

# ***Como Lo Hicimos: The Success of Latino/a Businesses in Michigan***

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*Using data from the same oral history interviews used by Coronado and Martinez (2018), this study describes the success of some Latino businesses operating in Michigan. It is based on interviews with 32 Latino and Latina business owners (LBOs) conducted by researchers at the Julian Samora Research Institute (JSRI) at Michigan State University from 2011 to 2012 in three Michigan cities: Saginaw, Lansing, and Metro Detroit. This study describes the ways and means by which these business owners started their businesses and the success and possible expansion of their activities at the time of the interviews. Almost all had humble start-up operations, relied on their own or family savings, had relatives who owned or operated a business, lacked access to formal financial markets, and had limited knowledge about government programs supporting small businesses. Success was based on hard work and persistence, the pursuit of opportunities, and the use of technology. Most give back to their communities and have expansion plans, either by securing government funds or bank loans.*

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## **INTRODUCTION**

Latino-owned businesses (LOBs) are a growing segment of the nation's economy and constitute an important area of study. Their numbers have grown steadily over the last few decades. Indeed, the surge of LOBs is correlated with rapid increases in the Latino population, which currently is over 63 million persons, representing 19% of the U.S. population. According to the United States Hispanic Chamber of Commerce (USHCC), the current number of LOBs is close to 4.7 million, representing approximately 15.6% of all U.S. businesses with sizes that range from small family businesses operated from homes and garages to large multi-million corporations. In the last few years, Latina-owned businesses have been increasing rapidly (MBDA, 2016), with 26.6% owning those with employees in 2020 (USHCC, 2023).

Further, there is a bi-modal distribution of LOBs related to their size: 1) a large majority of small businesses without employees, and 2) an increasing number of scaled and larger businesses privately owned or larger corporations with more than 50 employees per firm. LOBs generate more than \$800 billion to the nation's economy and have been the fastest-growing segment on Main Street in recent years. Today, twenty-five percent of new businesses in the United States are by Latinos (U.S. Small Business Administration, 2023).

A Claritas (2019) report states, “Hispanic-owned businesses play an increasingly important role in our economy. Between 2012 and 2018, U.S. Hispanic-owned businesses increased 40.2%, compared to 18.8% for all U.S. businesses” (p. 4). A previous study by Pisani and Guzman (2020) indicated that initial LOBs were located in Latino enclaves and offered products and services usually demanded by Hispanics. Today, however, most LOBs are located in non-Hispanic predominant neighborhoods and offer their products and services to other populations. A survey of LOBs with employees reports that 96.1% conduct transactions in English and 66.9% conduct them in Spanish; 13.1% have been in business for less than two years; 57.7% were profitable, another 20.5% had losses, while 21.9% broke even; 52.4% of the owners were not born in the U.S.; 35.7% had a bachelor’s degree or higher prior to establishing, purchasing, or acquiring the business; 20.2% spend an average of 60 or more hours per week managing or working in their business. (MBDA, 2020).

The systematic discrimination Latinos face in the labor market, their low educational attainment, language barriers, lack of marketable skills, and the need to take care of family members are among the motives that many Latinos have to start a business. This is especially the case among working-class immigrants. Many seek opportunities to start a business due to necessity. A study by GEOSCAPE found that Latino immigrants are twice as likely to start a new business as someone born in the U.S. (GEOSCAPE, 2016). Immigrants own 29% of Latino firms, with 40 to 50% being businesses with more than \$1 million in revenue and more than 50 employees (Stanford Latino Entrepreneur Initiative, 2016). Many of these businesses are owned and operated by recent immigrants, especially those from Latin America (i.e., Cubans, Venezuelans, Colombians, Brazilians, and Argentinians), with most of them located in the Miami area. The big advantages these Latin American entrepreneurs have are their high levels of education, a family history of running a business, and their participation in business, financial, and social networks, at both the domestic and international levels, which facilitate carrying out their daily operations.

A special characteristic of Latino business owners that differentiates them from other business owners is their tendency to have a strong emotional attachment to their business, which they view as more than a family enterprise; it is their legacy and their children’s inheritance (Tomás Rivera Policy Institute, 2007).

