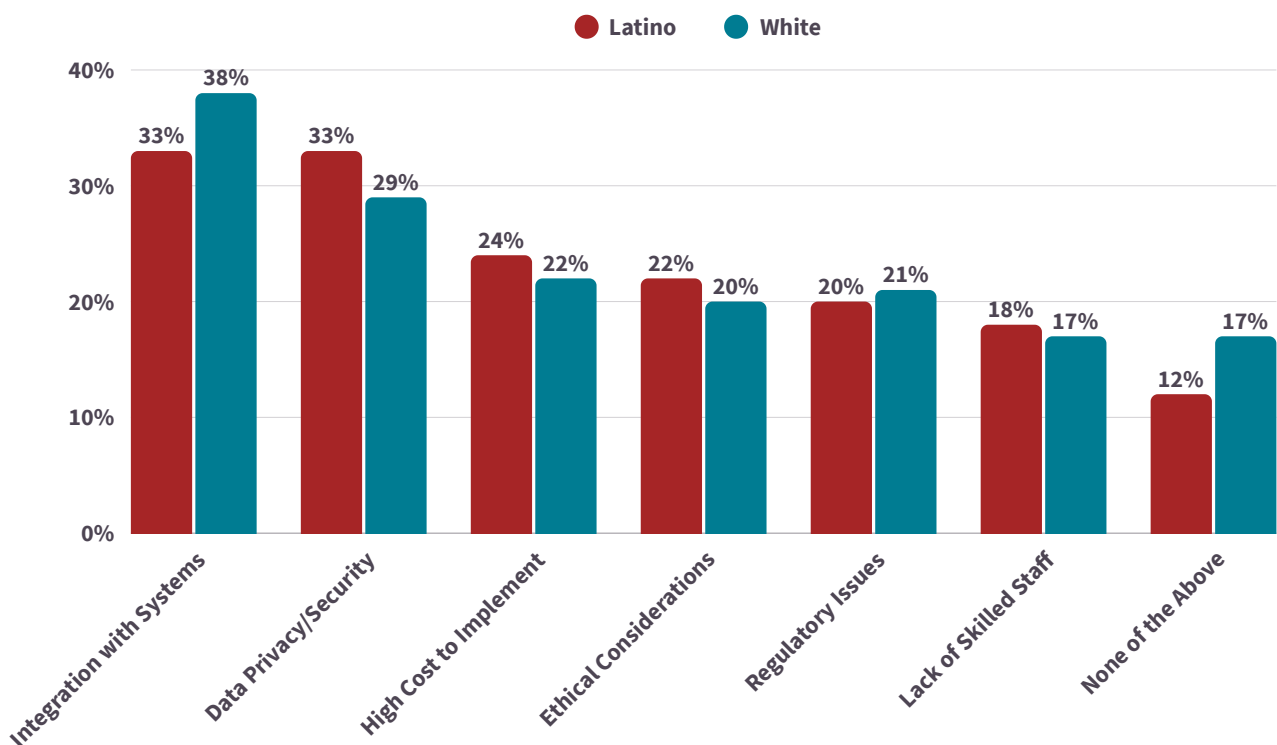
Source: SLEI Survey of U.S. Business Owners, 2024.

Latinas stand out as early adopters and experimenters of AI technologies with our data showing Latina entrepreneurs outpacing their male counterparts in AI adoption rates.

Beyond AI, LOBs demonstrate engagement with other technologies. Specialized software is the most widely adopted technology, with 30% of LOBs and 37% of WOBs reporting its use **(Figure 9)**. Such tools, including customer relationship management (CRM) systems and industry-specific platforms, provide tailored solutions for businesses and improve operational efficiency. Cloud-based technology follows, with 27% of LOBs and 32% of WOBs integrating it into their operations. Unlike AI, cloud-based tools—such as data storage and collaboration platforms—are often perceived as more accessible and essential for day-to-day business needs.

The implications of these trends are significant. AI, while in its early stages of adoption among both LOBs and WOBs, has the potential to impact businesses in many industries. As industries increasingly leverage AI for automation, personalization, and predictive analytics, businesses without these capabilities risk falling behind. However, addressing the barriers to AI adoption requires more than just raising awareness. Comprehensive support systems—including technical training, financial incentives, and culturally tailored outreach—are essential to empower entrepreneurs to tap into AI’s potential. Our study found that among those implementing AI, integration with existing systems and data privacy are the top two concerns **(Figure 12)**.

FIGURE 12: CHALLENGES IN AI IMPLEMENTATION, 2021 - 2023



Source: SLEI Survey of U.S. Business Owners, 2024.

Entrepreneur Spotlight:

Anuar Garcia

Born in Guadalajara, Mexico, Anuar Garcia immigrated with his older brother and cousin to Houston, Texas, in 2005, at the age of 13. Garcia worked part-time at Geek Squad from 16 to 18 and later at an electronics recycling company from 18 to 21, where he harvested precious metals from obsolete hardware and refurbished computers and servers. Garcia loved computers – he was inspired by his older brother, who studied computer science at the time. That passion led him to realize he wanted to start his own business.

While at the electronics recycling company, Garcia was dismayed by the sight of perfectly usable computers being disassembled for precious metals and disposed of at landfills, where they could cause long-term environmental damage. At age 21, Garcia decided to start his own company, GreenTek Solutions, to tackle the problem. With \$5,000 in savings and a \$25,000 credit card limit, Garcia began trading used computing hardware on the online shopping platform, eBay. He wiped, reset, and upgraded the computers, reselling them on eBay and other consumer sites for a profit.

Garcia eventually built direct relationships with a number of his eBay suppliers, leading to increased volume and profit margins. In his first year refurbishing equipment, Garcia generated over \$790K in revenue and over six-figures in profit. Encouraged by this success, he saw the potential to scale, growing his business by \$1 million annually over the next 4-5 years. Due to his non-traditional background – never attending college or business school – Garcia felt limited in accessing the professional networks that could guide him through navigating the entrepreneurship environment and accessing capital.

Twelve years later, Garcia has found support in organizations such as the National Minority Supplier Development Council (NMSDC), United States Hispanic Chamber of Commerce (USHCC), Latino Business Action Network (LBAN), and others. GreenTek Solutions, headquartered in Stafford, Texas now employs 55 people, generates over \$30 million in revenue, and works with some of the largest technology and healthcare organizations in the world to refurbish, resell, and recycle used hardware. GreenTek's strong compliance foundation and industry-standard certifications in quality, environmental management, and workplace safety have been key to securing corporate contracts and its ongoing success. Their custom-built system helps manage the process of disposing of old IT equipment in a smooth and efficient manner. It tracks the equipment in real-time and provides complete visibility of its journey, from collection to disposal, ensuring that everything is properly accounted for and handled securely and sustainably.

This efficient system and commitment to quality play a crucial role in GreenTek's sustainability efforts. Roughly



85% of the equipment GreenTek receives is refurbished and reused, saving thousands of pounds of electronics from being sent to landfills. Garcia views scrapping or breaking down the equipment as a last resort - "We're focusing on and pushing for reuse [of the equipment]. We're doing recycling to complete the solution and make sure it gets handled properly," he says. Garcia is aware of the long-term impact his work will have on future generations. His work exemplifies how Latino entrepreneurs are advancing sustainability and positive environmental change.

