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IMMIGRANT ENTREPRENEURS

Paving the Way for Job Creation in New York City

A Report by:

The Fund for Public Advocacy
ACCION USA

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The views and conclusions expressed in this report are those of the Fund for Public Advocacy and ACCION USA and do not reflect the views of or result from any consultation with the Federal Reserve Bank of New York or the Federal Reserve System.

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The Fund for Public Advocacy a charitable, tax-exempt organization created to support the efforts of the Office of the New York City Public Advocate Bill de Blasio. Established in 2002 to reinforce and support the Office of the New York City Public Advocate in making government more responsive, accountable, and transparent, the Fund has supported efforts to help New Yorkers receive necessary services and have a voice in shaping the policies that affect their lives. For more information, please visit www.fundforpublicadvocacy.org.

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ACCION USA empowers low-to-moderate income business owners through access to capital and financial education. With economic opportunity, these entrepreneurs—often minorities and women—can build assets, better provide for their families, create employment and strengthen their communities. For more information, please visit www.accionusa.org.

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EXECUTIVE SUMMARY

In this difficult economic climate, immigrant business owners are a powerful engine of growth in New York City. Immigrants now represent nearly 40% of the City's population, and 43% of the labor force. This growing population in our City proved to be one of the most entrepreneurial demographics in 2010. According to the Brooklyn Chamber of Commerce, a staggering 50% of the borough's immigrants identify as self-employed.

Despite their growing economic importance, there is a deficit of data about the needs of immigrant businesses and the way they utilize City, State and Federal business support programs. Many of these programs do not distinguish between businesses run by US-born minorities and those run by immigrants.

In order to determine how New York City can best assist immigrant business owners, the Fund for Public Advocacy, in partnership with Office of New York Public Advocate Bill de Blasio and ACCION USA, surveyed 625 small businesses across 52 New York City neighborhoods with substantial immigrant populations. The survey was developed through a collaborative effort of the Federal Reserve Bank of New York, the Fund for Public Advocacy, and ACCION USA. The survey sought out businesses owned by immigrants and encompassed traditional storefronts, as well as home-based firms and food carts. It found that despite the array of services that exist to help businesses—including business courses, legal assistance, financial assistance, training and economic incentives—immigrant business communities are largely unassisted by and unaware of supportive services offered by government.

The findings show:

Despite City-sponsored business courses, legal assistance, financial help, and training, **a majority of immigrant business communities are not aware of existing services.**

- 92% of the businesses surveyed reported not receiving services to start, sustain, or grow their businesses.
- Nearly 51% of those businesses who did not receive services noted that they were not aware of the services that are available to them.
- Of those few businesses who received services, 69% reported that the services were somewhat to very helpful.

Immigrant businesses need financing, legal, and marketing assistance:

- A majority of businesses (79%) noted a desire for support services.
- The three most desired areas of help were financial assistance (33%), legal guidance (25%), and marketing (23%).

Small businesses face a technological divide:

- 87% of businesses surveyed did not have websites, compared to 51% of all small businesses nationally.¹
- A third of the businesses surveyed only accept cash payment.

To better tailor City programs to the need of immigrant businesses and improve access, the report recommends:

- ✓ **The Department of Small Business Services must work more closely with community-based organizations to increase knowledge of services.**

¹ Zwilling, Martin. "51% of Small Businesses Still Don't Have Websites." *Business Insider War Room*, Sept 2010. Accessed at http://articles.businessinsider.com/2010-09-27/strategy/30030545_1_web-site-viral-marketing-first-site

SBS currently dispenses services through brick and mortar centers that place the onus on businesses to seek out help. The agency should partner with cultural, religious and community-affiliated groups to disseminate information about the programs it offers. We recommend that SBS change its current outreach strategy by increasing the amount of resources given to reaching immigrant businesses at their place of business. A targeted campaign that goes from business to business will be a more effective means of reaching immigrant businesses, many of which do not have a history of seeking out services at government centers.

✓ **The Department of Small Business Services should track the effectiveness of its outreach to immigrant-owned businesses.**

SBS does not currently distinguish between minority-owned businesses and those owned by immigrants. Including this information in its initial contact and follow-up evaluations with businesses will help the agency adapt its programs to the unique barriers and assets of immigrant-run firms. By tracking this information, SBS will be better able to deliver tailor-made services that will increase job creation and economic growth for New York City.

In order to provide evidence that these reforms will help support small businesses and create jobs, the Fund for Public Advocacy will launch a series of pilot programs. If successful, Public Advocate de Blasio will press for the City to adopt them as official policy.

