

Neighborhood Development Center

Outcomes evaluation

F E B R U A R Y 2 0 0 8

Neighborhood Development Center

Outcomes evaluation

February 2008

Prepared by:

Laura Schauben and Richard Chase

Wilder Research
451 Lexington Parkway North
Saint Paul, Minnesota 55104
651-280-2700
www.wilder.org

Contents

Evaluation summary	1
Introduction.....	6
Background.....	6
Purposes of the evaluation	8
Evaluation methods.....	8
Changes from previous evaluations.....	9
Overview of NDC program performance	10
Assistance received from NDC.....	12
Profile of NDC-assisted business owners.....	13
Demographics of NDC-assisted business owners.....	13
Education and work experience of business owners prior to NDC assistance	13
Current employment and financial status of NDC-assisted business owners.....	14
NDC-assisted businesses	16
Current status of NDC-assisted businesses.....	16
Business expansion since NDC assistance	18
Expansion of hours	18
Expansion of employees	18
Expansion of gross monthly revenues	18
Expansion of personal income	19
Expansion of number of locations	19
Change from home-based to commercial space	19
Goals of NDC-assisted business owners and how NDC can help.....	20
Financial and personal goals.....	20
Future business goals	20
Capital needed to achieve business goals	21
Ways NDC can help business grow.....	21
Neighborhood impacts of NDC-assisted businesses.....	22
Building and property-related impacts of businesses	22
Employment impacts of businesses	23
Other contributions to neighborhood economy and quality of life.....	24

Contents (continued)

Owners' views of NDC assistance.....	27
NDC assistance that is most beneficial.....	27
Business relationship with NDC.....	27
Business advice from NDC.....	28
NDC-assisted effort to run a business compared to previous efforts.....	29
Comparisons by type of NDC assistance.....	30
Business status	30
Growth of pre-existing businesses.....	32
Goals	32
Impact of businesses	33
Views on NDC.....	34
Second stage businesses (Figure 15).....	35
Comparisons of first stage and second stage business owners	36
Figures of results.....	37

Figures

1. Overview of NDC program performance	10
2. Assistance received from NDC.....	37
3. Demographic profile of business owners.....	38
4. Education, business management experience, and income at onset of NDC assistance.....	39
5. Current employment and financial status of NDC-assisted business owners.....	40
6. Current status of business	42
7. Growth of pre-existing businesses since NDC assistance	45
8. Goals of NDC-assisted business owners.....	46
9. Ways NDC can help businesses grow	48
10. Building/property-related impacts of businesses	48
11. Employment impacts of businesses	49
12. Other contributions to neighborhood economy and quality of life.....	53
13. Views of NDC assistance.....	56
14. Comparisons by type of assistance received.....	63
15. Second stage businesses.....	66
16. Second stage businesses' use of NDC services, goals, and service needs and compared to all businesses.....	69

Acknowledgments

Wilder Research would like to thank the Neighborhood Development Center staff; especially Kathy Moriarty, Emma Spillman, and Mike Temali; for their support in the data collection for this project. Most importantly, Wilder Research would like to thank the business owners who participated in this evaluation. Without their involvement, this evaluation would not be possible.

Wilder Research would also like to thank Marilyn Conrad, Louann Graham, Ryan McArdle, April Lott, and Lue Thao for the time and energy they provided to this project.

Evaluation summary

Assistance received from NDC

Of the 272 business owners surveyed in 2007 (out of 383 estimated to be in business), 86 percent received training from NDC, 33 percent financing, 28 percent assistance from the Business and Career Center, and 17 percent a location in an NDC incubator.

Profile of surveyed business owners

About half of surveyed business owners are men; half women. The average and median age is 44. The race/ethnicity of owners varied, with the majority of owners identifying as African-American or Black (25%); White (not-Hispanic, 25%); and/or Latino, Hispanic, or Chicano (17%). Fifty-three percent have some post-secondary education.

In terms of education and income:

- 66 percent have prior experience trying to run a business.
- 61 percent work at their business full-time, 34 percent part-time, and 6 percent seasonally. Thirty-eight percent of owners also have another job.
- For almost half of owners, their primary source of income is their business. On average, 50 percent of household income is brought in by the business.
- 25 percent of owners have a monthly household income of \$2,500 a month or less, 18 percent between \$2,501 and \$3,500, and 45 percent more than \$3,500 monthly. Twelve percent of owners did not provide their monthly household income.

Profile of businesses

With NDC assistance, 37 percent of surveyed owners started a new business, and 63 percent expanded a pre-existing business. The typical NDC-assisted business is a sole proprietorship, with one location, providing a service to customers within and outside of its immediate neighborhood.

Of the 272 surveyed businesses owners:

- 70 percent estimate that they have at least some customers from within one mile of their location.

- 32 percent of owners report gross monthly revenues of more than \$5,000 (\$60,000 a year), including 13 percent with gross monthly revenues over \$16,600 (about \$200,000 a year).
- 28 percent have not yet made a profit. Thirty percent did so in a year or less, 15 percent in about one to two years, and 11 percent in more than two years. Sixteen percent didn't know or didn't respond to the question.
- 29 percent have no debt, 71 percent at least one business loan. Fourteen percent owe less than \$5,000. The average debt is about \$40,500; the median \$6,000, with a range of \$0 to \$1 million. The total amount of business debt is slightly over \$10 million.

Business expansion since NDC assistance

Of the 170 owners of pre-existing businesses (i.e., businesses that existed prior to NDC's involvement):¹

- 32 percent of owners have increased their hours of business since NDC assistance. The average increase is about 20 hours per week, the median 10 hours.
- 21 percent have increased their number of employees. The average increase is three to four employees, the median two.
- 56 percent have increased their gross monthly revenues. The average increase is about \$4,300, the median \$1,000.
- 39 percent increased their monthly personal income. The average increase is about \$1,000, the median about \$600.
- 13 percent increased their number of locations by at least one.
- 9 percent moved from a home-based business to a commercial space.

¹ Due to changes in the survey questions, figures from 2007 may not be comparable to figures from previous reports.

Impacts on neighborhoods

NDC-assisted businesses continue to contribute substantially to their communities through rent, property taxes, employment/payroll, payroll taxes, business expenses, and tangible support for neighborhood activities and events. The 272 surveyed owners report the following impacts.

- Owners who lease their business location report paying \$2,279,628 in rent annually (up from \$1,527,372 in 2005).
- Owners who own their business location report paying a total of \$121,392 in property taxes annually (down from \$152,600 in 2005).
- 32 percent of businesses occupy a building that was formerly vacant, and 23 percent are in spaces that were rehabbed for the business (up from 19% in 2005).
- 42 percent of owners have employees. These owners employ a total of 809 individuals (up from 744 in 2005). Seventy-four percent of these owners employ neighborhood residents.
- 34 percent of the 809 employees work full-time (down from 53% in 2005), an additional 32 percent 30 to 39 hours per week (up from 24% in 2005). The remaining 34 percent work 29 hours a week or less.
- The average wage for employees is about \$10.75 an hour, the median \$9.
- 62 percent of all employees are neighborhood residents.
- Of the 113 business owners who have employees, 79 percent provide employee training.
- The total monthly payroll of business owners with employees is \$840,825 (up from \$796,725 in 2005). This is equivalent to \$10 million annually (up from \$9.5 million in 2005).
- 38 percent of owners with employees report the amount of payroll taxes they pay monthly. The total amount per month is \$136,123. This is equivalent to \$1,633,476 annually.
- 40 percent of owners have hired subcontractors or cash workers in the past year, for a total expenditure of about \$1.4 million (up from \$1.3 million in 2005).

- Owners report spending a total of \$1 million a month on business expenses (not including rent and payroll), or \$12 million annually. Of this amount, approximately \$650,000 a month, or \$7.8 million annually, is spent within one to two miles of the businesses.
- 43 percent of owners report paying sales tax. These owners estimate paying a total of \$177,664 a month, or \$1.4 million annually.
- 60 percent of business owners contributed time, money, or in-kind support to neighborhood events and activities in the past year (up from 55% in 2005). Owners value their contributions at a total of \$617,190 (up from \$165,624 in 2005).

Business owners also contribute to their communities in less tangible ways, such as serving as role models, participating as leaders, and providing a safe and comfortable gathering place.

- 84 percent of owners say they serve as role models for youth and/or young adults in their communities.
- 34 percent report that they serve as leaders in groups or organizations in their neighborhood or ethnic community.
- 34 percent of owners say their business serves as a gathering place for their community.
- 57 percent of owners say they feel connected with neighborhood groups or associations.