Garcia has never taken funds from external investors or received significant financing from a bank. Like many Latino business owners, Garcia faced barriers to accessing capital and obtaining feedback on loan application rejections, patterns that align with our research findings. In the early stages, he recalls challenges with a national bank when seeking an equipment loan. As an early company, he was banking with a large institution and was not getting the support he needed. He did not receive feedback explaining why he did not qualify and indicated that his banker was neither attentive nor proactive. He says the banker, "didn't coach or guide me on comparing the cost of financing to my profit margins." Garcia had hoped for more practical financial guidance but didn't receive it. Undeterred, Garcia remained persistent, growing his business by gradually reinvesting his profits – purchasing equipment for \$1,000, selling it for \$1,500, and using the \$500 profit to reinvest. "It's been little by little – one customer at a time."

Garcia had a different experience with a regional bank. After about 4 years, he switched banks and had a positive experience. "I was like, 'Woah, this is completely different now.' I have a personal banker that knows my name, that knows my company, that knows what I do...[someone to] walk me through the process, which I wasn't getting from the big bank at the very beginning. Now, ...some of those big banks are trying to earn our business." As Garcia is ready to scale both nationally and internationally, he recognizes additional capital is essential for reaching its full scaling goals and is evaluating financing options. "I'm making sure we're safe on the decisions we're making – 55 families are dependent on me making the right decisions."



While 2024 highlighted a return to higher revenue growth and increased profitability among Latino-owned businesses, LOBs continue to face significant barriers in accessing capital and resources remain a critical bottleneck to unlocking the full economic potential of this rapidly growing segment. This section explores key findings related to financing disparities, revenue gaps, and other pressing challenges such as inflation and marketing difficulties.

According to the latest Census data, LOBs are more likely to believe they will not be approved for financing, suggesting a potential gap in financial confidence, prior negative experiences with financial institutions, or perceived lender bias (**Figure 13**). This perception creates a compounding challenge, as many Latino business owners may opt out of the funding process altogether, even before applying. The psychological toll of repeatedly experiencing or anticipating denial reinforces these beliefs and may lead to missed opportunities for business growth.

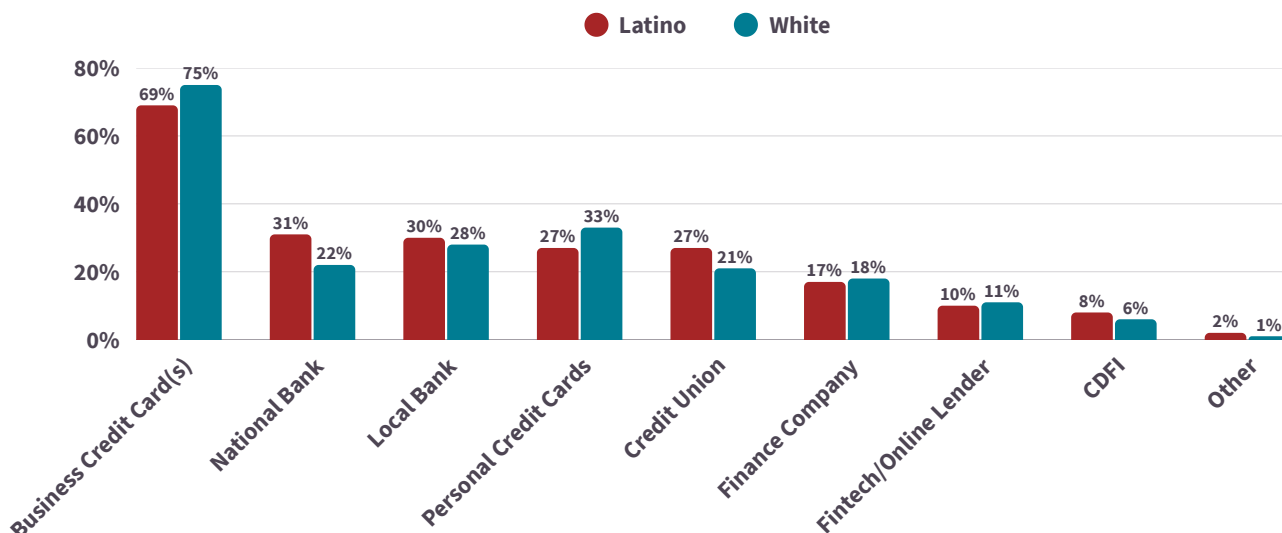
Reason	Latino (%)	White (%)
Did Not Want to Accrue Debt	27%	31%
Did Not Think Approval Likely	20%	16%
Financing Cost Too High	17%	17%
Loan Process Too Time Consuming	8%	7%
Wait for Funding Conditions	8%	8%
Reinvest Profits Instead	7%	7%
Wait for Business Milestones	7%	7%
None of the Above	2%	3%

STANFORD GRADUATE SCHOOL OF BUSINESS

This perception is particularly concerning given that financing plays a critical role in enabling businesses to expand operations, invest in innovation, and weather economic downturns. In the last year, among those who sought financing,

business credit cards emerged as the most commonly sought funding source (**Figure 14**). While credit cards can offer flexibility and a financial lifeline, their high interest rates can exacerbate financial strain, especially for businesses already operating on slim margins.

FIGURE 14: TYPE OF FUNDING SOUGHT IN THE LAST YEAR



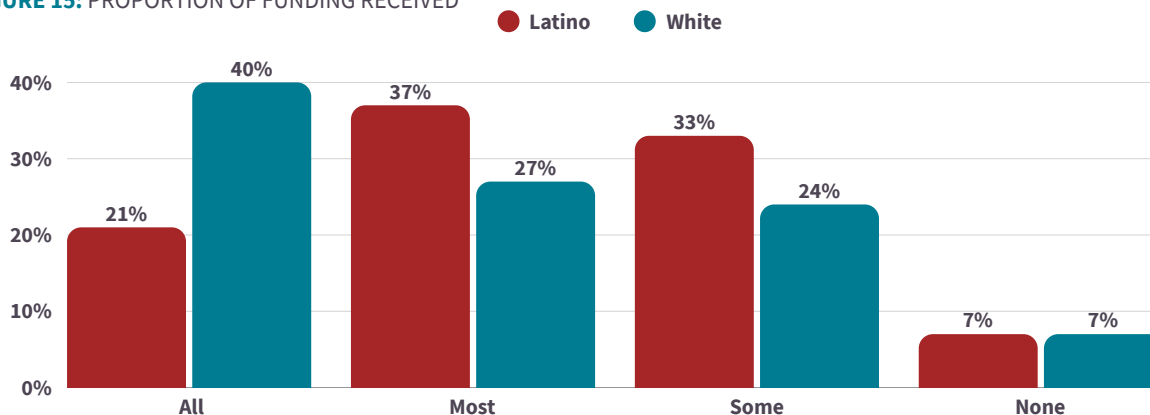
Source: SLEI Survey of U.S. Business Owners, 2024.

White Business Owners Twice as Likely to Receive Full Funding

White-owned businesses are twice as likely as Latino-owned businesses to receive all of their requested funding, with 40% of White business owners securing full funding compared to just 21% of Latino business owners.

As a perennial challenge limiting the scaling potential of LOBs, our research has consistently shown disparate gaps in funding outcomes. This challenge persists today as WOBs are twice as likely as LOBs to receive all of their requested funding, with 40% of White owners securing full funding compared to just 21% of Latino owners (**Figure 15**). Prior SLEI research has shown that even when controlling for business performance metrics such as revenue, industry, and profitability, the odds of obtaining funding approval are significantly lower for LOBs compared to WOBs.²²

FIGURE 15: PROPORTION OF FUNDING RECEIVED



Source: SLEI Survey of U.S. Business Owners, 2024.