Latino entrepreneurs must perform a mix of management tasks during the start-up process for their businesses to survive, with survival always a formidable challenge. These tasks include raising funds, finding partners, performing product development and testing, and launching products. While these tasks could be laid out in advance in a business plan, such plans need constant revision throughout the start-up’s development. Timmons (1999) points out that 23.7% of new start-ups fail within two years, and only 37.3% of businesses survive past their sixth year.

## **LATINO-OWNED BUSINESSES IN MICHIGAN**

This study is based on interviews with 32 Latino business owners conducted by researchers of the Julian Samora Research Institute (JSRI) from 2011 to 2012 in three Michigan cities, Saginaw, Lansing, and Metro Detroit, and complements the study by Coronado and Martinez (2018) which sought to “understand relationships and processes that have led to success, as well as challenges that cause roadblocks” (p. 51). Our study describes the ways and means that these Latino business owners have employed since they started their businesses and the success and possible expansion of their activities at the time of the interviews.

The types of businesses operated by the participants ranged from traditionally owned Mexican restaurants to tier-one auto parts suppliers that are part of the automotive supply chain in Michigan. Most participants were native-born Mexican Americans, or Chicanos, and others were recent immigrants from Latin American countries.

The interviews collected data on the participants’ educational attainment, average sales per year, age, years in business, number and type of employees, and their community involvement. Many studies hold that human capital, educational attainment, and necessary business skills are key factors related to business success (Bassi and McMurrer, 2007; Tran and Vo, 2020). Average sales per year are related to business size. That is, the larger the firm size, the greater the sales volume. In addition, according to Stuart and Abetti (1990), “The entrepreneurial experience, namely the number of previous new venture involvements and the

level of the management role played in such ventures, was by far the most significant factor. Other experience factors such as age, years of business, management, and technical experience, various dimensions of the entrepreneurial team’s experience, etc., were not significantly related to performance” (p. 151).

Table 1 shows some basic characteristics of the study’s participants by gender. Twenty-four (24) participants were men and eight (8) were women. The average age of the men was 53 years, and women’s was 55 years. Both men and women reported employing full and part-time workers, with Latinos employing more workers than Latinas. The average sales per year of businesses owned by men by far exceeded the sales of women-owned businesses by 7.6 times, indicating that businesses run by Latinas are generally smaller operations. Many studies show impressive growth in the number of Latina-owned businesses but tend to characterize them as small and usually operated from their owners’ homes, making their sales volume very low compared with businesses owned by Latinos (men).

**TABLE 1  
PARTICIPANT DEMOGRAPHIC AND BUSINESS CHARACTERISTICS BY GENDER**

<b>Characteristics</b>	<b>Total</b>	<b>Males</b>	<b>Females</b>
Gender (n = 32)	Males = 75.0% Females = 25.0%	(24) 100%	(8) 100%
Average Age	53 years	52 years	55 years
Average Educational Attainment*	3.0	2.9	3.5
Years in business	16	15	20
Employees	Full-time = 74 Part-time = 11	Full-time = 81 Part-time = 11	Full-time = 45 Part-time = 9
Employ family members	YES = 65.6%	YES = 62.5%	YES = 75.0%
Other family members own a business	YES = 68.7%	YES = 62.5%	YES = 87.5%
Community Involvement	YES = 68.7%	YES = 58.3%	YES = 100%
Average sales per year	\$13,200,000	\$15,900,000	\$2,100,000

*Source:* Coronado and Martinez, 2018.

\*1 = High School; 2 = Some College; 3 = Bachelor’s degree; 4 = Some graduate courses; 5 = Graduate degree.

A characteristic that differentiates Latino-owned businesses from other businesses is the tendency to employ family members, especially during their start-up stage. In our case, 65.6% of the participants reported employing family members, and up to 75% of Latina business owners reported the employment of a close relative. Another important characteristic of Latino business owners is to have family members with a business background. In this study, 68.7% of the participants reported having a family member who owns a business. This characteristic is especially important since it potentially provides business owners access to management experience, information support, and business networks necessary for the firm’s development and success. Finally, the participants, especially women, reported involvement in business, social, and charitable organizations in their communities.