Goals of NDC-assisted business owners

- 80 percent of owners have as a goal to increase their gross monthly revenues. The average goal is an increase of about \$21,000 a month, the median an increase of \$8,000 a month. If these owners meet their goals, their revenues would increase by over \$57 million annually.
- 70 percent have as a goal to increase their number of employees. On average, these owners want to hire nine additional employees; the median is three. If these owners meet their goals, they would employ an additional 2,204 people.
- Other common goals include expanding marketing or advertising (60%), purchasing additional stock or equipment (53%), and providing a new product or service (51%).

- According to the owners, the average amount of additional capital needed to achieve these goals is about \$114,000; the median \$25,000. The total amount of capital needed is about \$26.5 million.
- The top three ways that owners believe NDC could help their businesses grow are: financing (79%); technical assistance or training around marketing and advertising (68%); and technical assistance or training around financial management, accounting, and taxes (67%).

Owners' views of NDC

In general, surveyed owners have positive views of NDC assistance.

- About three-fourths of owners say that their business is as successful as it is today largely (22%) or somewhat (51%) because of NDC. Owners attribute this success to NDC's educational opportunities, support and encouragement, financial assistance, and business plan expertise.
- Three-fourths of owners say they have used NDC business advice a lot (44%) or some (30%). The most helpful advice includes the following topics: business development, business plans, and research; accounting, finances, and taxes; and marketing and advertising.

Introduction

Background

The mission of the Neighborhood Development Center (NDC) is to help emerging entrepreneurs develop successful businesses that serve their community, and to help community groups build a stronger neighborhood economy. NDC works primarily in the low-income communities of both St. Paul and Minneapolis. NDC primarily works with entrepreneurs of color with low incomes who reside in or want to open/expand businesses in these communities.

In partnership with neighborhood organizations (e.g., CDCs, District Councils) and ethnic organizations, NDC provides micro-entrepreneur training to entrepreneurs in small groups in their own neighborhoods and communities. The trainings are 16 weeks long, totaling 24 hours. Classroom sessions (2 hours long) alternate with one-on-one training (one hour long), leading to a written business plan. NDC also provides specialized ethnic-based training to Hmong, Latino, Somali, East African, and American Indian entrepreneurs in their own languages and peer groups. The ethnic-based training generally follows the standard 16 weeks, 24 hours schedule, but sometimes is modified to meet particular community needs.

Following graduation from micro-entrepreneur training, once an entrepreneur opens a business or expands an existing one, NDC provides the following: professional consulting services, access to pro bono legal services, free listings in the annual business directory, networking opportunities, opportunities to participate in joint marketing initiatives, and eligibility to apply for small business financing.

NDC offers Workshops for Existing Businesses (WEB) to business owners on such topics as merchandising, marketing, financial management, trademark and copyright law, tax law, and restaurant management. In addition, these sessions provide business owners with the opportunity to network with and learn from each other.

NDC also offers its clients financial services. The Micro-Enterprise Loan Program lends up to \$10,000 to business owners with incomes below 80 percent of the area median who operate businesses in target neighborhoods and have completed the micro-entrepreneur training program. The Emerging Businesses/Emerging Neighborhoods Program provides loans up to \$50,000 to qualified owners of existing businesses, on the condition that they match NDC financing with a bank loan and agree to hire entry-level employees through a non-profit or government workforce development agency active in NDC's target neighborhoods.

In 2001, NDC added a fund for Islamically-acceptable business financing. Islamic law forbids all financing which involves interest. To be able to better serve Muslim alumni, NDC developed guidelines and obtained funds to grow a financing program for small businesses that is Islamically acceptable. The need for this financing is primarily with the many business start-ups in the Somali immigrant community, but the program is open to all NDC businesses. The cost is the same for the business, 10 percent per year, but is in the form of profit rather than interest.

NDC also uses incubators to support businesses. Incubators are locations owned by NDC where businesses can start and grow in a supportive environment, with lower rent costs, group marketing opportunities, and access to ongoing business support. Current incubators include the Midtown Business Center, the Mercado Central, the Midtown Global Market, Plaza Verde, and Plaza Latina.

This report covers NDC expenses through December 31, 2006, and businesses in operation as of September 2007.

Since 1993, NDC has assisted 3,780 entrepreneurs, and these entrepreneurs currently have 383 businesses up and running across the Twin Cities.

Purposes of the evaluation

The purposes of this evaluation are to document NDC's impacts on alumni as well as on the neighborhoods where alumni operate businesses and to assess the extent to which NDC is both leveraging its resources (staff and budget) and living up to its mission. The information will assist in NDC strategic planning, implementation, and fundraising.

The key evaluation questions are:

- What is the status of NDC alumni's businesses?
- What are the business plans of NDC alumni?
- How are NDC alumni doing financially?
- How are neighborhoods with NDC partnerships benefiting?
- What is the scale of NDC, and how cost efficient is it?
- How well are alumni businesses doing in the five neighborhoods targeted in NDC's strategic plan?

Evaluation methods

This evaluation is based on information from surveys conducted by telephone by Wilder Research interviewers with business owners assisted by NDC, as well as data from NDC records.

The surveys were conducted by telephone from July to September 2007. Wilder Research began with a list of 576 potential business owners identified by NDC. Each potential owner was mailed a letter from NDC describing the purpose of the evaluation and asking for his or her cooperation. Of these 576 potential business owners, 369 were determined to be definitely or likely in business and, thus, eligible to participate in this evaluation. After the conclusion of data collection an additional 14 businesses were identified for a total of 383 businesses.

Wilder Research completed phone surveys with 272 of these owners. The response rate for this evaluation is 71 percent. Of the remainder, 10 percent expressly refused to participate, and 19 percent were not able to or interested in completing the survey within the timeframe of the study.

Survey respondents are representative of all potential owners initially identified by NDC in regard to gender, race/ethnicity, education, and income at onset of NDC assistance.

Changes from previous evaluations

This evaluation has a few changes and additions to find out more about the businesses owned by NDC alumni, how NDC's programs are assisting owners, and how owners are impacting their communities. The changes are as follows.

- Steps were taken to increase the response rate for alumni in NDC incubators.
- Questions gathered more specific information on NDC alumni's business goals and service needs.
- Questions more specifically targeted how businesses owners serve as role models for youth and young adults and as leaders for community groups and associations.
- Sales tax information was collected.
- Questions about employees focused only on paid employees.
- Questions on business expenses were changed so that financial returns to the neighborhood and to the Twin Cities can more accurately be isolated and determined.
- The dollar value of NDC outcomes include estimates for non-surveyed alumni businesses based on results from surveyed businesses owners.

Overview of NDC program performance

Figure 1 outlines the scale and cost efficiency of NDC between 2000, when it reached full implementation, and 2006, estimating the program costs per entrepreneur, per business started or expanded, and per job created or retained. The estimated financial return of NDC-assisted business to their neighborhoods and to the Twin Cities is also provided.

1. Overview of NDC program performance*

NDC program inputs (2000 to 2006)	
Total program expenses	\$7,090,634
Average NDC staff FTE per year	15
Average number of trainers per year	14
Average number of partners per year	19
Average number of entrepreneurs assisted per year	347
Total number entrepreneurs assisted	2,429
NDC program outcomes (2007)	
Number of open businesses**	383
Number of jobs created or retained—full-time and part-time (includes surveyed businesses and estimates for other open businesses)	1,522
NDC program effectiveness and efficiency (2000-2006 inputs & 2007 outcomes)	
Cost per entrepreneur served	\$2,919
Cost per current business	\$18,513
Cost per current job	\$4,658
Entrepreneur to business ratio	6:1
Average annual entrepreneur to staff FTE ratio***	23:1
Average annual entrepreneur to staff FTE/trainer ratio***	12:1
Average annual entrepreneur to staff FTE/trainer/partner ratio***	7:1
Average number of employees per business (not including owner)	3
Dollars returned to neighborhood per dollar of NDC spending (2000-2006) ratio	\$18:1
Dollars of NDC spending per year of employment (2000-2006) ratio	\$788:1

Notes: * Figures are for all 383 estimated businesses based on responses from the 272 surveyed business owners.

** Businesses with multiple locations are counted as one business.

*** This figure is now calculated based on the average number of clients served per year, rather than all clients served across years, and, thus is not comparable to figures in previous reports.