1. **Provide a Lifeline to 200 Immigrant Businesses through a Technical Assistance Pilot Program:** The Fund for Public Advocacy will develop a pilot program with a micro-credit lending organization like ACCION USA to provide technical assistance with budgeting, legal assistance, credit counseling and debt management to immigrant small business owners.
2. **Partner with Technology Companies to Help with Small Business Marketing:** The Fund for Public Advocacy will partner with website designers and social media strategists to provide social media marketing training to immigrant small businesses owners. The goal of this pilot program will be to reach 200 small businesses and help them expand their clients and sales over a period of two years. If successful, we will build this program and offer it to thousands of small businesses through a public private partnership between the New York City Government and private foundations.
3. **Create and Distribute a Toolkit of Available Services:** The Fund for Public Advocacy will compile resources, information, maps of local service providers, and forms deemed useful based on the findings outlined in this report, produced in several different languages. The Toolkit will help eliminate language barriers and time constraints currently facing immigrant entrepreneurs. We will distribute the Toolkit to over 5,000 small businesses. We will survey these small businesses after one year. If 75% of those businesses report that after receiving the Toolkit they accessed City and private services they had not previously accessed, this program will be considered successful.
4. **Five Borough Listening Tour:** To determine how to best design these pilot programs as well as determine the key resources needed by immigrant small businesses owners, the Fund for Public Advocacy will work with the Federal Reserve Bank of New York, the Center for Urban Future, and other local community-based organizations to host a five borough small business tour. One of the goals of this listening tour will be to help determine exactly how these technical services should be provided in order increase the number of jobs in New York City. The goal of this pilot program will be to help 200 small businesses grow, create new jobs, and improve their finances within two years. If successful, we will scale up the program for thousands of small businesses through a public-private partnership between the City and private foundations.

INTRODUCTION

Immigrant-owned small businesses in every borough are part of the backbone of New York City's economy and play an essential role in the lives of New Yorkers. From the dry cleaner to the hair-braider to the newspaper seller, they are starting new businesses, revitalizing old industries, and becoming the fastest growing population of small business owners. In New York City, the immigrant population has more than doubled from about 1.4 million to 3 million over the last forty years. Immigrants now represent nearly 40% of the City's population, and 43% of the labor force. This growing population in our City proved to be one of the most entrepreneurial demographics in 2010. According to the Brooklyn Chamber of Commerce, a staggering 50% of immigrants residing in Brooklyn identify as being self-employed.²

The City has made large strides in its delivery of services to small businesses through New York City's Small Business Services ("SBS") and Economic Development Corporation ("EDC"). However, it has remained unclear whether these City agencies are effectively targeting and supporting immigrant-owned small businesses. Many think tanks and advocacy organizations, including Center for an Urban Future and the Fiscal Policy Institute, have played a key role in highlighting the needs and importance of immigrant-owned small businesses. Given the role that immigrant-owned businesses play as drivers of economic growth, we must ensure that City, state, and federal resources are fully supporting these entrepreneurs.

In order to determine how government services can best assist immigrant entrepreneurs, the Fund for Public Advocacy ("The Fund"), in partnership with ACCION USA³, surveyed 625 small business owners in all five boroughs. Nearly 80% of the survey respondents self-identified as foreign born. ⁴ Through an analysis of current City services and the survey findings, this report illustrates how current practices are falling short in assisting and supporting immigrant owned businesses.

Immigrant owned businesses are a key component of New York City's economic landscape. As the report findings suggest, the City must improve its current services to these small businesses in order to magnify their positive impact on the city's economy.

BACKGROUND

The Economic Importance of Immigrant-Owned Small Businesses

Entrepreneurial activity forms the backbone of American economic growth, and immigrant entrepreneurial initiatives have historically been a key driver for sustained economic development. This is especially true in the major urban



²"Small Business and Immigrant Entrepreneurship", *Fiscal Policy Institute* (2011): http://www.fiscalpolicy.org/BrooklynLaborMarketReview_FPI_June2011.pdf

³ The Federal Reserve Bank of New York provided input on the survey questionnaire.

⁴ For the sake of this survey, small business was defined as a business that had a self reported yearly revenue under one million dollars.

centers of the United States - places that have not only attracted technological and business innovation, but also foreign-born populations seeking new opportunities. The relationship between economic growth and immigrant-owned small businesses is thus one of reciprocity and is a fundamental characteristic of the economic evolution of New York City since its founding.

This trend is particularly visible over the course of the past quarter century. Foreign-born populations have expanded significantly, as has the total number of immigrant-owned businesses. The immigrant population in New York City has steadily grown. Between 1980 and 2000, foreign-born populations have accounted for 128% of New York City's overall population growth rate.⁵ As a proportion of the total city population, foreign-born residents currently account for approximately 36%,⁶ and minority groups comprise 67%.⁷ In New York City, this has translated into a high proportion of self-employed foreign born individuals, increasing by 53% during the 1990s.⁸

New York City has the highest overall number of minority-owned businesses in the country. 403,812 local businesses are owned by minorities, accounting for 42.8% of the total number of city firms. The number of minority-owned businesses is also growing nationwide. Between 2002 and 2007, minority-owned businesses increased 45.5% and accounted for 21.3% of the nation's businesses.⁹ Across the country, immigrant and minority-owned businesses are playing a larger role in the economic landscape and future of economic growth. This is especially true for New York City, given the highly diverse and highly entrepreneurial character of the city.

The economic stimulus derived from immigrant-owned businesses was a significant factor in New York City's ability to weather and recover from the recent economic downturn. With the exception of six months in 2009, New York City's unemployment rate has been consistently lower than that of the rest of the country since the start of the recession began in 2008.¹⁰ This can largely be attributed to the significant number of immigrants starting businesses in the City during this time. The Kauffman Index of Entrepreneurial Activity, which tracks monthly business creation, found that immigrants started businesses at twice the rate of native born citizens in 2010.¹¹ This entrepreneurial activity has a positive economic impact because new small businesses reduce unemployment.