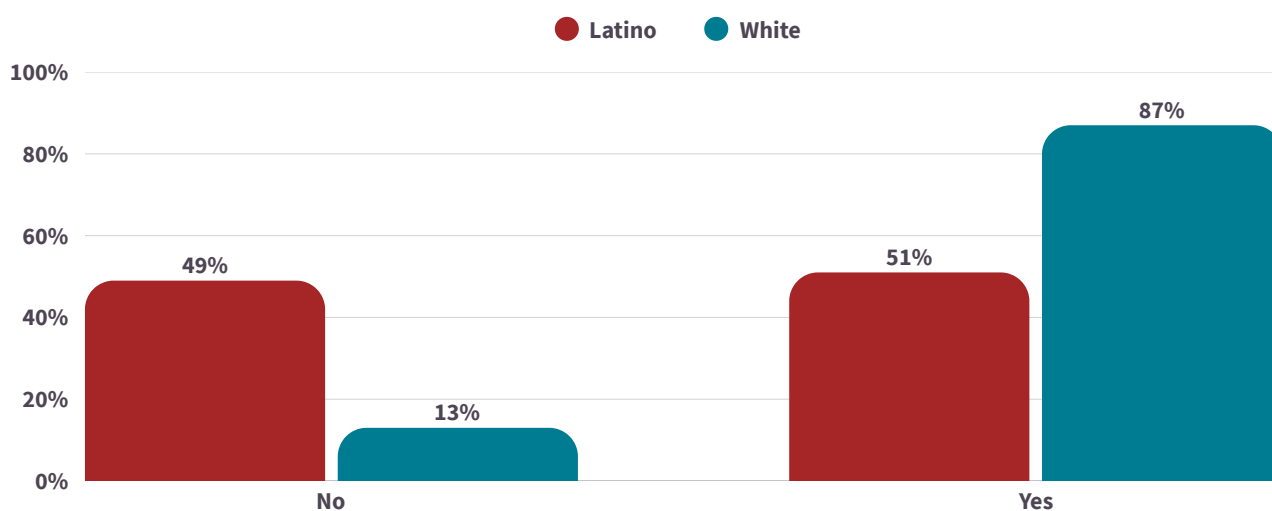
Latinos Face Unequal Access to Feedback

Access to feedback is a critical component of the lending process, providing businesses with an opportunity to address shortcomings and improve future applications. However, our findings reveal stark disparities in this area.

White business owners are nearly 1.7 times more likely than Latino business owners to receive an explanation after a funding denial, with 87% of White owners receiving feedback compared to just 51% of Latino owners (**Figure 16**).

If Latino-owned businesses averaged the same revenue per business as White-owned businesses (\$3.7 million per business), an additional \$1.1 trillion in revenue would be added to the U.S. economy.

FIGURE 16: PROPORTION OF BUSINESSES RECEIVING EXPLANATION FOR FUNDING DENIAL



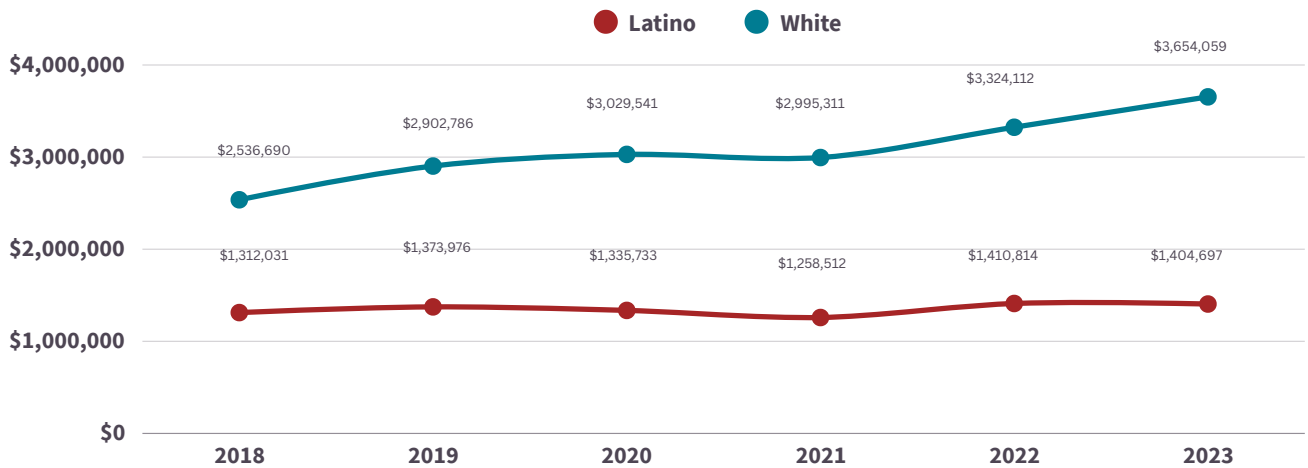
Source: SLEI Survey of U.S. Business Owners, 2024.

This lack of transparency in the lending process leaves many Latino entrepreneurs in the dark about why their applications were rejected, further compounding perceptions of bias and limiting their ability to secure funding in the future. Additionally, business owners that are denied funding may not be referred out to other resources or lenders. Lenders could add value to the economy by providing greater transparency about why funding requests were not approved, and policymakers could create stronger accountability requirements for lenders to encourage such transparency.

Revenue Gap Presents a \$1.1 Trillion Opportunity

As reported in Section II, the number of LOBs and the revenues they produce have shown consistent growth. However, there remains a significant opportunity gap when we look at the size of the average Latino-owned firm compared to the average size of companies operated by White business owners. If LOBs averaged the same revenue per business as WOBs (\$3.7 million per business) (**Figure 17**), an additional \$1.1 trillion in revenue would be added to the U.S. economy, a 4% increase in GDP. The unrealized potential of Latino businesses could have a meaningful impact on the U.S. economy, if the challenges that hinder that potential can be removed.

FIGURE 17: AVERAGE REVENUE PER FIRM, 2018-2023



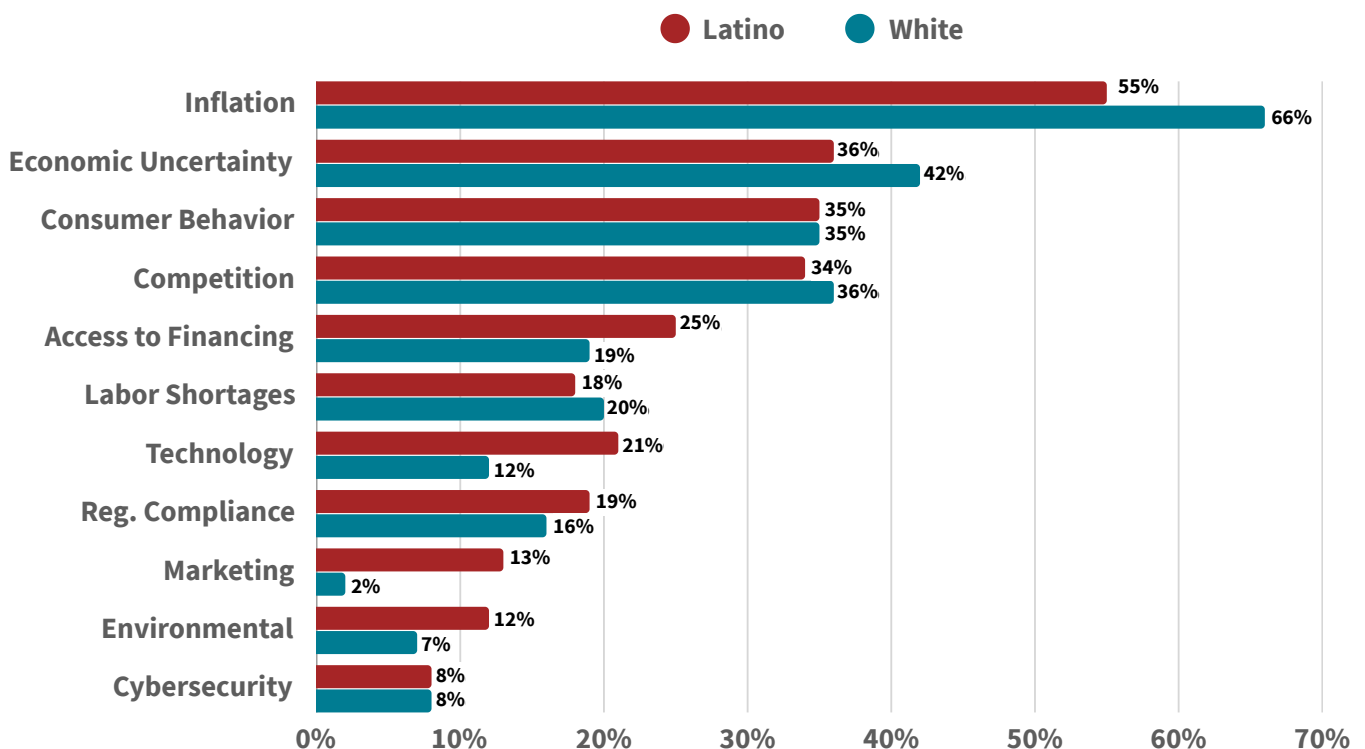
Source: U.S. Census Annual Business Surveys, 2018-2023.