Coronado and Martinez (2018) also present related characteristics of the study participants by their educational attainment. Table 2 presents participants’ education levels. Of the participants, 37.5% have at least a bachelor’s degree, 6.3% took some graduate courses, 21.9% have a graduate degree, another 21.9% attended college but did not graduate, and 12.5% indicated they graduated from high school as their highest educational level. Women reported higher levels of education than men, with none reporting having only a high school education.

**TABLE 2**  
**PARTICIPANT BUSINESS CHARACTERISTICS BY EDUCATIONAL ATTAINMENT**

<b>Characteristics</b>	<b>High School</b>	<b>Some College</b>	<b>Bachelor's Degree</b>	<b>Some Graduate Courses</b>	<b>Graduate Degree</b>
Total (n=32)	12.5%	21.9%	37.5%	6.3%	21.9%
Gender	M = 4 F = 0	M = 6 F = 1	M = 8 F = 4	M = 1 F = 1	M = 5 F = 2
Average Age	61 years	50 years	50 years	59 years	53 years
Years in Business	12 years	22 years	16 years	18 years	12 years
Employees	FT = 8 PT = 6	FT = 238 PT = 21	FT = 29 PT = 7	FT = 9 PT = 3	FT = 25 PT = 7
Employ family members	Y = 100%	Y = 71.4%	Y = 66.7%	Y = 50%	Y = 42.9%
Other family members own a business	Y = 75%	Y = 57.1%	Y = 83.3 %	Y = 50%	Y = 57.1%
Community involvement	Y = 50%	Y = 85.7%	Y = 66.7%	Y = 100	Y = 57.1%
Average Sales	\$337,500	\$41,500,000	\$5,600,000	\$4,100,000	\$5,400,000

*Source:* Coronado and Martinez, 2018.

Participants with some college courses reported the highest average sales per year, more years in business than the other groups, and a higher percentage of them indicated community involvement, while participants with a high school diploma or fewer years of education reported the lowest average sales per year, fewer years in business, and the lowest percentage indicating community involvement of the groups. Participants with some college courses had the largest companies, as evidenced by the amount of their average annual sales, the number of full- and part-time employees, and a high percentage of them employing family members. On the other hand, participants with high levels of educational attainment were least likely to employ family members in their companies.

Table 3 describes the business characteristics of the 32 study participants. Many of them (43.8%) reported their business as a corporation, followed by sole proprietors (34.3%), which yields a bi-modal distribution of the type of businesses included in the study. Most of the participants (65.6%) funded the start-up of their businesses using their savings and some (12.5%) with contributions from family members, which add to 78.1% of the participant businesses having obtained their initial funding within the family and only 21.9% from external sources such as loans, grants, and investors.

**TABLE 3**  
**BUSINESS CHARACTERISTICS OF THE STUDY PARTICIPANTS**

Description	Number of Participants	Percentage
Type of Business Ownership:		
Sole Owner	11	34.3%
Family Owned	5	15.6%
Partnership	2	6.3%
Corporation	14	43.8%
Start-up Funding:		
Own Savings	21	65.6%
Family (Parent, sibling) contribution	4	12.5%
Loans, Grants, and Investors	7	21.9%
Family Members Own a Business:		
YES	20	62.5%
NO	12	37.5%
How Many People do you Employ?		
Full-time	1,930	<1 – 700>
Part-time	172	<1 – 45>
Employ Family Members:		
YES	21	65.6%
NO	11	34.4%
Business Serves to:		
Big Corporations and Government	14	43.7%
Hispanics	4	12.5%
Community and Restaurants	11	34.4%
Medical and Health	3	9.4%
Factors for Continue Success:		
Customer Service	10	31.3%
Hard Work and Product Differentiation	7	21.9%
Innovation	5	15.6%
Networking and Community Involvement	5	15.6%
Human Capital	5	15.6%
How they Differ:		
Quality Service and Product	14	43.7%
Innovation and Differentiation	7	21.9%
Customer Relationship and Community Involvement	11	34.4%
Business Expansion:		
No at this Time	19	59.4%
Expand Customer Basis	9	28.1%
Apply for Government Loans and Grants	3	9.4%
New Product	1	3.1%