Existing Services for Small Businesses

A variety of agencies are currently charged with providing valuable services to the City's business sector. New York City's Department of Small Business Services (SBS) provides direct assistance to business owners, neighborhood development in commercial districts, and seeks to connect business owners to qualified workers. New York City's Economic Development Corporation provides businesses with access to capital and tax breaks, affordable workspace, as well a network of financial and business knowledge support to entrepreneurs across a range of industries. New York State's Small Business Development Center provides technical and management assistance to businesses across the state.

SBS aims to help local businesses and job seekers alike. Specifically, SBS' NYC Business Solutions offers business courses, legal assistance, financing assistance, and incentives for business owners and entrepreneurs.

5 Center for an Urban Future, Accessed at: http://www.nycfuture.org/images_pdfs/pdfs/IE-final.pdf4.

6 United States Census, 2010. See: <http://quickfacts.census.gov/qfd/states/36/3651000.html>

7 Department of City Planning, "NYC2010: Results from the 2010 Census, Population Growth and Race/Hispanic Composition". Accessed at: <http://www.nyc.gov/html/dcp/pdf/census/census2010/pgrhrc.pdf>

8 Center for an Urban Future, 4.

9 United States Census, Survey of Small Business Owners (2007). Accessed at: <http://www.census.gov/econ/sbo/get07sof.html?18>

10 "U.S. Bureau of Labor Statistics", [Link](#)

11 Fairlie, Robert W. "Kauffman Index of Entrepreneurial Activity, 1996 – 2010." *Kauffman Foundation* (2011): [3/2011](#)

Business Solutions aims to provide comprehensive support to businesses from the beginning stages (i.e. identifying requirements) and beyond.¹² According to the Fiscal Year 2011 Mayor's Management Report (MMR), NYC Business Solutions was successful in assisting 627 businesses win \$39.8 million in financing assistance.¹³

Below are the incentive programs that are available to business owners through NYC Business Solutions:

- Industrial Development Agency (IDA)
- Industrial and Commercial Abatement Program (ICAP)
- Energy Cost Savings Program (ECSP)
- Recruitment and Training Assistance
- Commercial Expansion Program
- Relocation and Employment Assistance Program (REAP)
- Industrial Business Zone (IBZ) Relocation Credit
- Lower Manhattan Energy Program (LMEP)
- New York State Energy Research and Development Authority (NYSERDA)
- NYS Film Production Tax Credits
- NYS Excelsior Jobs Program

In 2006, the Mayor launched "Small Business Express" as a "one stop shop" for business owners and entrepreneurs to find the information they need to start a business. The website allows business owners to set up accounts which enable them to save information found on the web and pay violations and settlements. It also enables business owners and entrepreneurs to apply for licenses.¹⁴

In addition to the work initiated by Small Business Express, on October 30, 2011 Mayor Bloomberg announced a further series of initiatives planned to help small businesses, including¹⁵:

1. An online portal for retailers, giving them access to a database of vacant spaces and demographic information of different neighborhoods,
2. A competition to fill temporarily vacant stores with "pop-up" stores,
3. Investing in the food manufacturing industry (because it experienced a 14% growth) by establishing "Incubator" kitchens in Harlem and Long Island City. These kitchens allow caterers and chefs to rent space at an affordable cost to help get their businesses started.

The City has made some progress supporting immigrant-owned business. Most notably, in March 2011, the Mayor's office announced three new initiatives to better facilitate small business growth for these communities. The initiatives include: i) a business plan competition that focuses on strategies to provide access to immigrant entrepreneurs called THRIVE – To Help Immigrant Ventures and Entrepreneurs, ii) Free NYC Business Solution courses in Spanish, Chinese, Korean, and Russian – offered in partnership with a few community-based organizations, and iii) a pilot business expo, held on May 25, 2011, for locally-based immigrant food manufacturing businesses.

¹²New York City Business Solutions, 2011. Accessed at: <http://www.nyc.gov/html/sbs/nycbiz/html/home/home.shtml>

¹³ Department of Small Business Services Accessed at: <http://www.nyc.gov/html/ops/downloads/pdf/mmr/sbs.pdf>

¹⁴ NYC Business Express, 2011. Accessed at: <http://www.nyc.gov/portal/site/businessexpress>

¹⁵ Loeser, Stu. "Mayor Bloomberg Discusses Latest Initiative To Help Small Businesses Grow and to Connect Immigrant Entrepreneurs With Brokers, Buyers, And Wholesalers In a Weekly Radio Address" *Notes From The Blue Room*, 2011. Accessed at: http://www.nyc.gov/portal/site/nycgov/menuitem.c0935b9a57bb4ef3daf2f1c701c789a0/index.jsp?pagelD=mayor_press_release&catID=1194&doc_name=http%3A%2F%2Fwww.nyc.gov%2Fhtml%2Fom%2Fhtml%2F2011b%2Fpr386-11.html&cc=unused1978&rc=1194&ndi=1