Marketing and Customer Acquisition as an Overlooked Challenge

Inflation is reported as the greatest challenge by both LOBs and WOBs in our study. However, LOBs face distinct hurdles that compound the difficulties of operating in an inflationary environment. Specifically, LOBs are over six times more likely than WOBs to report struggling with marketing and/or finding customers (**Figure 18**). While in the face of other challenges, this may have lower priority, our survey over the years has found it to be a recurring challenge with large gaps between LOBs and WOBs.

This disparity may indicate an opportunity for increasing access to resources and training programs to help Latino entrepreneurs strengthen their marketing strategies and expand their customer bases. Access to digital tools, advertising platforms, and culturally relevant marketing materials can play a pivotal role in addressing this gap. Additionally, fostering partnerships with organizations that specialize in marketing support for small businesses could provide LOBs with the tools and expertise they need.

FIGURE 18: TOP BUSINESS CHALLENGES



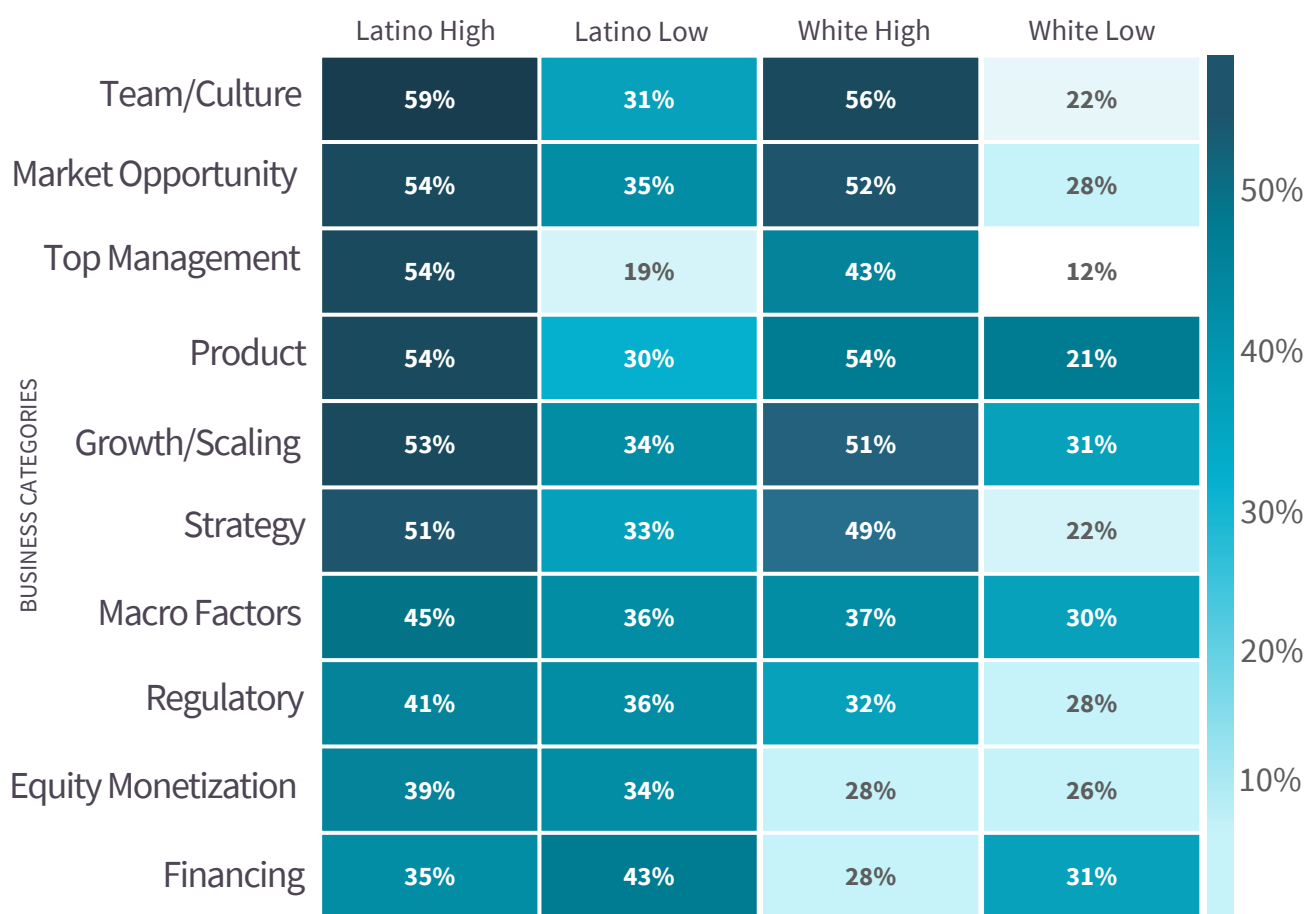
Source: U.S. Census Annual Business Surveys, 2018-2023.

Unwavering Optimism Despite Financial Challenges

Entrepreneurial journeys are often marked by a series of high and low moments²³. Resilience and optimism are characteristics that stand out in our findings among LOBs. Indeed, LOBs consistently report higher "highs" in their entrepreneurial journey compared to WOBs (**Figure 19**). This optimism may help LOBs persevere through challenges, innovate, and grow.

It is important to note that relative to other external challenges, access to financing ranked as the fifth most significant challenge (**Figure 18**). At first glance, this may suggest that financing is less urgent compared to other external challenges. However, financing challenges are not just a barrier to growth but a profound source of stress, uncertainty, and hardship. Psychologically, financing stands out as the most frequently cited low point by LOBs, far surpassing other challenges and lower than any of the WOBs "lows."

FIGURE 19: PERCENT OF FIRMS THAT REPORTED A BUSINESS "HIGH MOMENT" OR "LOW MOMENT IN THE LAST YEAR



Source: SLEI Survey of U.S. Business Owners, 2024.