Because of the impressive growth in the number of Latino-owned businesses in the U.S., the number of jobs created, especially by large firms, has been steadily increasing. As shown in Table 3, the participant firms employed 1,930 full-time and 172 part-time workers, and this has a multiplier effect on local economies and surrounding communities. Many of these firms (43.7%) have big corporations and government organizations as their customers. Some are Tier 1 or Tier 2 suppliers to Michigan’s three major automotive corporations (GM, Ford, and Chrysler). Another 34.4% serve community organizations or are

in the restaurant industry, with only 12.5% of them primarily serving Hispanic markets. Finally, three firms, or 9.4%, are in the Medical and Health sectors. Interestingly, only a small number of Latino-owned firms do business with other Hispanic firms or organizations operating within Hispanic markets.

Further, 31.3% of the participants reported customer service as the most important factor for the sustained success of their business. In comparison, 21.9% of them reported hard work and product differentiation as important factors for their success. The other three factors included in Table 3, innovation, networking and community involvement, and human capital, were each identified as important by 5 firms or 15.6% of participants.

Several factors differentiate successful firms from other firms. Among them, 43.7% of participant business owners cited quality service and product differentiation as the most common factors, which usually distinguish a well-managed firm from others. Eleven firms (34.4%) identified their relationships with customers and involvement with community organizations as important issues distinguishing them from other firms. Finally, seven (21.9%) participants reported that innovation and differentiation are important considerations that distinguish successful enterprises.

When asked about their plans to expand their operations, 59.4% of the participants indicated that they did not have any plans for business expansion. Nine participants (28.1%) reported an interest in expanding their customer base, one (3.1%) was interested in developing a new product, and three (9.4%) were interested in applying for government loans and grants to expand their operations and increase their presence in different markets.

## **COMMON CHARACTERISTICS FOR LATINO-OWNED BUSINESSES SUCCESS**

A careful analysis of the 32 participants' interviews allows us to identify commonalities regarding the success of their businesses. All participants considered hard work, family support in the form of labor, and contributions for start-up funding as the basic elements for achievement in the company's initial stages. What follows are the common characteristics for their success selected from the variables included in the study's instrument, including quotes from the study participants.

### **Family Members Owned a Business**

A Latino entrepreneur [#1], a former migrant farmworker who sells sports apparel in the Lansing area with annual gross receipts between \$100,000 to \$150,000, said he was interested in starting a business "... to do something for a lot of Latinos...you don't see them in the sporting goods sector." He also indicated having family members who also own businesses:

Yes, I have two brothers who own their businesses in Texas. One owns a pest control [business] and the other one has a car dealership. I want to say that one of them has been in the car business for about thirty years, and the other has been in pest control, [well] he worked for a pest control company before owning his own, I want to say, in the last 25 years. One is older and one is younger than me.

Another Latino business owner [#2] from the Lansing area is an entrepreneur. He said he "...is always trying different things that would kind of make sense [to enhance his business]," which is in the screen printing and apparel design sector with annual sales up to \$75,000. He further states:

My uncle owns an electric, electrical company. He is an electrician. I think he has been in business, I want to say, over ten years now. It may be longer, I can't remember. I mean, as long as I've known him that is what he has been doing. It is all family- oriented. My parents owned a restaurant for around 35 years, and I grew up [working] in it.

A Mexican entrepreneur who owns two grocery stores [#6] with products mainly for consumption by the Mexican and Latino communities reported annual sales of up to \$150,000. Customer service is his main

priority for success in this type of business, “There are different types of customers. . . you need to work hard to make them feel welcome.” He provided an example of what does not work in this sector:

My sister in Grand Rapids also used to have a business for a long time, but she didn’t have charisma and already closed her business. I gave her the opportunity to come and work with me for some days to make some money but she was running off the clientele; she had a bad temper.