METHODOLOGY

Survey Process

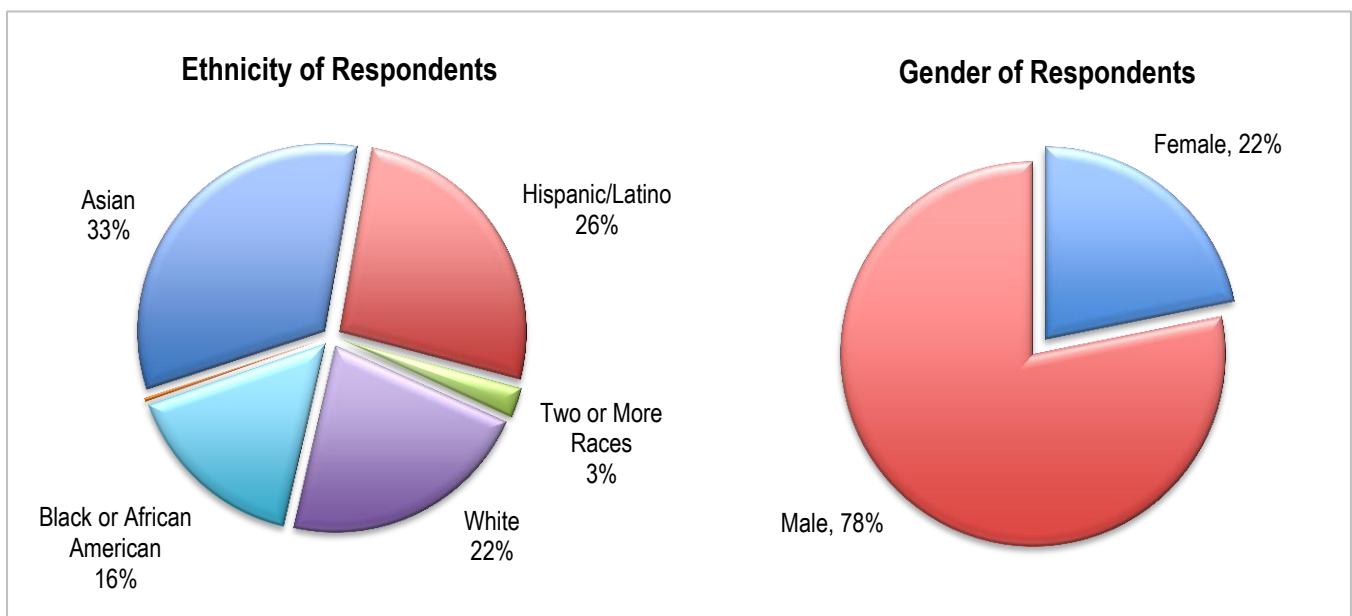
The Fund for Public Advocacy identified 52 neighborhoods with a high concentration of immigrant and minority-owned small businesses,¹⁶ and assigned bilingual surveyors to specific neighborhoods based on languages spoken. The Fund for Public Advocacy targeted businesses that had annual revenues under one million dollars. The surveyors approached small businesses that provided services or sold products. They were specifically instructed to include store fronts and street vendors and to exclude chain stores, as these businesses typically have revenues exceeding one million dollars. Surveyors only spoke to owners and did not record survey information from managers or store staff.

Borough	Number Surveyed	Goal
Brooklyn	171	180
Bronx	120	108
Queens	191	168
Manhattan	94	108
Staten Island	49	36
Total	625	600

The goal of the Fund for Public Advocacy was to collect data in each of the five boroughs at rates representative of the City's population, with a goal of collecting 30% of responses from Brooklyn, 28% from Queens, 18% each from Manhattan and the Bronx, and 6% from Staten Island. Surveyors exceeded the set goals slightly, collecting a total of 625 responses to the survey. A breakdown of survey can be seen above.

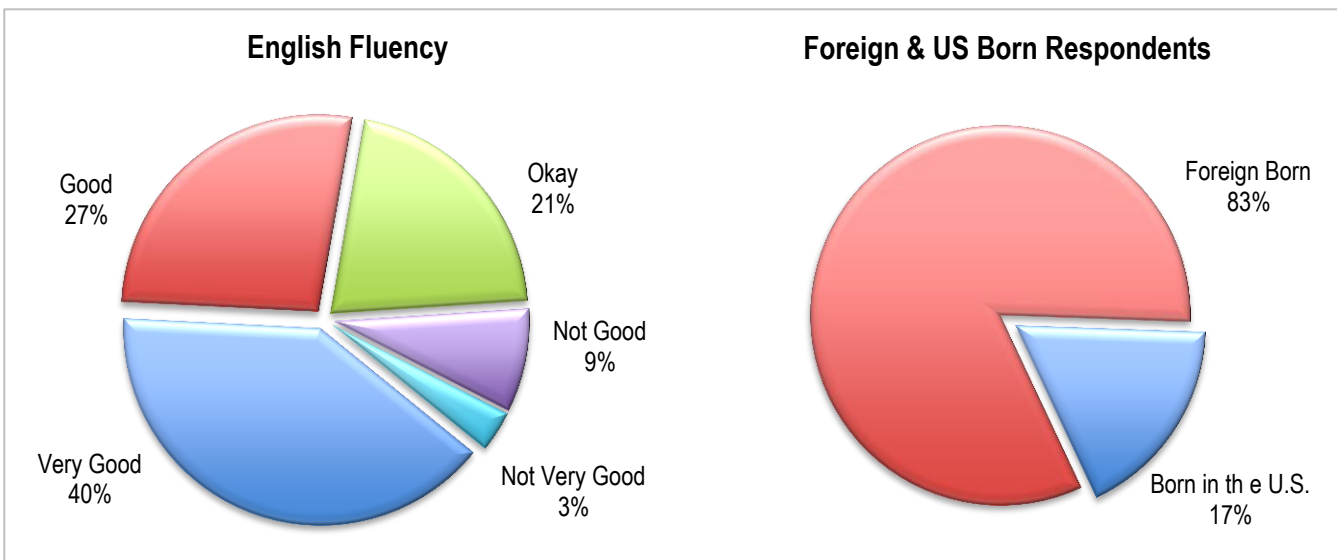
Demographic profile of Small Business Owners Surveyed

Surveyors targeted neighborhoods with large immigrant populations. Below is a comprehensive view of the demographic profile of the small businesses surveyed. As seen in the figures below, over 75% of business owners were from communities of color. In addition, over 78% of the business owners surveyed were male.