Entrepreneur Spotlight: Sergio Retamal

Sergio Retamal's entrepreneurial journey is marked by resilience and determination. Born in the U.S. but raised in Chile, he returned at age 24 without knowing English. He earned a Bachelor's and two Master's degrees, totaling 25 years of postsecondary education between both countries. From the start, Retamal knew he wanted to run his own business. "I like the freedom; you make decisions and see the result...and creating jobs has always been a big motivator for me." After two decades in retail, high-tech, and corporate sectors, Retamal identified inefficiencies in supply chain management, including slow decision-making, fragmented workflows, and gaps between production, inventory, and distribution. Recognizing the need for a more streamlined approach, he launched Global4PL in 2004, using his retirement savings.

Headquartered in Milpitas, California, Global4PL provides end-to-end supply chain solutions, helping companies navigate complex global trade regulations and organize logistics, international trade, and transportation. The company's niche positioning and efficiencies set it apart. Retamal explains, "We can manage the process better than most [larger companies]... because we're nimble and make decisions quickly." With a global reach in 160 countries, Global4PL's comprehensive approach includes unique offerings like Importer of Record (IOR). "If you need help in Japan, China, Chile, or Qatar, we import and distribute, so we're not just dealing with the transportation side, but the import, export, and licenses in these countries." Their work earned them the President's "E Star" Award for Export Service recognizing their significant impact on U.S. economic growth and global trade under two different administrations.

Global4PL has generated over \$10M in annual revenue since 2021; however, securing funding remains challenging, as has been a common issue for LOBs. While obtaining truck loans for their transportation services was "easy," Retamal struggled with lines of credit for business expenses including cash flow and operations. "They trust the asset [trucks]. But if I say, 'I need a million-dollar credit line,' most banks haven't been willing." His experience contrasts with what is often promoted, as bankers have told him, "If you need half a million dollars, just call me." However, what was not communicated to Retamal was he would need to put his house, personal assets, and business up as collateral, only to be offered a fraction of the loan he requested.

He recalls, "We asked for \$500,000, [the bank] offered \$50,000. They don't say no, they just offer the minimum." His experience aligns with our research findings, which show that while 40% of WOBs secure full funding, only 21% of LOBs do.

The bank lacked transparency, as he did not receive feedback on loan denials. His experience reflects our findings where LOBs are 1.7 times less likely to receive feedback than WOBs, which may leave them without the information needed to adjust or reapply for funding.



Years past, frustration led Retamal to turn to credit cards, a common funding source for LOBs. "I've loaded \$200,000-\$300,000 on my cards." Retamal had no choice but to max out "10-20 credit cards," paying them back within a few months. However, he's aware these lending challenges hindered his growth, explaining, "It doesn't allow you to grow as fast as you want. I'd love to have \$50 million to extend credit to my customers." Motivated by these experiences, Retamal switched to another national bank that is more supportive and attentive.

Like many entrepreneurs, Retamal has been impacted by external factors. In 2023, a client's bankruptcy left Global4PL with an unrecoverable \$3 million revenue loss. Fortunately, Global4PL had strong cash reserves and no vendor debt, allowing them to absorb the hit. While Retamal understands the importance of building trust internally and with clients, he has also had to overcome biases. He recalls a partnership where his trust was questioned. "How can I trust you won't take my intellectual property and run to Mexico?" Retamal smiled, replying, "Well, this is my country, my home." Baffled, he thought, "Imagine me asking a vendor, 'How do I know you won't take my ideas and head to Canada or Germany?'"

In addition to client challenges, Global4PL has also navigated the impacts of earthquakes, tsunamis, and the pandemic. Retamal recalls the environment during the pandemic: "The supply chain shut down. The only ones that flourished in the first 3-4 months were the 'big guys.' They had their own airplanes." Retamal highlights the importance of communities like LBAN, which provide mutual support during challenges. It is through the LBAN network that he learned about SBA disaster loans. "You develop a network - 'I can help you, you can help me. This is a good banker, a good lawyer.' We need that ecosystem to grow...We have to help each other."

Retamal's sense of mutual support extends to his team, where his passion and responsibility to his employees fuel his drive to scale Global4PL. "My employees depend on me for their livelihood - that's a huge motivator. I love what I do...no matter what happens, I have to pay payroll...they depend on us."



SECTION V

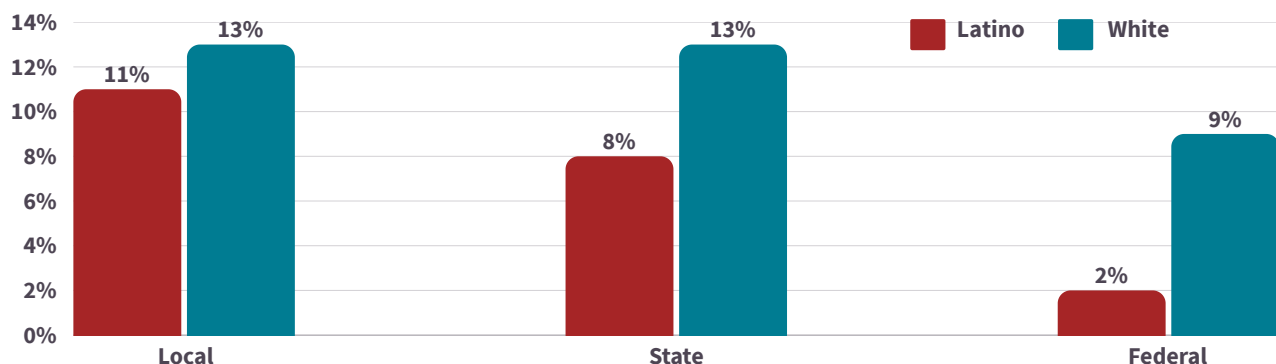
CONTRACTING AND GROWTH OPPORTUNITIES

Government and corporate contracting can represent a substantial growth opportunity for many businesses. In 2024, 18% of LOBs and 19% of WOBs secured at least one type of government contract. Both groups demonstrate similar levels of interest in pursuing these opportunities with 22% of LOBs and 24% of WOBs reporting that they have sought or are currently pursuing government contracts. However, barriers such as limited awareness and varying levels of success in navigating the contracting landscape can hinder firms from fully capitalizing on these opportunities. This section explores the experiences of businesses pursuing government contracts, their success rates, and the strategies and challenges that shape these outcomes.

Latino-Owned Businesses Succeed More in Local Contracting but Less So with State and Federal Contracts

Although Latino and White-owned firms reported securing at least one government contract at similar rates, LOBs were less likely to have secured distinct types of contracts (local, state, and federal) compared to their WOB peers. The “gap” is particularly evident in federal-level contracting, where 9% of WOBs secured at least one contract in the last year, compared to only 2% of LOBs (**Figure 20**).

FIGURE 20: PROPORTION OF BUSINESSES RECEIVING NEW GOVERNMENT CONTRACTS IN THE LAST YEAR



Source: SLEI Survey of U.S. Business Owners, 2024.