1. Overview of NDC program performance* (continued)

Estimated financial return by businesses (2006)

Estimated dollars returned in **2006** to **neighborhoods** for **all** businesses based on survey responses:

Rent	\$3,209,917
Business expenses (excluding rent and payroll)—in neighborhood	\$3,838,537
Cash/in-kind contributions—in neighborhood	\$869,058
Payroll of business owners <i>who employ neighborhood residents</i>	\$12,853,170
Payroll taxes of owners <i>who employ neighborhood residents</i>	\$177,533
Property taxes	\$170,931
Payments to subcontractors and cash workers	\$1,961,809
Total	\$23,774,827
Average per business per year	\$62,075
Number of months to pay back NDC program costs from 2000-2006	3.6 months

Estimated dollars returned in **2006** overall to the **Twin Cities area** for **all** businesses based on survey responses:

Rent	\$3,209,917
Business expense (excluding rent and payroll)	\$5,928,909
Cash/in-kind contributions (in neighborhood)	\$869,058
Payroll of all business owners	\$14,207,469
Payroll taxes of all business owners	\$2,342,321
Payments to subcontractors and cash workers	\$1,961,809
Property taxes	\$170,931
Sales Tax	\$693,872
Total	\$29,384,286
Average per business per year	\$76,721
Number of months to pay back NDC program costs from 2000-2006	2.9 months

Notes: * Figures are for all 383 estimated businesses based on responses from the 272 surveyed business owners.

Assistance received from NDC (Figure 2)

Eighty-six percent of surveyed business owners received training from NDC, 33 percent financing, and 28 percent assistance from the Business and Career Center. About one-fourth had a location in an NDC incubator. In sum, 57 percent of respondents received training only, 19 percent training and financing, 17 percent incubator space and additional services, and 4 percent financing only. Two percent of respondents report only receiving assistance from the Business and Career Center.

Profile of NDC-assisted business owners

Demographics of NDC-assisted business owners (Figure 3)

Respondent's gender, age and race/ethnicity

The 272 NDC-assisted business owners surveyed are 50 percent men and 47 percent women. Information on gender was not available for 3 percent. Respondents range in age from 22 years old to 73 years old, with an average age of 44.

Twenty-five percent of business owners are African American, 25 percent White (non-Hispanic), 17 percent Latino/Hispanic, 4 percent Somali, 4 percent Hmong, 3 percent Native American, 2 percent other African and 1 percent Oromo. Four percent identified as “other.” Information on race/ethnicity was not available for 16 percent of respondents.

Number in household

Fifteen percent of business owners live alone. Twenty-one percent have two people in their household, 39 percent three or four, and 25 percent five or more. The household size of these business owners ranges from 1 to 10, with an average household size of three to four people.

Financial status of business owners prior to NDC assistance

At the beginning of assistance, NDC asks its owners their annual income. Four percent of business owners reported an income of up to \$10,000, 17 percent \$10,000 to \$19,999, 31 percent \$20,000 to \$34,999, 19 percent \$35,000 to \$49,999, and 10 percent \$50,000 or more. Information was unavailable for 19 percent of respondents. Owners' average annual income at the onset of NDC assistance was \$25,780, the median was \$25,000.

Education and work experience of business owners prior to NDC assistance (Figure 4)

Education level prior to NDC assistance

Seventy-eight percent of the business owners have a high school diploma or GED (98% of those for whom there is information). Fifty-three percent have some education beyond high school (66% of those for whom there is information), including 9 percent who have graduate training (12% of those for whom there is information). The education level is unknown or doesn't apply for 20 percent of the owners.

Business experience prior to NDC assistance

Two-thirds of the business owners had previous experience trying to run their own business.

Current employment and financial status of NDC-assisted business owners (Figure 5)

Employment status of NDC-assisted business owners

Sixty-one percent of business owners surveyed work at their own business full-time, 34 percent part-time, and 6 percent seasonally. Twenty-two percent of owners work full-time at another job, 15 percent part-time, and 1 percent seasonally.

Twenty percent of owners have another business. Specifically, 12 percent have one other business, 6 percent two, and 1 percent three or more.

Primary income source

For 47 percent of owners, their primary source of income is their business. The next most common primary sources of income are another job held by the business owner (23%) and a spouse or partner's job (22%). Six percent receive their primary income from other sources, such as another household member's earnings, disability-related payments, Social Security, investments, pension, unemployment-related payments, and the Minnesota Family Investment Program (MFIP). Three percent did not provide this information.

Household income

Owners were asked their current monthly household income. Eight percent have an income of \$1,500 a month or less, 17 percent between \$1,500 and \$2,500, 18 percent between \$2,501 and \$3,500, and 45 percent more than \$3,500 monthly. Twelve percent of owners did not provide their monthly household income.

A smaller proportion of owners were receiving MFIP or General Assistance at the time the survey was completed (3%), compared to the onset of NDC assistance (6%).

Household income brought in by business

Nineteen percent of the business owners report that none of their household income currently comes from their business. One-fourth of owners receive less than 30 percent of their household income from their business; about one-fourth between 31 percent and 90 percent, and slightly over one-fourth between 91 and 100 percent. Four percent didn't

know or didn't respond to the question. On average, 50 percent of household income is brought in by the NDC-assisted business.

Business, commercial, and personal insurance

Seventy-one percent of owners have general liability or umbrella coverage (up from 57% in 2005), 47 percent have commercial property insurance, and 36 percent have workers' compensation.

Seventy-one percent of owners have health insurance.

NDC-assisted businesses

Current status of NDC-assisted businesses (Figure 6)

Number, type and age of NDC-assisted businesses

Based on information gathered during the evaluation process, 383 NDC alumni currently operate their own business. This section describes the businesses of the 272 owners who participated in this evaluation.

With the assistance of NDC, 37 percent of those surveyed started a new business, and 63 percent expanded an existing business. One percent did not provide this information.

Fifty-one percent of the businesses are service-oriented, 14 percent retail (excluding restaurants), 9 percent restaurant or catering, 4 percent construction, 3 percent specialty food production, and 3 percent production or manufacturing. Information on the type of business was missing for 16 percent of respondents.

About 27 percent of the businesses have been operating for two years or less, 19 percent three to four years, 34 percent five to nine years, and 19 percent 10 or more years. The average length of time in business is six years; the median five.

Eighty-six percent of businesses have one location, 9 percent two, and 4 percent three or more. Number of locations range from 1 to 20. The average and median is one.

Co-owners

Three-fourths of businesses are sole proprietorships. One-fourth of the NDC-assisted business owners surveyed co-own their business with at least one other person (18% have one co-owner, 2% two, and 4% three or more). Seventeen percent of business owners have family members as co-owners.

Business space

Forty-three percent of the businesses are home-based; 49 percent are located in leased commercial space; and 6 percent are in commercial space owned by the respondent. Two percent of owners did not identify where their business is located.

Percent of business from within one mile

Owners were asked to estimate the amount of business that comes from within one mile of their business location. Twenty percent say none, 31 percent 1 percent to 25 percent,

16 percent 26 percent to 50 percent, 11 percent 51 percent to 75 percent, and 12 percent 76 percent or more. Ten percent of respondents did not provide this information. On average, owners estimate that 32 percent of their business comes from within one mile of their location. The median is 20 percent.

Monthly bookkeeping service

Forty-five percent of business owners use some kind of monthly bookkeeping service (up from 38% in 2005).

Current level of gross monthly revenues

Four percent of respondents report no sales to date. Ten percent report monthly gross revenues below \$500, 14 percent from \$501 to \$2,000, 26 percent from \$2,001 to \$5,000, and 14 percent from \$5,001 to \$10,000. Eighteen percent have monthly gross revenues of more than \$10,000, including 13 percent whose revenues exceed \$16,600 a month (about \$200,000 a year). Fourteen percent of business owners did not know or refused to provide their gross monthly revenue.

Months to profitability

Twenty-eight percent of owners have not yet made a profit from their businesses. Fourteen percent made a profit in less than six months, 16 percent in 6 to 12 months, 8 percent in about 12 to 18 months, 7 percent in about two years, and 11 percent in over two years. Sixteen percent didn't know or didn't respond to the question.

Loan sources and debt levels

Business owners were asked if they had received loans to finance their business from any of a number of specified sources. Twenty-nine percent of owners do not have a loan; 71 percent do. The most common sources of these loans are credit cards (35%), banks (29%), family or friends (28%), and NDC (27%). In addition, 14 percent of owners have a loan from another non-profit agency (other than NDC), and 10 percent from a city program.

Twenty-nine percent of the owners report having no business debt. Fourteen percent owe less than \$5,000, 13 percent \$5,000 to \$10,000, 11 percent \$10,001 to \$20,000, 11 percent \$20,001 to \$50,000, and 15 percent more than \$50,000. Seven percent did not provide the amount owed. The mean amount of reported debt is \$40,500, and the median is \$6,000 (up from \$5,000 in 2005). The maximum amount of debt owed by any one individual is \$1,000,000. The total amount of business debt of all respondents is slightly over \$10 million (up from about \$7 million in 2005).

Business expansion since NDC assistance

(Figure 7)

Of the 272 surveyed owners, 170 (63%) already owned their own business when they sought NDC assistance. These owners of pre-existing businesses were asked several questions about the degree to which their businesses have grown since NDC assistance.