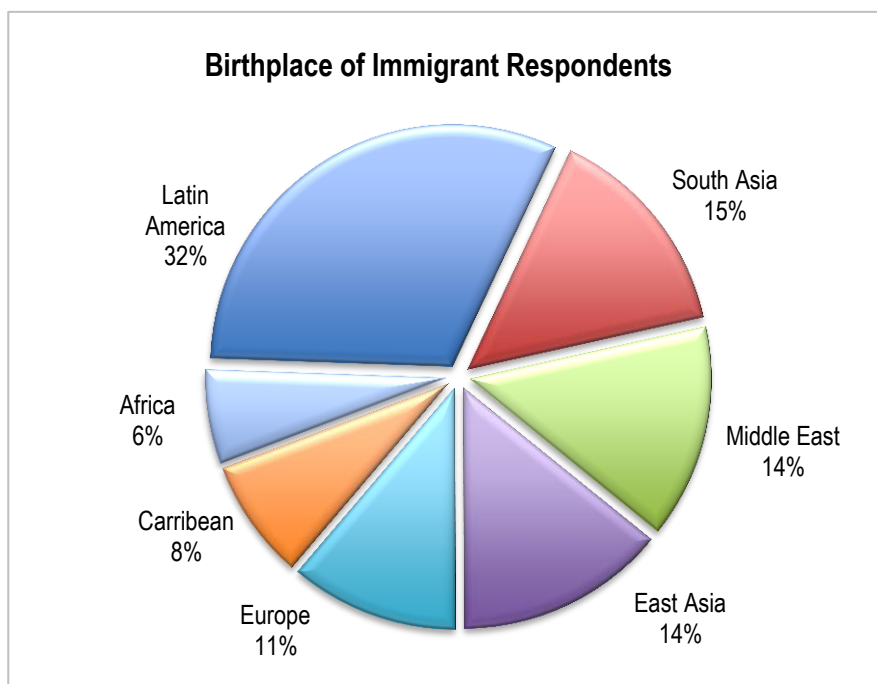


¹⁶ See Appendix for a list of neighborhoods.

The figures below further illustrate the demographic profile of the businesses surveyed, including self-reported English fluency, type of business surveyed, and whether the business owners were foreign born.



Type of businesses surveyed	
Merchandise vendor	13.0%
Clothing/shoe	12.0%
Restaurant	9.8%
Beauty	9.7%
Food vendor	9.5%
Home improvement	7.9%
Bodega	6.4%
Grocery	5.1%
Laundry	3.8%
Pharmacy	3.7%
Electronics	3.0%
Bakery	2.2%
Other	2.1%
Jewelry	1.8%
Specialty store	1.3%
Health	1.1%
Fabrics	1.0%
Florist	1.0%
Pet store	1.0%
Wine/liquor	1.0%
Eyewear	0.8%
Financial services	0.8%
Photo	0.8%
Auto	0.3%
Bridal	0.3%
Office supplies	0.3%
Religious	0.2%
Video Store	0.1%



Business Locations	
90.4%	Storefront
9.5%	Street Truck/Cart
0.1%	Home-based

FINDINGS AND ANALYSIS

Analysis of the survey data has produced three significant findings: 1) there is a lack of knowledge about existing services, 2) there is a desperate need for services that are not related to capital, and 3) there is a lack of computer literacy among immigrant-owned small businesses.

Lack of Knowledge of Services:

Despite the array of services that exist to help businesses, including business courses, legal assistance, financial assistance, training and economic incentives- the survey results show that in immigrant business communities, a majority of business owners are not aware of existing services. **Over 90% of business-owners surveyed reported not receiving services from the City as they started up and built their businesses.** Among these businesses, more than 50% cited their lack of awareness about the City's programs as the reason for not receiving services. Of those few business who received services, 69% reported that the services they received were somewhat to very helpful.

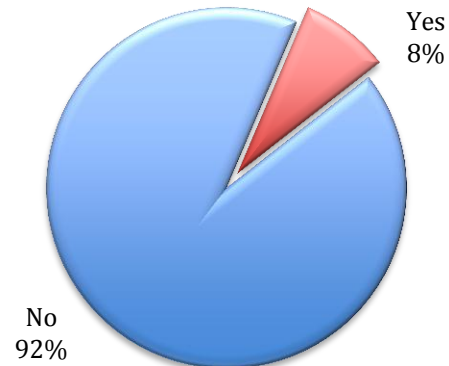
This survey questioned business owners on the services they received to start their businesses, and which services would have been most helpful at the time. The responses indicate business owners do not have full information on the services that are available to them, such as financing, business courses, and legal assistance. More can be done to proactively inform these businesses of available services. Although these individuals have successfully opened and sustained their businesses with little or no assistance, many indicated an interest in certain services, such as compliance, financing and marketing. They simply did not know these services existed.