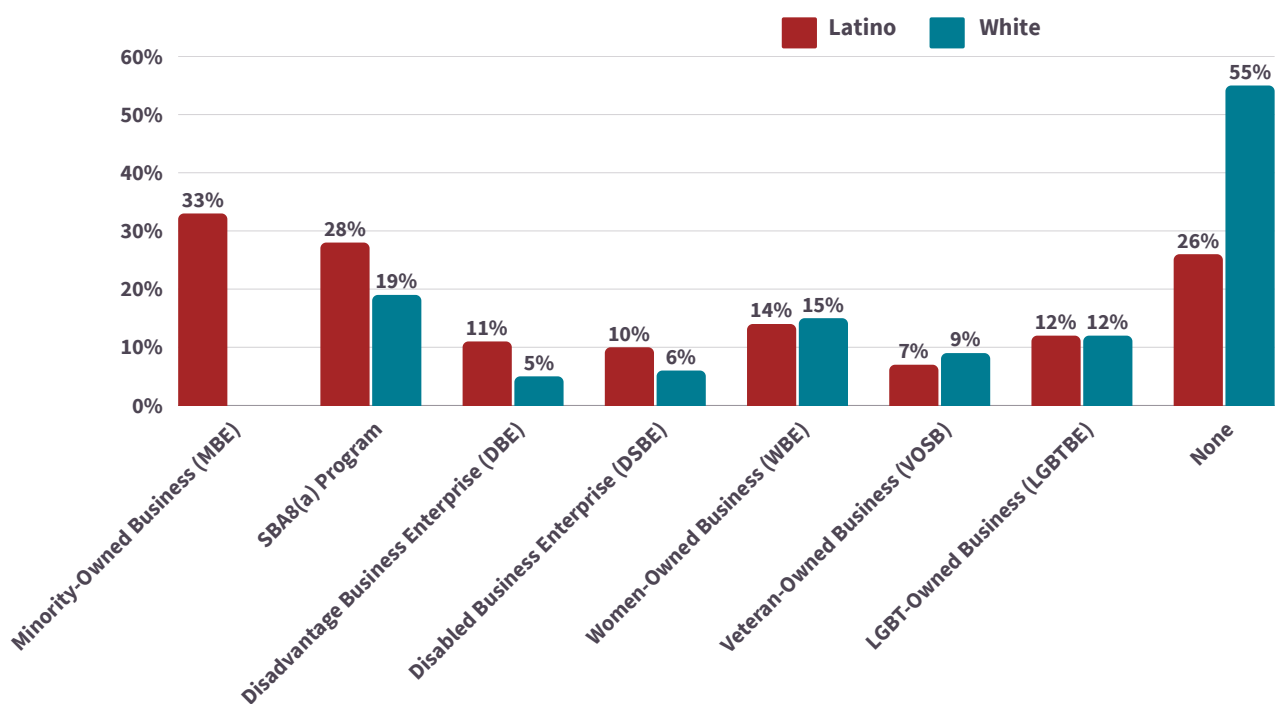
Certifications Boost Contracting Success, But Persistent Barriers Limit Latino Entrepreneurs

Certifications can be an important pathway for contracting at the government or corporate levels. Based on our analysis of the 2024 data,

Businesses with certifications are eight times more likely to succeed in obtaining local government contracts.

certifications are strongly correlated to securing local government contracts, increasing the odds of success by over 8 times. However, we find that the impact is more pronounced for WOBs than LOBs, despite the fact that LOBs are significantly more likely than WOBs to have business certifications (Figure 21).

FIGURE 21: BUSINESS CERTIFICATIONS



Source: SLEI Survey of U.S. Business Owners, 2024.

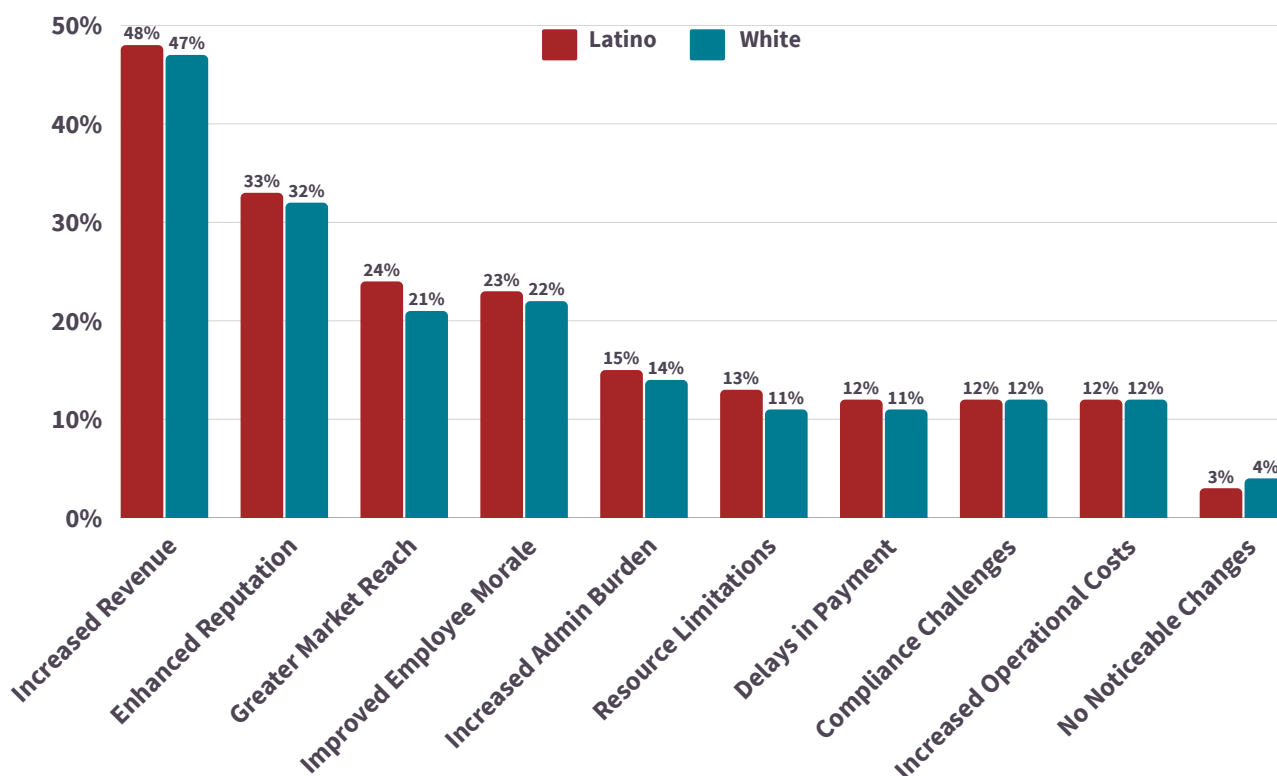
Despite being more likely to hold certifications and having equal propensity to apply for government contracts, LOBs are still securing contracts at lower rates than their White-owned business counterparts.

To increase their chances of securing contracts, we find that businesses employ various strategies, including networking with government officials, hiring consultants, and participating in government fairs or expos. LOBs are less likely to attend workshops or seminars, though the reasons are unclear. This may be due to a lack of awareness or a decision not to participate, potentially limiting their opportunities to build knowledge and networks.

Contracts Expand Market Reach for Latino Businesses but Amplify Resource Strains

Among businesses that have obtained corporate and/or government contracts, both LOBs and WOBs experience similar impacts across a range of business outcomes with only marginal differences between the two groups. Increased revenue was the most commonly reported positive outcome, noted by 48% of LOBs and 47% of WOBs, followed by enhanced reputation (33% and 32%, respectively). However, contracts can present some challenges including increased administrative burden, resource limitations, and delays in payment (Figure 22).

FIGURE 22: IMPACT FROM OBTAINING CONTRACTS



Source: SLEI Survey of U.S. Business Owners, 2024.

Entrepreneur Spotlight: Nyah Zarate

Dr. Nyah Zarate is an outlier — a Latina with a PhD in chemical engineering, a startup founder, and a Department of Defense contractor. It is an experience she got used to early on. The daughter of a Bolivian immigrant father and a German American mother, she grew up in rural Michigan. She attended her first college STEM classes in elementary school — accompanying her mother when a babysitter was unavailable.