In previous reports, due to the wording of a question in the survey, this section was more likely to include owners who expanded their business with NDC assistance, rather than all pre-existing business owners. In 2007, the wording of the question was changed to clearly include owners who maintained their business, as well as those who expanded it. As a result, the percentage of owners who expanded various aspects of their business in 2007 decreased from previous years due, at least in part, to the change in the sample.

Expansion of hours

Thirty-two percent of the 170 owners of pre-existing businesses report that they have expanded their hours of business since NDC assistance. Specifically, 14 percent expanded up to 10 hours per week, 7 percent 11 to 20 hours, and 6 percent over 20 hours. Six percent say they expanded the number of hours but did not say by how many hours. The average expansion is an additional 20 hours per week, with a median of 10 hours.

Expansion of employees

Twenty-one percent of the pre-existing business owners have hired more employees since NDC assistance. Specifically, 18 percent added one to five employees, 2 percent six or more. Of those businesses who increased their number of employees, the average increase is three to four employees (down from eight in 2005); the median is two (down from three in 2005).

Expansion of gross monthly revenues

Fifty-six percent of pre-existing business owners report increasing their gross monthly revenues. Specifically, 14 percent increased their gross monthly revenue \$500 or less, 8 percent \$501 to \$1,000, 14 percent \$1,001 to \$5,000, and 6 percent more than \$5,000. Fourteen percent report that they have increased revenues but did not know, or refused to say, by how much. Of those who report the amount of increase, the average is \$4,261 (up from \$3,326 in 2005); the median is \$1,000.

Expansion of personal income

Thirty-nine percent of pre-existing business owners report increasing their monthly personal income from their business. Specifically, 4 percent increased their income by less than \$200 per month, 8 percent by \$200 to \$500, 9 percent by \$501 to \$1,500, and 5 percent by more than \$1,500. Twelve percent of owners say they increased their income but did not know or would not say by how much. Of those who report the amount of increase, the average is \$1,067 (down from \$2,119 in 2005); the median is \$600 (down from \$770 in 2005).

Expansion of number of locations

Thirteen percent of the pre-existing business owners expanded their business to at least one additional location. Specifically, 9 percent added a location in Minneapolis, 2 percent in Saint Paul, 2 percent in a Twin Cities suburb, and 1 percent outside of Minnesota.

Change from home-based to commercial space

Nine percent of the owners of pre-existing businesses expanded from a home-based business to running their business in a commercial space.

Goals of NDC-assisted business owners and how NDC can help

Financial and personal goals (Figure 8)

Forty-five percent of the business owners report that being in business is meeting their personal goals “quite a bit,” 34 percent “somewhat,” 14 percent “a little,” and 8 percent “not at all.”

Fifteen percent of the business owners report meeting their financial goals “quite a bit,” 33 percent “somewhat,” 24 percent “a little,” and 27 percent “not at all.”

As has been the trend, more respondents report meeting their personal goals “quite a bit” (45%), than their financial ones (15%).

Future business goals (Figure 8)

NDC-assisted business owners were asked about their future business goals and the amount of capital it would require to meet all of their goals.

Eighty percent of owners have as a goal to increase their gross monthly revenues (3% do not have this as a goal; 17% were unsure or did not answer the question). Twenty-one percent of owners want to increase their gross monthly revenues by less than \$5,000, 22 percent by \$5,000 to \$9,999, 20 percent by \$10,000 to \$24,999, and 17 percent by \$25,000 or more. Goals range from an increase of \$15 a month to \$500,000 a month. The average goal is an increase of about \$21,000 a month (down from \$31,500 in 2005), the median an increase of \$8,000 a month (down from \$10,000 in 2005). If these owners meet their goals, their businesses will gross an additional \$4,785,915 a month, or over \$57 million annually.

Seventy percent of owners have as a goal to hire additional employees (22% do not want additional employees; 7% did not know or did not answer the question). Twenty-two percent want one to two additional employees, 22 percent three to five, 17 percent 6 to 10, 4 percent 11 to 20, and 5 percent more than 20. Owners range from wanting one additional employee to 400. On average, these owners want to hire 9 additional employees (down from 15 in 2005). The median is three (down from four in 2005). If these owners meet their goals, they would employ an additional 2,204 people (up from a goal of 1,848 in 2005) in addition to the 809 people already employed by all of the surveyed businesses.

In previous years, owners were asked to list any additional goals they have for their business. In 2007, owners were asked about specific additional goals. The goals most commonly endorsed are expanding advertising or marketing (60%), purchasing additional stock or equipment (53%), and providing a new product or service (51%). In addition, 41 percent have as a goal adding a new location, 28 percent starting a new business, and 25 percent relocating a current business.

Twelve percent of business owners had goals not included in the list, such as renovating or decorating space (3%), getting more training for themselves and/or employees (3%), networking more with other business owners (3%), and becoming a property owner (2%).

Capital needed to achieve business goals (Figure 8)

Six percent of respondents say they would need no additional capital to achieve their goals. Twenty-seven percent need less than \$10,000, 35 percent \$10,001 to \$50,000, and 24 percent more than \$50,000. Fifteen percent didn't know or didn't respond. Of those who provided an amount, the average capital needed is about \$114,000 (down from about \$160,000 in 2005); the median is \$25,000 (down from \$30,000 in 2005). In total, respondents need about \$26.5 million in capital to achieve their goals.

Ways NDC can help business grow (Figure 9)

In previous years, NDC-assisted business owners were asked to suggest ways NDC can help their businesses grow. In 2007, in addition to providing their own suggestions, owners were asked about specific types of assistance. Multiple responses were allowed. The most common types of assistance desired from NDC are help obtaining funding (79%); training or technical assistance around marketing and advertising (68%); and training or technical assistance about financial management, accounting, and taxes (67%). About 55 percent of owners would like assistance developing a business plan; and about 55 percent would like to receive information about city regulations, zoning, and/or licensing. Forty-five percent would like NDC's help to find or rehab a new space. Nine percent of owners report wanting types of assistance not listed including: opportunities to network with other business owners (5%), assistance with hiring and managing employees (2%), legal counsel (1%), and one-to-one consulting (1%).

Neighborhood impacts of NDC-assisted businesses

Building and property-related impacts of businesses (Figure 10)

Thirty-two percent of NDC-assisted businesses occupy a building that was formerly vacant, and 23 percent of businesses are in spaces that were rehabbed so that their businesses could move in (up from 19% in 2005). Eleven percent are in spaces that were substantially rebuilt in order for the business to move in, resulting in neighborhood blight removal.

Six percent of business owners report paying property taxes (down from 13% in 2005). Of those who pay property taxes, 27 percent pay less than \$5,000 annually, 27 percent pay \$5,001 to \$10,000, and 27 percent pay more than \$10,000. Twenty percent did not know or did not report the amount of property tax they pay. For those who provided an amount, the average is about \$9,000 annually, the median \$6,000. The total amount of property taxes paid annually by respondents is \$121,392.

Forty-nine percent of business owners report paying rent. Of those who pay rent, 10 percent pay less than \$500 a month, 36 percent pay between \$500 and \$999, 27 percent pay between \$1,000 and \$1,999, and 20 percent pay \$2,000 or more. Seven percent did not know or did not report their monthly rent. For those who provided the amount of their monthly rent, the average is about \$1,500; the median is \$1,000 (up from \$900 in 2005). In total, these owners pay \$189,969 monthly, or approximately \$2,279,628 annually.

Employment impacts of businesses (Figure 11)

Number and profile of persons employed by NDC-assisted businesses

Forty-two percent of surveyed business owners have paid employees.² These 113 business owners employ from 1 to 150 individuals, with an average of six or seven employees per business, and a median of four employees. (Overall, for all 272 owners the average is three employees per business). In total, these businesses employ 809 individuals.

Thirty-four percent of employees work full-time. Thirty-two percent work 30 to 39 hours per week, 13 percent 20 to 29 hours, and 21 percent less than 20 hours.

Thirty-two percent of employees earn less than \$10 an hour (down from 47% in 2005); 51 percent \$10 to \$20 an hour (up from 38% in 2005), and 3 percent more than \$20 an hour (down from 8% in 2002). Wages were not provided for 14 percent of employees. On average, employees earn about \$10.75 an hour (up from \$10 an hour in 2005); the median is \$9 an hour. The range is from \$5.25 to \$50.00 an hour.

Forty-eight percent of businesses with employees (or 20% of all businesses) employ family members. Eleven percent of all employees are family members.

Seventy-four percent of businesses with employees (or 31% of all businesses) employ neighborhood residents. Sixty-two percent of all employees are neighborhood residents.

Forty-four percent of businesses with employees (or 18% of all businesses) have at least one employee who holds an assistant manager or manager level position. On average, businesses with employees have one employee with a position at this level. Of all employees, 10 percent hold an assistant manager or manager level position.