A businesswoman from Colombia [#20] owns a translation and introduction to foreign cultures business servicing corporations and business owners with businesses abroad or businesses that bring people from abroad to work in their companies. She started her business career going door to door selling AVON products for more than 30 years, and now owns her company with annual sales of over \$1 million. She states that trust is very important for business development, “That is how my business grew. When someone trusts you, you cannot fail [that person].” Innovation is critical for business adaptation, she states:

My aunt’s husband used to own a printing business. I know that these days in Colombia many printing businesses went out of business because people print in their offices using their computers...[However], if you have the technology, you can still work in this area.

### **How the Business Started – Start-Up Funds**

A restaurant owner from Saginaw [# 9] who had been operating different businesses for more than 40 years, from retail sales to wholesales, was a manufacturer representative who started to work in restaurants when her father called her to work with him after acquiring a bar/restaurant. She left her sales position and started working with her father for a substantially reduced salary with the promise that if the business did well, she would recover her lost income from the business profits. The business became successful in 1976. Then, partially funded with an investment from a cousin and some bank loans, she opened a nightclub in Bay City. This business failed in the early 1980s. According to the owner, it was one of the 16 restaurants and nightclubs in the area that failed within 13 months, but that did not stop her:

After a couple of other business failures and a property legal problem with the City of Saginaw that ended with a payout of \$25,000 from the City, I went on a hunt and found a building about a mile down from here. We leased the building with the option to purchase, borrowed \$75,000 from the bank, renovated the property, opened a new little pub in an old 1920’s fire station, and it became a very popular place. The property became well-known. I developed a menu and a décor based upon its heritage of a fire station.

Another participant from Saginaw [#10] owns a full-service salon and spa that specializes in hair work, body treatments like massage and facials, nail care, make-up, and other services of that sort. In addition, the salon has retail sales under the Aveda line of products that the entrepreneur considers very important. The total sales are over \$1.3 million and “...people get confused because we are an Aveda lifestyle salon. Aveda is a national product line that we are privileged and happy to carry. We are not owned or have a franchise with Aveda, we do have a partnership with Aveda.” Regarding the start-up funds, this business owner said:

To know where the initial resources came from you need to ask my mom to get a specific answer. I know there was a partnership. There was money put in, but I can’t tell you how much, or how that worked out. I know that we got a government grant about 15 years ago to do the exterior remodeling of the business...so it is coming up to be paid soon. It was from the State of Michigan, but I can’t tell you exactly.

A specialty cleaning company [#23] from Detroit owned by a pair of Latino siblings focuses on daily specialty cleaning services for large office campuses and automotive facilities. They started its operations in 2006 with just the two of them performing the work. Since its formation, the firm has grown to more than 200 employees. Company sales are over \$8 million, but they had financial challenges as they grew:

So, we saved our money and, you know, networking with all the other companies that were there, they were all saying we need to find minority suppliers; got to have those minority-spent dollars. So, we decided “We’re 50% Hispanic, we’re a minority, let’s start our own company.” We got certified by Michigan Minority Supplier Diversity Council, the MMSDC... When we started our payment terms with our customers; [they] were about 60 days. So, when we sent the invoice it took at least 60 to 75 days before we got paid, so for the first year that we were in business we were doing factoring, using our accounts receivables as collateral on a loan from a bank.

A commercial/industrial construction company based in Milford [#24] started its operations in 1996, providing welding and maintenance services, but the firm no longer provides welding services. The firm’s target clientele consists primarily of Tier 1 suppliers and big corporations such as General Motors, Ford Motor Company, Chrysler, Detroit Edison, Consumers Energy, and others. The company’s annual sales are over \$5 million. The following quote describes how the company’s initial operations were funded.

I had a good savings account, whatever it was. I think I had like \$15 or \$18,000 in the bank, and I had a gun collection that I sold for \$10,000 to \$15,000. It ended up around \$33,000 to \$35,000 that we show in the books...to start and that was a lot. It really hurt my family when I took all the money out of our savings account to start this part-time business and it didn’t start out good... but I was able to survive... You read about this federal program, they are going to help you, but they like to see you in business before they help you. We didn’t get one penny when we started out of the gate and that’s okay.