“To say I’m underrepresented in my area is probably an understatement. I’m one of maybe a handful of Latina women defense contractors in research and development and deep tech,” Zarate says. “Do I notice that I’m the only one in the room that looks like me? Yes. Do I feel at a disadvantage? No.” Zarate has turned these challenges into opportunities for innovation, shaping a career in renewable energy, defense contracting, and advanced technology.

After earning her doctorate at Purdue in 2013, Zarate worked for Intel for a year, then founded Continuous Solutions, a company focused on renewable energy, energy efficiency, and power electronics. Since 2015, her company has won nearly \$15 million in contracts with the Department of Defense and the Department of Energy. From motors for underwater drones to micro-hydropower generators for farming, Zarate’s team of ten is pioneering energy solutions from their lab in Portland, Oregon.

Breaking into federal contracting is challenging. Our research shows only 9% of White-owned and 2% of Latino-owned businesses secured federal contracts last year. Even more starkly, female LOBs earn the least across local, state, and federal contracts compared to male LOBS and female/male WOBs. Latinas are nearly three times less likely than male WOBs to secure government and/or corporate contracts. This disparity is further highlighted by the unequal contract size: for every dollar male WOBs earned in contracts in 2023, female LOBs earned only \$0.38 to \$0.56 in contract revenue.

Despite these barriers, Zarate broke into federal contracting by leveraging her prior research experience and proactively reaching out to contacts. While her graduate research exposed her to federal funding, it was through cold-calling that she discovered DoD contracting and the Small Business Innovation Research (SBIR) program, which funds small businesses for R&D with commercialization potential.

“I explained [our] company was a bridge between academic research, R&D and commercialization,” she recalls. “Someone said, ‘That sounds like an SBIR.’ I was like, what is that?” In the highly competitive SBIR program, only 19% of applicants secured funding in 2023, but consulting revenue gave Zarate’s company the flexibility to navigate the process. The learning curve, she says, was “extremely steep.” Unlike other federal agencies, Pentagon SBIR awards are contracts, not grants, requiring rigorous compliance. Zarate sees this as a strength. “It sets you up incredibly well because the oversight builds a resilient foundation.”



At first, Zarate recalls, “I had no idea what I was doing. I was 27 years old, trying to start a business.” Early on, Continuous Solutions pursued two SBIR awards and sought patent protection on one before knowing if they had won the contract — a mistake. “It was extremely resource-intensive and time-intensive, and at that point, it was just an idea. We did patent protection, thinking we were going to win it. We didn’t. We won the other one.”

Five years later, Continuous Solutions spent a year seeking 8(a) certification, a SBA program designed to assist disadvantaged small companies obtain federal contracts. But that did not go as Zarate expected. “I haven’t won any contracts under the 8(a) certification,” she says. “I thought it was going to be significant for the company, but...because what we do is at a high technical competency level, the government doesn’t allow for set-asides on these types of contracts. [Being] economically disadvantaged, minority-owned, woman-owned business, it doesn’t really matter. It doesn’t apply. We need to be competitive and so we are.”

To be competitive, Continuous Solutions has integrated AI, which they have been working with for the last 11 years, and evolutionary computing to optimize designs. Zarate also prioritizes sustainability, minimizing waste by prototyping with computers and recycling unused 3D material. This combination of tech-forward solutions and sustainable practices positions her company to remain competitive in the industry.

Zarate’s persistence and innovation have helped her overcome “rigorous” and “defeatist” moments. Noting, “It’s definitely extremely difficult to break into certain funding networks.” Building on her success, Zarate plans to triple her workforce in the next five years and position Continuous Solutions as a leader in clean energy, national security, grid resiliency, and sustainability.

Committed to giving back, she established a 17,000-square-foot Power and Energy Center in Portland, home to three organizations, including Continuous Solutions and the nonprofit Latino Founders, where she provides access to testing tools. Zarate also mentors and invests in startups, including Latino- and women-founded ventures. “It’s part of my broader mission to ensure that diverse voices are represented in the deep tech, energy and defense sectors,” she explains, “I want to create wealth.”



SECTION VI

CONCLUSION

Latino-owned businesses are a vital and dynamic force in the U.S. economy, demonstrating resilience, innovation, and strong contributions to economic growth. There has been a significant increase in the number of Latino-owned firms in the United States over the past several years, with LOBs creating jobs and reporting higher rates of offering benefits and development opportunities than White-owned firms. Additionally, LOBs have demonstrated a higher revenue growth rate than WOBs. However, on average, LOBs continue to be smaller in revenue size than White-owned businesses, which may be potentially correlated to persistent gaps in access to capital and some operational challenges. Closing this revenue gap could represent an additional \$1.1 trillion in annual revenue, strengthening the broader U.S. economy.

Moving forward, we believe there are additional areas of research that could build on the findings published in our SOLE reports over the past decade, particularly with respect to access to capital and larger contracting opportunities. Investigating the impact of alternative funding models, such as microloans and community-backed lending (e.g. CDFIs), compared to traditional financing, could provide insights into

the impact and potential opportunities they may create for scaling businesses. Future research could also delve deeper into the specific challenges Latino-owned businesses face in securing large corporate and government contracts. Additionally, evaluating the effectiveness of streamlined procurement systems, supplier diversity initiatives, and targeted outreach and education could be valuable in improving access to contracts. Finally, investigations could assess the impact of potential strategies, such as partnerships, on increasing contracting success rates.

As we reflect on ten years of research, the trajectory of Latino-owned businesses continues to be one of enduring optimism and resilience. The path forward for continued opportunity requires a collaborative effort from the entire ecosystem, including policymakers, financial institutions, business leaders, entrepreneur support organizations, and the entrepreneurs themselves. Continued investments, supportive business policies, and support systems are essential to address barriers and unlock the immense economic potential of these businesses. Together, these efforts can drive economic growth and broader societal impact. This research is not just a strategy for supporting Latino-owned businesses — it is a blueprint for fostering innovation, workforce development, and economic growth for all.

The Latino Business Action Network (LBAN) has published a companion white paper based on the research findings, outlining their insights about policy and business actions that they suggest might help level the playing field for Latino and other minority-owned firms to drive U.S. economic growth. bit.ly/SOLE-KeyStrategies



Appendix

A: Methodology

Overview of the SLEI Survey of Business Owners

Since 2015, the Stanford Latino Entrepreneurship Initiative has collected and analyzed survey data on Latino/a-owned businesses across the United States and Puerto Rico, presenting the most salient insights in the State of Latino Entrepreneurship Report. To provide context and comparative analysis, the study also includes data from non-Latino, White business owners.

To be considered for the Latino/a business owner sample, respondents must answer these questions affirmatively: (1) Are you a business owner with 50% or more ownership, and (2) are you of Latino/a or Hispanic origin. Latino/a business owners are of any race, whereas White business owners must indicate they are not Latino/a or Hispanic. Our analysis specifically targets employer businesses, as detailed in the "About this Report" section, and only considers those with an annual revenue exceeding \$10,000 to parallel Census survey criteria.

The SLEI Survey of Business Owners was conducted in English and Spanish to capture a wider segment of U.S. Latino/as from July 31 to September 13, 2024. The survey was administered online and took approximately 10 minutes to complete. Respondents were obtained through proprietary Qualtrics business panels. The sample size is 10,018, consisting of 5,012 White business owners and 5,006 Latino/a business owners.

We report findings based on statistically significant differences when comparing multiple groups and note places where there are no differences from a statistical vantage point. Specifically, we conducted Wald tests on all survey questions to test the differences between LOBs and WOBS. This approach allowed us to identify important trends and areas for deeper exploration.