Small Business Need More Than Just Capital Assistance, They Need Technical and Legal Support

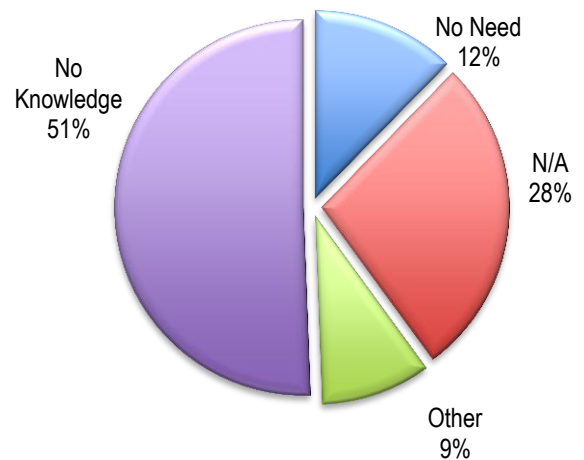
Survey participants reported a wide range of services that would have been helpful to them as they were starting their businesses. Participants cited six services as key: financing (33%), marketing & publicity & web presence assistance (23%), legal assistance (25%), assistance with the permit process (17%), business planning (17%), and accounting or bookkeeping assistance (15%).

However, 79% of the businesses surveyed did not seek financing in 2011. A recent survey by the Federal Reserve Bank of New York supports this survey's finding, and concluded many businesses were not seeking capital because they were "paying down debt (19%), believed they would be turned down (27%) or already had sufficient

Have you received services to start or sustain your business?



Why did you not receive services to start or sustain your business?



credit (21%).”¹⁷

Our survey found many small business owners looking for help to sustain their businesses in these hard economic times. The businesses noted in particular technical assistance and support, from business planning and marketing assistance to legal and accounting support and advice as services that would be helpful. Although SBS has training available, it is not reaching the businesses surveyed by the Fund and ACCION USA. Government must better connect immigrant small business owners to technical assistance programs that can help them to sustain and grow their businesses.

There is a Technological Divide Separating Immigrant Small Business Owners from Their Non-Immigrant Counterparts, as well as a Lack of Computer Literacy

The Fund/ACCION USA survey found evidence that there are two major technological obstacles facing immigrant entrepreneurs: 1) a lack of online presence, and 2) a reliance on cash payments and reluctance to accept credit cards.

Our survey asked a variety of questions to determine the adoption level of different sorts of technology among immigrant owned businesses. From the use of the internet to types of accepted payments, the responses indicated a low level of technology adoption. **Over 87% of the businesses surveyed reported not having a website.** Among all small businesses, that number is significantly lower—only 51%.¹⁸ Having a website does not guarantee business success, but it does make it easier for new consumers to seek out a firm.



As a follow-up question, business owners were asked if they would submit an e-mail address to receive a summary of their answers and the survey results. **In response, almost 80% of the business owners declined to submit an e-mail address.** While 31% of business owners with websites offered e-mail addresses, only 19% of business owners without websites offered e-mail addresses. As more resources in government become more readily available on the internet, it is important that more of these businesses are using email as a method of communication.

Business owners were also asked which forms of payment they accepted. 30% reported that they only accepted cash, while 63% reported accepting credit cards. Ten percent of those surveyed reported accepting EBT or food stamps.

Our survey demonstrated that it is very common for immigrant small business owners as less likely to utilize technologically than mainstream small business owners. While New York City is quickly becoming a leader in technology, these entrepreneurs are facing a technological divide.

17 Federal Reserve Bank of New York. "FRBNY May 2011 Small Business Finances Poll." August 2011. Accessed at http://www.newyorkfed.org/sbfinances/may2011_sbf.pdf

18 Zwillig, Martin. "51% of Small Businesses Still Don't Have Websites." *Business Insider War Room*, Sept 2010. Accessed at http://articles.businessinsider.com/2010-09-27/strategy/30030545_1_web-site-viral-marketing-first-site

RECOMMENDATIONS

The Department of Small Businesses Services has continued to make improvements in services for small businesses, but little has been done to assist the growing sector of immigrant-owned businesses. The following recommendations were derived from the survey findings, an analysis of the current programs offered by SBS, and conversations with immigrant and business advocates.

Solution 1: The Department of Small Business Services Should Work with Community-Based Organizations to Increase Knowledge of Services

During difficult economic times, City government must work with CBOs in order to ensure all communities are being reached. In 2009, San Francisco developed a task force to address this issue, noting that working with CBOs in a tough economic climate is both fiscally responsible and effective.¹⁹ Small Business Solution Centers should work with reputable community-based organizations that are capable of meeting the linguistic and cultural needs of immigrant small business owners. Currently many of the services offered are not housed in immigrant communities and are offered within government agencies. To better help these business owners navigate and take advantage of existing services, outreach and services must also be done on-site at community-based organizations that are utilized by immigrant business owners.

We recommend that SBS restructure their primary outreach strategy by embracing a campaign designed to reach small business owners at their place of business instead of in SBS Centers. Businesses would not have to seek out services; SBS would bring the assistance to them.