Thirty-three percent of employees are Latino or Hispanic, 18 percent Hmong, 15 percent African American or Black (up from 9% in 2005), 14 percent White (not Hispanic), 9 percent Somali (up from 1% in 2005), 4 percent other Asian (not Hmong), 2 percent Native American (down from 15% in 2005), and 1 percent other African (not Somali). Less than 1 percent of employees are Middle Eastern. The ethnicity of employees has changed since the 2005 study, with an increase in Somali employees, and a decrease in Native American employees. (In contrast, the ethnic/racial distribution of employers has remained similar.)

² In previous reports, this section included both paid and unpaid employees. In 2007, only paid employees are discussed.

Of the 113 business owners with employees, 79 percent report providing some form of employee training. Five percent have sent employees to NDC for training.

Thirty percent of business owners with employees provide paid vacation, 27 percent paid holidays, and 23 percent paid sick days (up from 14% in 2005). Ten percent offer partially-paid health insurance, and 5 percent fully-paid. Five percent have a retirement plan for their employees.

Eight percent of businesses with employees have monthly payrolls of less than \$500 (up from 1% in 2005); 25 percent have payrolls between \$501 and \$2,500 per month; 21 percent have monthly payrolls between \$2,501 and \$5,000, and 24 percent have monthly payrolls over \$5,000 (down from 37% in 2005). Twenty-one percent didn't know or didn't respond to the question. The range of monthly payrolls among business owners with employees is \$100 to \$225,000. The average is about \$9,500 (down from about \$14,000 in 2005), and the median \$3,200 (down from \$5,000 in 2005). The total monthly payroll of these business owners is \$840,825, or about \$10 million annually.

Of the business owners with employees, 13 percent report paying \$500 a month or less in payroll taxes, 8 percent \$501 to \$1,000 a month, and 17 percent more than \$1,000 a month. Sixty-two percent either didn't know what they paid or refused to answer the question. For those who report their monthly payroll taxes, amounts range from \$150 to \$30,000 a month, with an average of \$3,166 (up from \$2,853 in 2005) and a median of \$1,000. The payroll taxes for these business owners totaled \$136,123 a month, or about \$1.6 million annually.

Forty percent of owners have hired subcontractors or cash workers in the past year. The total dollar value of these workers is just over 1.4 million dollars, up slightly from 2005 (\$1.3 million dollars).

Other contributions to neighborhood economy and quality of life (Figure 12)

Estimated total monthly business expenses

Owners were asked to estimate their total monthly business expenses, not including rent and payroll. Four percent of business owners say they have none. Thirty percent spend less than \$500 each month, 17 percent \$500 to \$999, 24 percent \$1,000 to \$4,999, and 10 percent \$5,000 or more. Fifteen percent did not provide this information. The average amount spent on monthly business expenses, excluding rent and payroll, is \$4,352, the median \$600. The largest amount reported is \$500,000. The total amount spent per month is about \$1 million, or about \$12 million annually.

Owners were asked what percent of their monthly business expenses, excluding rent and payroll, is spent within one to two miles of their business (i.e., in the business's neighborhood). Seventeen percent say none, 28 percent 30 percent or less, 15 percent 31 percent to 50 percent, 14 percent 51 percent to 90 percent, and 18 percent over 90 percent. Nine percent of respondents did not provide this information. On average, 44 percent of monthly business expenses are spent in the neighborhood, with a median of 35 percent.

In terms of dollar amounts, 17 percent of business owners say they do not have monthly business expenses, excluding rent and payroll, in the neighborhood. Fourteen percent spend less than \$100 each month, 28 percent \$100 to \$499, 10 percent \$500 to \$999, and 12 percent \$1,000 or more. This information could not be calculated for 18 percent of respondents. The average amount spent monthly on businesses expenses in the neighborhood, excluding rent and payroll is about \$2,900, the median \$174. The largest amount is \$500,000. The total amount spent per month is \$650,924, or about \$7.8 million annually.

Sales tax

Business owners were asked to estimate the amount of sales tax they pay monthly. Twenty-nine percent say they do not pay sales tax. Of those who do, 18 percent pay less than \$250 a month, 15 percent between \$250 and \$999, and 10 percent \$1,000 or more. Twenty-seven percent of respondents did not provide this information. The average amount of sales tax paid monthly is about \$594, the median \$50. For only owners who pay sales tax and reported the amount, the average is about \$1,000 and the median \$300. The total amount spent per month is \$117,664, or about \$1.4 million annually.

Business owners' contributions to neighborhood events or activities in past 12 months

Sixty percent of business owners report contributing some time, money, or in-kind support to neighborhood events or activities in the past 12 months. These owners were asked to describe their contribution; and their answers were grouped into categories. Thirty-seven percent provided products and/or services, 35 percent cash donations, 23 percent time and assistance, and 5 percent space. In addition, 2 percent helped with fundraising. Twenty-four percent cited the event they assisted with, rather than the type of assistance they provided to the event.

The 60 percent of owners who report making contributions to neighborhood events or activities were asked to assign a dollar value to their contributions. One percent said their contributions had no monetary value. Twelve percent made contributions valued at \$1 to \$200, 13 percent between \$201 and \$500, 10 percent between \$501 and \$1,000, 11 percent

between \$1,001 and \$5,000, and 6 percent more than \$5,000. Nine percent did not know or did not answer the question. The estimated monetary value of contributions ranges from \$0 to \$175,000. The average is about \$4,346, and the median \$550. In sum, respondents estimate that they made \$617,190 worth of contributions to neighborhood events and activities during the past year.

Business owners as role models

Business owners were asked if they serve as role models for youth or young adults. Eighty-four percent say they do. These owners were then asked how they serve as role models; and their responses were grouped into categories. Thirty-eight percent say they do so by being a successful business owner, and 33 percent by educating others or by leading by example. Other responses include: modeling a strong work ethic and determination (16%), providing time and assistance (14%), providing advice and mentorship (13%), and teaching marketable skills (10%).

Business owners as leaders

Business owners were asked if they serve as leaders for groups or organizations in their neighborhood or ethnic community. Thirty-four percent report they do. Owners serve as leaders for a variety of organizations including ones related to: the arts, careers and employment, culture, health, neighborhoods, people with disabilities, politics, religion, and youth.

Connection to and space for the community

Fifty-seven percent of business owners say they feel connected with neighborhood groups or associations (up from 40% in 2005).

Thirty-four percent of business owners say their business serves as a gathering place for the community.

Other contributions

Owners were asked if they contributed anything to their community that was not already mentioned. The most common response is needed goods and services (6%). Other responses include neighborhood upkeep (1%) and the promotion of healthy living (1%).

Owners' views of NDC assistance (Figure 13)

NDC assistance that is most beneficial

Business owners were asked what aspect of NDC's assistance was most beneficial to them. Multiple responses were allowed. Sixty-four percent say training, 17 percent support and encouragement, 16 percent financing, 10 percent contacts or networking, 9 percent technical assistance (down from 15% in 2005), and 6 percent location in an incubator. Fourteen percent say "other," including one-to-one consulting (3%), general knowledge (3%), referral to legal advice (2%), relationships with classmates or staff (1%), marketing or advertising (1%), and being provided with a realistic perspective about business ownership (1%). Two percent say they received no help from NDC.

The 186 owners who said that training and/or technical assistance was most beneficial were asked what topic was most helpful to them. Multiple responses were allowed. Forty-five percent say developing a business plan; 23 percent bookkeeping, accounting, or financial advice; 14 percent marketing or advertising; 11 percent general business management skills; and 6 percent legal issues. Sixteen percent say "other," including: one-to-one consulting (5%), training in general (4%), literature and other resources (2%), the trainers (2%), ongoing support (2%), new building negotiations (1%), pricing (1%), and communication (1%).

Business relationship with NDC

Owners were also asked to choose from a list of statements the one that best describes their business relationship with NDC. Twenty-two percent of owners say their business is as successful as it is today largely because of NDC's assistance, and 51 percent somewhat because of NDC's assistance. Twenty-five percent say their business is neither better nor worse off due to NDC, and 1 percent say it is worse off. One percent of respondents did not provide a rating.

The 60 owners who say their business is successful largely due to NDC most commonly attribute their success to the following forms of assistance: help getting business started (22%), education or training (21%), support and encouragement (18%), and financial help (17%).

The 139 owners who say they are successful *somewhat* due to NDC most commonly cite the following as having contributed to their success: financial help (14%), education and training (10%), help with business plan (7%), help focusing ideas and giving business structure (7%). These owners also cite reasons why NDC was only somewhat

responsible for their success. The most common being that they did not take advantage of the help offered (7%).