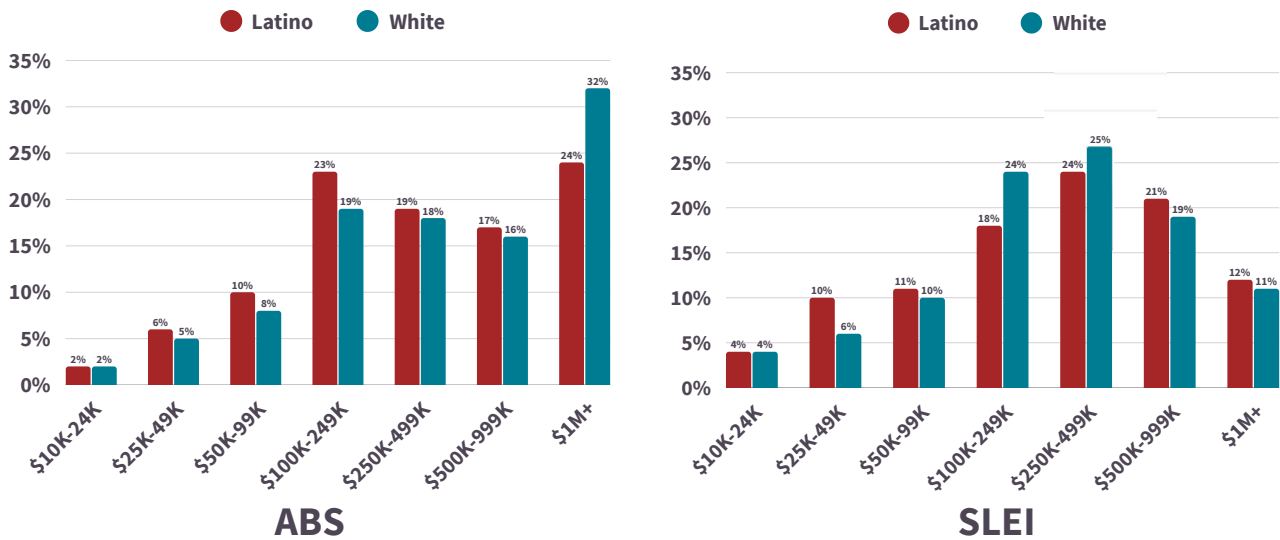
In addition to Wald tests, we ran logistic regression models to analyze funding and contracting outcomes. These models were designed to control for confounding factors, such as business size and industry. Within our study, outliers in continuous variables were systematically identified and excluded to ensure the statistical robustness and reliability of our analyses. The SLEI survey has an overall margin-of-error of +/-1% at the 95% confidence level.

Post Stratification Weights

We employ post-stratification weights using the 2023 U.S. Census Annual Business Survey (ABS) to account for differences in sample sizes and different indicators to have estimates that are proportional to the national population of each group. Specifically, we use the raking technique, which uses iterative post-stratification weights to match the marginal distributions of each survey sample to known population margins. We stratify based on industry, region, number of employees, and revenue amount. We then compare the group of businesses in each stratum to the comparable population of businesses in the United States.

All samples were compared to the 2023 ABS, the latest available data at the time of this report. Our samples are generally representative of employer businesses at large in terms of industry, geography, and age of business. **Figure 23** compares the business revenue between the unweighted 2024 SLEI survey and the 2023 ABS.

FIGURE 23: 2023 ABS COMPARED TO 2024 UNWEIGHTED SLEI SURVEY (BUSINESS REVENUE)



Source: 2023 ABS Compared to 2024 Unweighted SLEI Survey (Business Revenue).

FIGURE 24: GROWTH IN NUMBER OF BUSINESSES BY STATE (EXTENDED DATA FROM FIGURE 3)

State	Number of LOBs 2018	Number of LOBs 2023	Latino Growth Rate
Alabama	960	1293	35%
Alaska	440	457	4%
Arizona	7653	11872	55%
Arkansas	602	1237	105%
California	71312	98720	38%
Colorado	5779	9993	73%
Connecticut	2024	3222	59%
Delaware	472	848	80%
District of Columbia	594	718	21%
Florida	66302	94513	43%
Georgia	5324	8613	62%
Hawaii	375	722	93%
Idaho	1101	2536	130%
Illinois	13601	17867	31%
Indiana	1918	2961	54%
Iowa	733	1182	61%
Kansas	1452	2120	46%
Kentucky	889	1169	31%
Louisiana	1574	2002	27%
Maine	100	197	97%
Maryland	3813	5428	42%
Massachusetts	2614	5512	111%
Michigan	2261	2875	27%
Minnesota	1156	2477	114%
Mississippi	511	731	43%
Missouri	1393	1753	26%
Montana	279	426	53%
Nebraska	787	1425	81%
Nevada	3287	5742	75%
New Hampshire	248	484	95%
New Jersey	11030	15588	41%
New Mexico	5781	7130	23%
New York	21806	28070	29%
North Carolina	4838	7958	64%
North Dakota	85	204	140%
Ohio	1734	2969	71%
Oklahoma	1859	2796	50%
Oregon	3128	5476	75%
Pennsylvania	2938	4943	68%
Rhode Island	660	1304	98%
South Carolina	1465	2365	61%
South Dakota	141	232	65%
Tennessee	1593	2619	64%
Texas	51915	70451	36%
Utah	1862	4571	145%
Vermont	52	67	29%

Source: U.S. Census Annual Business Surveys, 2018-2023.

B: Glossary of Terms

- **ARTIFICIAL INTELLIGENCE (AI):** In a business context, AI includes the use of tools such as machine learning, natural language processing, and computer vision to optimize business functions, boost employee productivity, and drive business value.²³
- **BUSINESS-TO-CONSUMER (B2C):** A business that sells products or services directly to consumers.
- **BUSINESS-TO-GOVERNMENT (B2G):** A business that sells products or services to federal, state, or local agencies.
- **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI):** Specialized financial institutions that provide credit, capital, and financial services to underserved communities that lack access to traditional banking services.
- **EMPLOYER BUSINESS:** A business or firm that has employee(s) on payroll other than the owner. These firms are poised to have the greatest impact on the economy and job creation compared to non-employer firms.
- **ENTREPRENEUR:** Someone who starts or owns a business, regardless of industry or business idea. Used interchangeably with business owners.
- **ENTREPRENEUR SUPPORT ORGANIZATION (ESO):** An organization that is designed to assist entrepreneurs and small business owners by providing access to resources, training, mentorship, funding opportunities, and networking connections. ESOs included nonprofits, accelerators, government agencies, and CDFIs, among others.
- **GREEN INITIATIVES:** Business practices or projects focused on reducing environmental impact, such as using renewable energy, waste reduction, or using green transportation.
- **LATINO/A-OWNED BUSINESS (LOB):** Employer firms with 50% or more ownership corresponding to an owner(s) who identifies as Latino/a or of Hispanic origin regardless of their race or gender.
- **OPERATING PROFITABLY:** A categorical measure of a business' financial performance based on self-reported outcomes. Each year, our survey asks business owners whether their operations resulted in profits, losses, or breaking even during the reporting period.
- **SCALED BUSINESS:** A firm that is generating at least \$1 million in annual gross revenue.
- **SUSTAINABILITY:** Doing business without negatively impacting the environment, community, or society as a whole.
- **UNSCALED BUSINESS:** A firm that is not yet generating at least \$1 million in annual gross revenue.²⁴
- **WHITE-OWNED BUSINESS (WOB):** Employer firms with 50% or more ownership corresponding to an owner who identifies as non-Latino, White regardless of their gender.

C: References and Endnotes

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