Solution 2: The Department of Small Business Services Should Develop an Evaluation Tool in Partnership with EDC to Track and Assess How They are Serving Immigrant Communities.

During a time of shrinking budgets, it is important that City agencies evaluate their services and the effectiveness of their outreach. Small Business Services does not currently evaluate how it targets immigrant communities, nor does it assess the needs of immigrant business owners. In order to enhance SBS' current services an evaluation system must be in place.

Currently, SBS does not distinguish between immigrant and minority-owned small businesses. If SBS was able to recognize the unique services needed by immigrant entrepreneurs and specific barriers that they face, SBS could immensely improve the quality and scope of services they are able to offer.

¹⁹ San Francisco Community-Based Organizations Task Force. "Partnering with Nonprofits in Tough Times." April 2009. Accessed at <http://stridecenter.org/articles/CBOTaskForceReporFinalSFF.pdf>

THE FUND FOR PUBLIC ADVOCACY ACTION ITEMS TO ASSIST SMALL BUSINESSES:

The Fund for Public Advocacy will partner with community-based organizations, think tanks, foundations and micro-credit lending organizations to launch specific initiatives that, if successful, can shape and influence City Policy:

- 1. Host a Five-Borough Small Business Listening Tour:** The Fund for Public Advocacy, the Federal Reserve Bank of New York and the Center for Urban Future will partner with local community-based organizations in each of the five boroughs to host the Five-Borough Small Business Listening Tour. The tour will serve two key purposes. First, it will allow the Fund to follow up on the results of the survey to better assess local needs around business support services. Second, it will provide a forum to disseminate information to businesses about available services that will help them grow and sustain their businesses.

Our goal in these five panel discussions will be to reach 200 small business owners not currently in contact with City agencies in each borough (for a total of 1,000) to discuss the specific needs of different immigrant groups in each area.

- 2. Create & Distribute a Toolkit of Available Services:** The Fund for Public Advocacy will compile resources, maps of local service providers, and forms deemed useful based on the findings outlined in this report, to produce a Small Business Toolkit in several different languages. This Toolkit will be constructed with input from the Five-Borough Listening Tour, in order to best fit the needs of each community of immigrant small business owners. We will distribute the Toolkit to small business owners and community-based organizations that have established ties in the community, in an effort to ensure that these resources are readily available. The Toolkit will include information about City resources such as NYC Business Solutions Centers, Single Stop Centers, free legal services, and debt consolidation clinics.

We aim to distribute this Toolkit to over 5000 small businesses throughout all five boroughs in order to foster better communication between City agencies and small business owners.

- 3. Develop a Tech Assistance Pilot Program:** The Fund, in partnership with members of the tech community, aims to assist 200 small business owners with creating websites and developing social media strategies to bolster sales and business growth. The Fund will work with the tech community to identify web designers and strategists who can offer pro bono services. We hope to empower immigrant small business owners by providing them the education and training to implement existing social media tools that can help them grow their business.

We will determine the success of this program by the participants' growth in customers and sales over a period of two years. The benchmark for success is substantial growth in these areas at 75% of participating businesses.

In order to help close the digital divide and foster entrepreneurship amongst the children of immigrant small business owners, the Fund for Public Advocacy will work with partners in the private sector to create a citywide business competition amongst these children with the goal of enhancing family businesses.²⁰

- 4. Develop a Technical and Legal Assistance Pilot Program:** The Fund will partner with a micro-credit lending organization such as ACCION USA to create a pilot program providing technical assistance such as budgeting, legal assistance, credit counseling and debt management to 200 small businesses. The

²⁰Please see: <http://www.ilctr.org/wp-content/uploads/2011/11/ILC-Adult-Children-of-Immigrant-Entrepreneurs.pdf>

program's goal will be to make the same services that the City provides to individuals in debt crisis available to small businesses. This program will identify small business owners who need technical assistance in order to grow or sustain their businesses. During financially difficult times, it is especially important for small businesses owners to understand their business debt. Additionally, it is critical to include assistance with home loan modification and foreclosure prevention.

Recent studies have shown that when the economy is struggling, business owners pay off their business expenses before their mortgage:

"Experian studied the financial behavior of 2.7 million business owners from April 2007 to April 2008, focusing in particular on those with a "severe mortgage delinquency" of payments more than 90 days past due. The agency found that when owners fall behind on their home payments, most remain diligent about their business obligations. While the delinquency rate for consumer transactions reached as high as 59% among individuals with severely overdue mortgages, the delinquency rate for commercial transactions never rose above 8%"²¹

This pilot program will also assist small businesses negotiate their important legal contracts such as their rent.

This pilot program will be designed to meet business owners at their place of businesses. Because immigrant entrepreneurs are often reluctant to leave their businesses to seek assistance, on-site services can reach more individuals than a stand-alone center. In order to more efficiently identify the small businesses most in need of these services, the Fund will partner with a micro-credit lending organization like ACCION USA so to connect directly with borrowers.

In a grueling economic climate where many small businesses are struggling to pay their credit card bills, this pilot will focus on both crisis management and prevention. The Fund for Public Advocacy aims to partner with SBS to ensure immigrant communities are being directly targeted and served through this program.