### **Factors for Continued Success**

Latino business owners who agreed to participate in this study cited several factors that made their businesses successful; among them are hard work and product differentiation, passion for what they are doing, having certified staff, good relationships with customers, knowing where to buy the products they sell, community involvement and interaction with the business and arts communities, good service to their customers, clear understanding of what the customer and the market need and want, among others.

At the time of the interview, an owner of a uniform business in Flint [#14] believes the business had existed more than 30 years, and that to start a business “you have to be passionate, there has to be passion enough to drive you.” The business reported annual sales between \$600 to \$700 thousand. According to the business’s owner their success is based on the following:

You have to have passion and then you have to have support. I went to a bank, and they believed in me and gave me the first loan, and so that too, you’ve got to have financial support. Most of my business [success] comes through good customer service, which they spread, and they will tell me “My sister said to come here,” and “My friend said to come here.” One of my customers told me “I want to tell you something, the word is out that this is the place to come, that you have the best customer service, and you know exactly what we need.” To deal with inventory, I would go to shows, you know, companies would offer, you know, like trade shows and stuff like that.

A Latino business-owner [#22] in Detroit specializing in tortillas and tortilla chips with annual sales over \$10 million believes that the main factor for success is to take care of employees.

I think the biggest thing we have done is to take care of our employees. Not only taking care of our employees, but also expanding our offerings so you are not subjected to just offering this or that. But in today's environment you must also do development, you have to develop new products. You have to listen to your customers to see what they want, what is it they are looking for. I [also] think training is really important and I think staying true to training the employees, and [I] remember when we first started that if you had blood through your veins, you had a job, you know. And today, I mean, we won't hire you unless you have a high school education.

The owner of a specialty cleaning company [#23] that started in 2006 in Auburn Hills indicated that General Motors PowerTrain World Headquarters is the main customer,

We do the housekeeping for the entire campus, so the housekeepers report for their 8 hours shift on site. They hardly ever come here unless it is for safety training or anything like that; same with our Lansing locations, we have all 3 GM locations in Lansing.

The company revenue was greater than \$8 million per year and employed from 40 to 50 people. They based their success on their contacts in the auto industry.

Networking is number one, knowing who the customers are, who you are—not just competitors, but people that you can have alliances with as well, even if they are a competitor...Putting up a superior product or service, and then when it comes to HR and accounting...one of the most important things—documentation, documentation, documentation. You [must] document everything. Don't ever do anything over the phone; make deals finalized in email. Make sure there is a trail. One of [a new manager's] first moves was to work with an SOE company, that is Search Engine Optimization Company. Since we did that in April our phone rings off the hook. People look up cleaning in Michigan and we are one of the top results.

An insurance agency from Detroit, Michigan [#31] was started in 1997, and one of the owners reported 15 full-time employees and annual sales of \$24 million. The agency specializes in commercial and industrial insurance. One of the business owners reported that their company's success is based on the following:

One of the things that has made the business successful is that in a couple of places insurance companies were looking for minorities. That was a help. The first big contract I got was with Travelers Insurance Company. They are one of the biggest in the world. They were looking to promote minority agents . . . because they thought, "Well, let's face it, the Hispanic population is growing," and they wanted to capitalize on it... We are nationally certified too. We are in the industry that heavily promotes minority contracts and minority purchases--the automobile industry. So that has been a big help for [us]. I have developed a marketing department to take charge of social media, the internet, sending letters out, making telephone calls, going to trade shows, promoting our agency, promoting, promoting, promoting.

### **How They Differ**

Most Latino business owners who participated in this study identified some common characteristics or job activities necessary to differentiate their businesses from other similar companies, both Latino and non-Latino. These characteristics also help them to make their business operations very successful and allow them to keep expanding to other local markets and markets in other states. Among the identified common characteristics and activities, we can cite: a) hard work; without it a business cannot go far, b) excellent

customer service, which is necessary to keep the customer base rolling and expanding, c) active community participation, not only for networking purposes, but also to support local activities and organizations working in community development events, d) quality standards for their products and work, if the company cannot offer a good product another company will offer it, and e) together these characteristics make a business very competitive.