The 67 owners who say their business is no better or worse off due to NDC assistance also reported reasons why NDC's assistance wasn't helpful and a few things about NDC that was. In terms of reasons why NDC assistance was not helpful, 26 percent say NDC did not provide help; 11 percent didn't take advantage of NDC's assistance; 5 percent say NDC helped initially but then stopped; and 6 percent say their business is not doing well. Regarding what was helpful, 11 percent say education or training and 11 percent that it was good to have what they already knew confirmed.

Of the three owners who say their business is worse off due to NDC assistance, two say their business is not doing well, and one says that NDC did not provide any help.

Business advice from NDC

Forty-four percent of NDC-assisted owners say that they used the business advice they received from NDC a lot, 30 percent some, 16 percent a little, and 10 percent not at all. One percent did not provide a rating.

The owners who used NDC's business advice a lot (N=119) and those who used it some (N=81) most commonly cited the same types of advice as being most helpful. Advice related to business development, business plans, and research (30% and 28%); accounting, finances, and taxes (29% and 27%); and marketing and advertising (20% and 11%) was identified as most helpful by both groups.

The 43 owners who used NDC's business advice a little, most frequently say they haven't used the advice yet (16%); NDC provided no new advice or knowledge (14%); and/or the advice didn't apply to their business (14%). Still, 10 percent say they received helpful marketing advice from NDC, and 9 percent helpful financial advice.

The 27 owners who did not use NDC's advice at all most commonly say that NDC did not provide sufficient advice and/or follow-up assistance (69%). In addition, 19 percent say they did not want or need advice.

NDC-assisted effort to run a business compared to previous efforts

Sixty-six percent of respondents had experience running a business before their involvement with NDC. These 179 owners were asked how their experience running a business during or after involvement with NDC is different from their previous efforts. Multiple responses were given, and then grouped into categories. About one-fourth of the owners say that their experience running a business with NDC hasn't been different than their previous attempts. For the remaining owners, the most common difference reported is that NDC provides guidelines, structure, and/or focus for their efforts (28%).

Comparisons by type of NDC assistance

(Figure 14)

Business owners were divided into four main groups based on the type(s) of assistance they received from NDC: those who received training only (N=155), those who received training and financing (N=52), those who are in an incubator as well as having received other services (N=47), and those who only received financing (N=12). Respondents who only used the Business and Career Center or who did not provide the type of assistance they received were excluded. The following section compares businesses in each of the four main groups, and highlights differences among the groups.

Business status

The training and financing group is almost evenly split between owners who used NDC assistance to start a new business, and those who used it to maintain or expand a current business. For the incubator respondents and financing only respondents, a slightly greater proportion of owners used NDC assistance to start a business (53% and 58%), than to maintain or expand one (47% and 42%). In contrast, for the training only respondents, the majority of owners used NDC assistance with a current business (73%), with far fewer starting a new one (27%).

Service-related businesses are most common for the training only (69%) and training and financing respondents (53%). Retail businesses are most common for the incubator (60%) and financing only respondents (59%).

Training only respondents, on average, have operated their businesses the longest (7 years) and incubator respondents the shortest (3 years). Median number of years in business ranges from three (incubator respondents) to five (training only respondents and training and financing respondents).

The incubator group has the highest percentage of owners with another business (45%), followed by training and financing respondents (21%), training only respondents (13%), and financing only respondents (8%).

In terms of gross revenue, none of the incubator respondents or the financing only respondents report revenues of \$1,000 a month (\$12,000 a year) or less. In contrast, 23 percent of the training only respondents and 18 percent of the training and financing respondents do. Financing only respondents have the highest proportion of owners reporting monthly revenues over \$16,600 a month (about \$200,000 a year; 33%),

followed by incubator respondents (19%), training and financing respondents (17%), and training only respondents (8%).

Incubator respondents have the highest average debt (\$77,325), followed by training and financing respondents (\$46,856), financing only respondents (\$31,250), and training only respondents (\$28,963). Incubator respondents also have the highest median debt (\$20,000), followed by financing only respondents (\$16,500), training and financing respondents (\$15,000) and training only respondents (\$1,500).

A greater proportion of training and financing and training only respondents report making a profit within one year (50% and 41%) than incubator respondents (26%) and financing only respondents (8%).

Incubator respondents are the most likely to have paid employees (60%), followed by financing only respondents (50%), financing and training respondents (44%), and training only respondents (33%). The training and financing respondents have the highest average number of employees (9), and the financing only respondents the lowest (4). The median for all groups is three or four employees.

The average and median percent of staff who are neighborhood residents is highest for the training and financing respondents (65% and 87%) and lowest for the training only respondents (49% and 50%). For the incubator respondents and the financing only respondents, the percent of employees who are neighborhood residents is on average about 60 percent, with a median of about 70 percent.

Half of employees of the training only respondents (N=371) and the training and financing respondents (N=215) work full-time, compared to 61 percent of the employees of incubator respondents, and 29 percent of the employees of financing only respondents.

The race/ethnicity of employees varies greatly across the four groups. For the incubator respondents, Latinos and Hispanic individuals make up the highest percentage of employees (68%). For the other groups the percentage varies from 21 to 29 percent. For the training only respondents, Hmong individuals make up the highest percentage of employees (36%). For all other groups, Hmong individuals make up 6 percent or less of employees. The financing only respondents have the highest percentage of African American employees (43%), the training only group the second highest (15%). The training and financing respondents have the highest percentage of Somali employees (32%) and Native American employees (7%), with no other group having more than 3 percent of either. The financing only group has the highest percentage of White (not Hispanic) employees (36%), followed by the incubator respondents and the training only respondents (17% and 16%).

Growth of pre-existing businesses

Training only, training and financing, and incubator respondents were compared in regard to growth of pre-existing businesses (the financing only respondents are excluded from the comparison as only five owners had a pre-existing business). Incubator respondents have the highest proportion of owners reporting growth on all measures except one, increased monthly income (endorsed by about 40% of respondents in each group). In terms of specific measures, a greater percentage of the incubator pre-existing business owners than the training and financing owners and training only owners report that since NDC assistance they have expanded their hours (50% vs. 40% and 32%), expanded their number of employees (41% vs. 24% and 17%), increased their gross monthly incomes (77% vs. 44% and 54%), expanded to additional locations (36% vs. 12% and 10%) and moved their business from being home-based to a commercial space (27% vs. 16% and 4%).

Goals

On average, the training and financing respondents want to increase their gross monthly revenues by \$32,000, compared to about \$20,000 for the training only respondents and incubator respondents, and \$6,500 for the financing only respondents. The medians are closer, ranging from \$9,000 for the training and financing respondents to \$7,000 for the financing only respondents.

Regarding staffing, the training and financing respondents want an average of 12 additional employees, the training only respondents and incubator respondents want an average of eight to nine new employees, and the financing only respondents four. The median again is closer, ranging from two to three.

The proportion of owners interested in other goals also varied. Again, overall, the training and financing group tended to have the greatest proportion of owners interested in each goal. For example, training and financing respondents and incubator respondents more commonly want to add a new location (54% and 53%) than training only respondents (34%) and financing only respondents (25%). Training and financing respondents are also more likely to want to purchase additional equipment (65%) than the other three groups (about 50% each). In addition, they are also more likely to want to relocate their business (39% vs. 28% incubator, 21% training only, and 17% financing only).

In terms of capital to attain their goals, the training only respondents and the training and financing respondents report needing an average of about \$120,000, the incubator respondents about \$110,000, and the financing only respondents \$73,000. The training and financing respondents have the highest median request (\$42,500), followed by the

training only respondents (\$30,000), the financing only respondents (\$25,000), and the incubator respondents (\$20,000).

Impact of businesses

Businesses contribute to the community in a variety of ways, including: rent, payroll, sales tax, serving as role models, providing leadership, contributing to neighborhood activities, and offering a safe and comfortable gathering place. The incubator respondents have the highest average (\$1,899) and median (\$1,287) monthly rent, compared to the training and financing respondents (average \$1,178, median \$1,116) and training only respondents (average \$1,574, median \$835; financing only is excluded from this analysis due to an insufficient number of participants reporting their rent).

Training only respondents have the highest average payroll (\$10,266), followed by training and financing respondents (\$9,289), incubator respondents (\$7,500), and financing only respondents (\$3,516). For all groups, the median payroll is between \$3,000 and \$4,000.

Incubator respondents, financing only respondents, and training and financing respondents all pay, on average, slightly over \$1,000 a month in sales taxes. In contrast, training only respondents pay, on average, \$674 a month. The median monthly sales tax of the financing only group is the highest (\$525), with incubator respondents and training and financing respondents paying the second highest (about \$300), and training only respondents, again, the lowest (\$150).