This pilot program aims to engage at least 200 small business owners. The success of this program will be measured in the participating businesses' growth and well-being over a period of two years. If at least 75% of participating business owners see their businesses grow in revenue through the reduction of fines, debt, growth in number of employees and/or more favorable economic terms of legal agreements, the program will be considered successful.

²¹ Maltby, Emily. "Pick One: Your Business or Your House." *CNN Money* (2008): http://money.cnn.com/2008/09/09/smallbusiness/experian_mortgage_study.smb/index.htm

APPENDIX 1

SURVEY

Small Business – 2011

The Federal Reserve Bank of New York, ACCION USA, and the Fund for Public Advocacy have a strong interest in helping New York based businesses thrive. Your answers will inform our efforts to help New York City entrepreneurs. Your responses will be confidential and not disclose unless required by law. Results will be published and discussed only in the aggregate, and you will receive a summary upon receipt of a mailing or email address.

Q1 Business name: _____

Business Address:

Q2 Describe your business location (Please choose one).

- ☐ Storefront
- ☐ Home-based
- ☐ Vendor Truck/street cart

Q3 Do you lease or own your business? ☐ Lease ☐ Own

Q4 What is your gender?

- ☐ Male
- ☐ Female

Q5 Does your business have a website?

- ☐ Yes
- ☐ No

IF YES, is it commerce enabled?

- ☐ Yes
- ☐ No

Q6 Describe your business:

Q7 When did you start your business?

Q8 Did you receive services to start, sustain, and or grow your business?

- ☐ Yes
- ☐ No

If YES go to Q9 and Q10

If NO go to Q11 and Q12

Q9 Who provided these services? [e.g. Financial Empowerment Centers, 311, NYC Business Solutions Center]

Q10 From a scale of 1 to 5 please rate how useful those individual services were to you.

(1=NOT Very Helpful 2=Somewhat NOT Helpful 3=Okay 4=Somewhat Helpful 5=Very Helpful)

Example: NYC Business Solutions Center = 4

Q11 Why did you NOT receive services?

Q12 Are you aware of the free services available to you?

[e.g. Financial Empowerment Center, 311, NYC Business Solutions Center,]

☐ Yes

☐ No

Q13 What other services would have helped you to start, sustain and or grow your business?

(Check all that apply)

☐ Accounting/Book keeping

☐ Assistance with Permit Process

☐ Business Planning

☐ Credit score counseling

☐ Financing

☐ Legal assistance

☐ Marketing/Publicity/Website

☐ Translation

☐ Other

Describe: _____

Q14 What were your sales like in 2010?

Q15 Do you think your sales/revenue growth in 2011 will increase, decrease or stay the same?

(Please choose one)

☐ Increase

☐ Decrease

☐ Stay the same

Q16 Were you seeking financing for your business this year?

☐ Yes

☐ No

If YES how much? \$ _____

Q17 Please rank the TOP THREE (3) sources of financing your business is using now, with 1 being the largest and 3 being the smallest.

____ Personal Savings

____ Business Savings

____ Informal Loan

____ Non-profit Loan (e.g. ACCION, Grameen America, Seedco)

____ Bank Loan

____ Bank Credit Card

____ Other (please describe): _____

Q18 What type(s) of payment does your business accept? (Check all that apply)

☐ Cash

☐ Check

☐ Credit

☐ EBT ("food stamps")

☐ Paypal (or other web-based payment services)

Q19 How much did you pay in City fines last year? \$ _____

Q20 Please indicate the NUMBER and the TYPE of tickets/fines/violations you received from the following City Agencies last year:

____ Building Department

Type: _____

____ Consumer Affairs

Type: _____

____ Finance

Type: _____

____ Fire Department

Type: _____

____ Health Department

Type: _____

____ Police Department

Type: _____

____ Sanitation Department / ECB

Type: _____

____ Other

Type: _____

Q21 Where were you born?

Q22 Please rate your English fluency.

☐ Very Good

☐ Good

☐ Okay ☐ Not Good

☐ Not Very Good

Q23 What is your race?

☐ Black or African American*

☐ Asian*

☐ White*

☐ Hispanic/Latino

☐ Two or more races

☐ American Indian and Alaska Native

☐ Native Hawaiian and Other Pacific Islander

* = Non-Hispanic

Q24 Are you a certified MWBE (Minority Women Owned Business)?

☐ Yes

☐ No

If **NO**, why?

To receive summary results via e-mail, please provide your mail or email address:

APPENDIX 2

List of Neighborhoods Surveyed

Bronx	Brooklyn	Manhattan	Queens	Staten Island
Belmont	Bay Ridge	Alphabet City	Astoria	Elm Park
Bronxwood	Brighton Beach	East Harlem	Cambria Heights	Port Richmond
Castle Hill	Bushwick	East Village	Flushing	Tompkinsville
East Tremont	Crown Heights	Harlem	Hillside	West Brighton
Fordham	Downtown Brooklyn	Inwood	Howard Beach	
Foxhurst	Flatbush	Lower East Side	Jackson Heights	
Kingsbridge Heights	Sheepshead Bay	University Heights	Jamaica	
Laconia	Sunset Park	Washington Heights	Jamaica Hills	
North Bronx	Williamsburg		Long Island City	
Norwood			Ozone Park	
Parkchester			Richmond Hill	
South Bronx			Ridgewood	
Tremont			South Jamaica	
Wakefield			Sunnyside	
Williamsbridge			Woodhaven	
			Woodside	