A Latino businessman from Saginaw [#13] who owns a restaurant and works in construction projects such as building, restoration, and concrete works reported annual sales up to \$100,000 per year, employing ten workers, most of them part-time. He states that his company differs from others as follows:

What I learned in my business [is that] my work has to be as good or better than the other guy's, and it [must] be as cheap or cheaper than the other guy's... That was part of my marketing strategy, do it good, do it fast, make a profit, and gain a better way to do it, find a better way to do it, faster and cheaper. You know, get prepared, and hear something that you have probably heard before. You know, I was lucky in the beginning because of this, or because of that, I heard that luck is when preparation meets opportunity. Ok, so absolutely preparation, prepare yourself, you know, develop a natural reading of information. That is what I would say, learn, research what you want, what is the maximum that you can get out of this? And what is the maximum that you can do for the rest of the world?

The owner of a construction company [#24] established in 1996 located in Milford reported employing between 40 to 50 full-time and some part-time employees. The company's annual sales amount to \$5 million. He states that his company differs from other similar companies by the following way:

Well, we are innovative every day in the challenges of what we do. We are innovative every day when we step onto the site of a new construction site of great ideas, of finding the best processes to complete a project. I think that is what separates us from a good company [and makes us] a great company. We may not be the largest company, but we are a great company. That is how I view us in our team. The people who work here are inspirational. They want to work here. They feel confident working here. They make a fair living.

A holding company with headquarters in Detroit includes eight different businesses that range from manufacturing, construction, and services to supply chain guides. It started its operations in 1979 as a family-owned and run business. This group of companies reports an annual revenue of over \$200 million and employs more than 400 workers. The Latino sole owner [#27] believes that innovation is what differentiates them from other companies; they currently have more than 90 patents.

I developed a handrail system that [currently] is being sold over the country. It is just a new idea, new concept. Most of our ideas are from our customers. Most of our ideas are from people that work on the product, okay, or work in the process of what we are doing. Most of our ideas are common sense, and what happens is we get thrust new ideas, a lot of things.... God knows, [there are] plenty of ideas that we all have. The things we do here is far different than anything else. We harness the ideas and put them together and create patents and products and people borrow our stuff, that is all.

A healthcare institute established in 1990 in Detroit [#32] with a multi-state operation reported an annual revenue of \$20 million and employs 17 workers. One of the business owners, a physician with an MD and an MBA, said his motivations for starting his business were "Freedom of Choice, independence, and the ability to control what he does and where he goes." This is his view about what differentiates the institute's operations from a similar one:

Communication is the most important part of our business. We need to stay in touch with the people who refer patients to us, send letters communicating the progress of their patients, frequently call them on the phone for updates, be generally available when they need us. People in medicine function very much the same as people in law. They are frequently more than a handful of partners because the association of a variety of people lends strength to the group. So, for us, having an equal level of say and equal level of opportunity is very important. And that in itself [promotes] business growth.

### **Plans for Business Expansion**

Not all the Latino-owned businesses who participated in this study have plans to expand their operations. Many factors constrain them when it comes to expanding their business operations. Among them are: a) lack of a well-developed business plan; some Latino businesses are characterized as being reactive instead of proactive, b) not having the required financial capital and/or lack access to credit from financial institutions in the formal financial system, and c) they do not envision market opportunities for their products. What follows are the expansion plans of some Latino entrepreneurs interested in and planning to expand their business operations.

One is an industrial tool distributor from Venezuela [#18] whose main customers are the big three auto companies (GM, Ford, Chrysler) and also Toyota and Honda. In addition, they are trying to keep the base with which they started the business. The Tier 1, Tier 2, and even Tier 3 companies are located in the auto industry. The company started operations in 1997, has two full-time and three part-time employees, and reported an annual revenue of \$1.2 million. The company is trying to expand its operations but lacks the financial resources, and it is having a hard time accessing loans. For this purpose, the owners are planning to participate in government programs to expand their business operations.