The proportion of respondents that consider themselves role models ranges from 81 percent of training only respondents to 92 percent of incubator respondents. The percentage of respondents that are leaders of community groups or associations ranges from about 30 percent to 40 percent of each group. In contrast, a greater proportion of incubator respondents report contributing time, money, and/or in-kind support to neighborhood activities (81%) than any other group (financing only 67%, training only 57%, training and financing 50%). Incubator respondents are also more likely to say their business serves as a gathering place (66% vs. training and financing 42%, financing only 33%, and training only 21%).

Views on NDC

About one-third of training and financing respondents, incubator respondents, and financing only respondents say their business is as successful as it is largely due to NDC assistance. Fifty-seven percent of incubator respondents, and about half of respondents in the other three groups, say their business success is somewhat due to NDC assistance.

For the training only, training and financing, and incubator respondents, the highest percentage of owners say they used NDC advice a lot, although the actual percentage varied from 36 percent (training only) to 63 percent (training and financing). For the financing only respondents, the largest percentage say they used NDC advice some (42%).

Second stage businesses (Figure 15)

In 2005, questions were added to understand the keys to success and the needs of second stage businesses. In 2005, businesses were considered “second stage” based on the number of years in operation, number of employees, and gross monthly revenues. In 2007, questions were again included for second stage business owners. However the definition of a second stage business was changed to include number of locations as a criterion and exclude years in operation. Specifically, a second stage business is defined as a business with two or more locations, five or more employees, and/or gross annual revenues of \$200,000 or more. Second stage business owners comprised 26 percent of all business owners surveyed.

The 71 second stage business owners were asked the source of their business knowledge. Multiple responses were allowed and grouped into categories. The most common source of business knowledge is experience working for someone else (49%). In addition, some second stage business owners completed formal coursework related to business management (24%), participated in entrepreneur training, including NDC training (21%); learned as they went along or were self-taught (19%); and took advice from others (13%).

Second stage business owners were also asked the source of their start-up money for their business. Multiple responses were allowed. The most common source is personal savings or earnings (70%), followed by financing from NDC (37%), bank loans (35%), money from family and friends (31%), and credit card use (21%). In addition, 6 percent of these owners received funding from a non-profit organization other than NDC.

Thirty-seven percent of second stage business owners say they have come very close to going out of business. These 26 owners were then asked what prevented it from happening. Multiple responses were allowed and grouped into categories. The most common responses include: determination (42%), change in business name or services (19%), and NDC assistance (12%).

Second stage business owners were asked what accounts for their success. Multiple responses were allowed and grouped into categories. Forty-two percent of owners attribute their success to determination and hard work. Owners also attribute their success to other factors including: good customer service and repeat customers (21%); training and assistance through NDC (17%); experience, skills, and/or knowledge (14%); vision and attitude (14%); and high quality products or services (14%).

Second stage business owners were asked what advice they would give to someone starting a business. Multiple responses were allowed and grouped into categories. The

most common responses include: be determined and patient (39%), have a business plan and set goals (24%), take NDC or other business-related classes (23%), and do extensive research (18%).

Comparisons of first stage and second stage business owners (Figure 16)

First stage and second stage businesses were compared on a wide variety of factors related to business goals, service needs, and satisfaction with NDC services. In terms of goals, only one statistically significant difference was found. Specifically, first stage business owners are more likely than second stage business owners to want to expand to an additional location (53% vs. 41%).

First and second stage business owners are similar as to services they want from NDC, with funding (81% and 83%); education around marketing and advertising (72% and 62%); and education around financial management, accounting, and taxes (68% each) being the most common.

In terms of satisfaction with NDC services, first stage business owners are less likely than second stage business owners to attribute their success largely to NDC (15% vs. 31%). Notably, both first and second stage business owners most commonly say training is the most beneficial help they received from NDC (47% and 61%).

Figures of results

2. Assistance received from NDC (N=272)

Assistance received from NDC (multiple responses possible)	
Training	86%
Financing	33%
Assistance from Business and Career Center	28%
Incubator location (multiple responses possible)	17%
Mercado	6%
Midtown Business Center	3%
Plaza Verde	2%
Midtown Global Market	10%
Plaza Latina	1%
Missing	1%
Total assistance received from NDC	
Training only	57%
Training and financing	19%
Incubator location and additional services	17%
Financing only	4%
Business center assistance only	2%

3. Demographic profile of business owners (N=272)

Gender	
Male	50%
Female	47%
Missing	3%
Age	
22 – 30	7%
31 – 35	13%
36 – 40	15%
41 – 45	20%
46 – 50	17%
51 – 55	11%
56 – 73	10%
61 - 73	3%
Refused	4%
Mean	44
Median	44
Range	22-73
Race/ethnicity	
African American/Black	25%
White (non Hispanic)	25%
Latino/Hispanic/Chicano	17%
Somali	4%
Hmong	4%
Native American/American Indian	3%
Other African	2%
Oromo	1%
Other Asian American	0%
Other	4%
Missing	16%
Number in household	
Single person	15%
Two persons	21%
Three persons	19%
Four persons	20%
Five or more persons	25%
Mean	3 - 4
Median	3
Range	1-10

4. Education, business management experience, and income at onset of NDC assistance (N=272)

Education level at onset of NDC assistance	
Less than high school	2%
High school/GED	26%
Technical School	22%
Four-year degree	22%
Graduate training	9%
Not applicable (Not educated in country with these categories)	1%
Missing/unknown	18%
Prior experience trying to run own business	
Yes	66%
No	34%
Annual income prior to NDC assistance	
Less than \$10,000	4%
\$10,000 to \$19,999	17%
\$20,000 to \$34,999	31%
\$35,000 to \$49,999	19%
\$50,000 or more	10%
Missing	19%
Mean	\$25,780
Median	\$25,000

5. Current employment and financial status of NDC-assisted business owners (N=272)

Employment at own business	
Works full-time at own business	61%
Works part-time at own business	34%
Works seasonally at own business	6%
Other employment	
No other employment	61%
Works full-time at another job	22%
Works part-time at another job	15%
Works seasonally at another job	1%
Other businesses	
Does not have another business	80%
Has another business	20%
1 other business	12%
2 other businesses	6%
3 or more other businesses	1%
Percent of business owners surveyed on MFIP or GA	
Previous to work with NDC	6%
At time of survey	3%
Primary income source	
Your business	47%
Another job of yours	23%
Your spouse or partners job	22%
Another source:	6%
Children/other household member/other family members	2%
Disability	<1%
Social Security	2%
Investments	1%
Pension	1%
Unemployment	<1%
MFIP	<1%
Refused/don't know	3%

5. Current employment and financial status of NDC-assisted business owners (N=272) (continued)

Monthly household income	
Under \$1,500	8%
\$1,501 to \$2,500	17%
\$2,501 to \$3,500	18%
More than \$3,500	45%
Missing/don't know/refused	12%
Percent of monthly household income brought home from business (includes reported and unreported income)	
0%	19%
1% to 10%	10%
11% to 30%	14%
31% to 50%	8%
51% to 90%	15%
91% to 100%	29%
Don't know/refused	4%
Mean	50%
Median	50%
Business, commercial, and personal insurance	
Percent who have:	
Health insurance	71%
General liability or umbrella coverage	71%
Commercial property insurance	47%
Workers compensation	36%

6. Current status of business (N=272)

New or expanded business	Business owners
New businesses	37%
Existing businesses (supported or expanded)	63%
Missing/refused/don't know	1%
Type of business	
Service	51%
Retail (excluding restaurants)	14%
Restaurant/catering	9%
Construction	4%
Specialty food production	3%
Production/manufacturing	3%
Missing	16%
Age of business	
<1 year	<1%
1-2 years	26%
3-4 years	19%
5-9 years	34%
10-19 years	15%
20 or more years	4%
Don't know/refused	2%
Mean	6
Median	5
Range	<1-32
Number of locations	
1	86%
2	9%
3 or more	4%
Missing	1%
Mean	1
Median	1
Range	1-20

6. Current status of business (N=272) (continued)

Co-owner(s)	
Does not have co-owners	76%
Has co-owners	23%
1 co-owner	18%
2 co-owners	2%
3 or more co-owners	4%
Percent who have family members as co-owners	17%
Current business space	
Home-based business	43%
Leased commercial space	49%
Owned commercial space	6%
Missing	2%
Monthly bookkeeping service	
Use monthly bookkeeping service	45%
Percent of business from within one mile	
0%	20%
1% to 10%	19%
11% to 25%	12%
26% to 50%	16%
51% to 75%	11%
76% to 100%	12%
Don't know/refused/missing	10%
Mean	32%
Median	20%
Monthly gross revenues from business	
No sales to date/0\$	4%
Less than \$500	10%
\$501 to \$1,000	3%
\$1,001 to \$2,000	11%
\$2,001 to \$5,000	26%
\$5,000 to \$10,000	14%
\$10,001 to \$16,600	5%
More than \$16,600	13%
Don't know/refused	14%