Well, they said in order to get funding you probably have to enroll in government programs. They will train you how to [do it], what you think, what you need to do; they help you think about how the business [must] be. In my case, I have been growing the business with credit cards, and my own credit cards, and my own secure credit. So, it is funny because I grew 70 percent from 2010 to 2011. So, 70 percent is a lot, and I did it because I bought merchandise, I used my credit, my personal credit to fund the company in order to buy more inventory and get more sales. So, I am trying to work with the government to understand; they said they can help you so that you can get funding. So, just going to take a look at that, but as of today I am flexible. Persistence is what brought me here, so I am going to keep it that way.

A language institute in Troy [#20] that started in 1983 reported seven full-time and 25 part-time employees generating annual revenues close to \$1 million. This company mainly works with executives of corporations and employees who have businesses overseas or bring people from other countries who are frustrated due to their lack of knowledge of foreign languages or English and their limited familiarity with foreign cultures. The owner, an entrepreneur from Colombia, plans to expand the company's operations by obtaining contracts from the United States government.

I am always open to new opportunities. I am currently an 8(A), I am certified as Small Business Administration 8(A), which is for disabled business owners. Now I am looking to work with the United States government. I already have a subcontract and am paying someone to look for contracts for me. We are fulfilling all the requirements, then I can work with the government. With the government I have great opportunities because they provide a lot of work.

A business consulting company [#21] with headquarters in Livonia whose target customers are Tier 1, Tier 2, and OEMs (Original Equipment Manufacturers), reported an annual revenue of \$10 million

employing 150 full-time and 25 part-time workers. The sole business owner's vision for expanding the company's operation follows:

My vision for my company is to be a world class supplier of engineering quality control services. We want to be able to be the first company our customers think of when we provide our services in this area. So, if somebody is in Brazil or somebody is in China and they have a quality control need, we want to be the first [company] they think of and it's going to be based on the fact that we can provide world class services. You know, I read this somewhere that cheap work is not good and good work is not cheap, so those are some of the principles that we want to relay to our customers because we want to provide world class services. Today's world-class companies demand that because it is very competitive time and we are part of the puzzle for their success.

A digital marketing company based in Detroit [#26], a 100% minority-owned advertising agency, reports starting its operations in 2011 and markets their business services using various channels such as email marketing campaigns and blogging. Their clients range from small to large size organizations, as well as nonprofit organizations to which they provide solutions for them to market their businesses and at the same time eliminate the need to hire personnel to do the work. The company's annual revenue is close to \$100 thousand, and plans to continually expand its operations based on the development of new technology.

Technology is now quadrupling itself, practically. So, the difference is that traditional advertising and marketing is a lot easier now. Now, there is more actual data that could help businesses move companies forward, where in traditional marketing you can't. Now with online marketing, you know, the different channels and the different ways to communicate with people, you are able to measure that. Where we succeed is we have taken these several channels in which they communicate, and we have simplified them where we now have to move from one thing, which is cut and creation, to being able to affect all these channels at one time. Your customers are determining your future; in other words, what you should market and how do you measure that.

## **CONCLUSION**

This study complements a previous study by Coronado and Martinez (2018) by using the same data collected from 32 Michigan Latino business owners between 2011 and 2012 but focusing on different aspects of their success. We found some commonalities among the business owners and their businesses. Almost all have a very humble beginning of their operations, rely on their own or family savings, have some type of business experience based on either their parents or a close family member owning or operating a business, lack of access to formal financial markets for start-up or operating funds, and have very little knowledge about government programs that could provide some type of support for their operations. Most of them are highly involved in and support community development programs. The more successful companies are technologically oriented and have a niche in the market that differentiates them from other companies, with their success based on hard work, persistence, community participation, networking to look for new opportunities, and taking advantage of their minority status, which opened the doors to work with big corporations and for government organizations.

Based on their success, many of these companies have plans to expand their businesses. For this purpose, some are planning to use funds generated internally, others already have contacts with banks to obtain the necessary funds through loans and lines of credit, and others will work with government agencies to secure funds or guarantees for loans from the formal financial system. The Latino population in Michigan has been steadily growing in the last decades, and the success of these companies will likely encourage other Latinos to start their businesses, create new jobs, and meet market demand for products and services in their cities and communities.

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