6. Current status of business (N=272) (continued)

How many months to make a profit	
Have not yet made a profit	28%
Less than 6 months	14%
6 to 12 months	16%
About 12 to 18 months	8%
Around 2 years	7%
More than 2 years	11%
Don't know/refused	16%
Loans	
Does not have loan	29%
Has loan (source listed below; multiple responses possible)	71%
Credit Card	35%
Bank	29%
Relative or Friend	28%
NDC	27%
Another non-profit agency	14%
City program	10%
Total amount of business debt	
\$0	29%
Less than \$5,000	14%
\$5,000 to \$10,000	13%
\$10,001 to \$20,000	11%
\$20,001 to \$50,000	11%
More than \$50,000	15%
Don't know	7%
Mean	\$40,499
Median	\$6,000
Range	\$0-\$1,000,000
Total amount of business debt	\$10,246,267

7. Growth of pre-existing businesses since NDC assistance (N=170)

Since receiving NDC assistance,	Owners of pre-existing businesses
Expanded hours of business	32%
By up to 10 hours per week more	14%
By 11 to 20 hours per week	7%
By more than 20 hours per week	6%
Missing/refused/don't know	5%
Mean	20
Median	10
Increased number of employees	21%
By up to 5 more	18%
By 6 or more	2%
Missing/refused/don't know	<1%
Mean	3-4
Median	2
Increased monthly gross revenues	56%
By \$500 or less	14%
By \$501 to \$1,000	8%
By \$1,001 to \$2,000	6%
By \$2,001 to \$5,000	8%
By more than \$5,000	6%
Don't know/refused	15%
Mean	\$4,261
Median	\$1,000
Increased personal monthly income	39%
By up to \$200	4%
By \$201 to \$500	8%
By \$501 to \$1,500	9%
By more than \$1,500	5%
Don't know/refused	12%
Mean	\$1,067
Median	\$600

**7. Growth of pre-existing businesses since NDC assistance (N=170)
(continued)**

Since receiving NDC assistance,	Owners of pre-existing businesses
Expanded to additional location (multiple locations possible)	13%
Minneapolis	9%
St. Paul	2%
Twin Cities suburb	2%
Outside Minnesota	1%
Internet	<1%
Moved from home-based to commercial business	9%

8. Goals of NDC-assisted business owners (N=272)

Extent that being in business is meeting personal goals	
Quite a bit	45%
Somewhat	34%
A little	14%
Not at all	8%
Missing	<1%
Extent that financial goals and expectations are being met	
Quite a bit	15%
Somewhat	33%
A little	24%
Not at all	27%
Missing/refused/don't know	1%
Additional gross monthly revenue goals	
No gross monthly revenue goal	3%
Less than \$5,000	21%
\$5,000 to \$9,999	22%
\$10,000 to \$24,999	20%
\$25,000 or more	17%
Missing/don't know/refused	17%
Mean	\$21,083
Median	\$8,000
Range	\$15-\$500,000
Total	\$4,785,915

8. Goals of NDC-assisted business owners (N=272) (continued)

Number of additional employees (goal)	
No goal regarding additional employees	22%
1 to 2	22%
3 to 5	22%
6 to 10	17%
11 to 20	4%
More than 20	5%
Don't know/refused	7%
Mean	9
Median	3
Range	1-400
Total	2,204
Other goals (multiple responses possible)	
Expanding advertising or marketing	60%
Purchasing additional stock	53%
Providing a new product or service	51%
Adding a new location	41%
Starting a new business	28%
Relocating business	25%
Other	12%
Renovate or redecorate space	3%
Get more training for self and/or employees	3%
More networking with other businesses	3%
Become owner of property	2%
Amount of capital needed to achieve business goals	
\$0	6%
\$1 to \$10,000	27%
\$10,001 to \$50,000	35%
More than \$50,000	24%
Missing/don't know/refused	15%
Mean	\$114,083
Median	\$25,000
Range	\$0-\$3,000,000
Total	\$26,467,350

9. Ways NDC can help businesses grow (N=272)

Ways NDC can help businesses grow	
Percent who want NDC's assistance to grow business	94%
Type of assistance wanted (multiple responses possible)	
Provide or help identify sources of funding	79%
Provide training or technical assistance around marketing and/or advertising	68%
Provide training or technical assistance about financial management, accounting, and/or taxes	67%
Help with developing a business plan	56%
Provide information about city regulations, zoning, or licensing	54%
Help find or rehab new space	45%
Other	9%
Provide opportunities to network with other businesses	5%
Help with employee hiring/supervision/training	2%
Provide legal counseling services	1%
Provide one-to-one consulting	1%

10. Building/property-related impacts of businesses

Changes to building	(N=272)
Business occupied vacant building	32%
Building was rehabbed so that business could move in	23%
Building was substantially rebuilt so that business could move in	11%
Property taxes	(N listed in left column)
Percent who pay property taxes (N=272)	6%
Amount of annual property tax (N=15)	
Less than \$5,000	27%
\$5,001 to \$10,000	27%
Over \$10,000	27%
Don't know/refused	20%
Mean (N=12)	\$8,671
Median (N=12)	\$6,046
Range (N=12)	\$1,800-\$27,500
Total annual property taxes (N=12)	\$121,392

10. Building/property-related impacts of businesses (continued)

Rent	(N listed in left column)
Percent who pay rent (N=272)	49%
Amount of <i>monthly</i> rent (N=133)	
Less than \$500	10%
\$500-\$999	36%
\$1,000-\$1,999	27%
\$2,000-\$2,999	12%
\$3,000 or more	8%
Don't know/refused	7%
Mean	\$1,557
Median	\$1,000
Range	\$219-\$25,000
Total monthly rent	\$189,969
Estimated total <i>annual</i> rent	\$2,279,628

11. Employment impacts of businesses

Employees (not counting owners)	
Does business have <i>paid</i> employees	(N=272)
Yes	42%
1 to 2 employees	15%
3 to 5 employees	15%
6 or more employees	12%
No, business has only unpaid employees	4%
No, business has no employees	54%
Missing	1%
Of business with paid employees	(N=113)
Mean number of paid employees	6 to 7
Median number of paid employees	3
Range	1-150
Of all employees	(N=850)
Total number who are paid	809
Percent who are paid	95%

11. Employment impacts of businesses (continued)

Hourly wage rates of paid employees	(N=809)
\$5.25 - \$9.99 an hour	32%
\$10.00 - \$20.00 an hour	51%
More than \$20.00 an hour	3%
Unknown	14%
Mean	\$10.75
Median	\$9.00
Range	\$5.25-\$50.00
Of all employees, how many work	(N=809)
40 or more hours per week	34%
35 to 39 hours per week	18%
30 to 34 hours per week	14%
20 to 29 hours per week	13%
10 to 19 hours per week	11%
Fewer than 10 hours per week	10%
	(N listed in left column)
Paid employees who are family members	
Of all businesses, percent with a family member employed (N=113)	20%
Of businesses with employees: (N=113)	
Percent employing a family member	48%
Average percent of employees who are family members	27%
Median percent of employees who are family members	0%
Range number of employees who are family members	0-5
Of paid employees: (N=809)	
Total number who are family members	86
Percent who are family members	11%
	(N listed in left column)
Paid employees who are neighborhood residents	
Of all businesses, percent employing neighborhood residents (N=272)	31%
Of businesses with employees: (N=113)	
Percent employing neighborhood residents	74%
Average percent of employees who are neighborhood residents	56%
Median percent of employees who are neighborhood residents	60%
Range number of employees who are neighborhood residents	0-80
Of paid employees: (N=809)	
Total number who are neighborhood residents (N=809)	498
Percent who are neighborhood residents (N=809)	62%

11. Employment impacts of businesses (continued)

Paid employees who have assistant manager or manager level positions	(N listed in left column)
Of all businesses, percent with employees who have assistant manager or manager level positions (N=272)	18%
Of businesses with employees: (N=113)	
Percent with employees who have assistant manager or manager level positions	44%
Average number of filled assistant manager or manager level positions	1
Median number of filled assistant manager or manager level positions	0
Of all employees: (N=809)	
Total number who have assistant manager or manager level positions	82
Percent who have assistant manager or manager level positions	10%
Ethnicity of paid employees (multiple responses possible) (N=809)	
Latino/Chicano/Hispanic	33%
Hmong	18%
African American/Black	15%
White (non Hispanic)	14%
Somali	9%
Other Asian	4%
Native American/American Indian	2%
Other African	1%
Other	<1%
Missing	3%
Employee training (N=113)	
Percent of employers who provide training for employees	79%
Percent who have sent employees to NDC for training	5%
Owners with employees who provide benefits (N=113)	
Paid vacation	30%
Paid holidays	27%
Paid sick days off	23%
Partially-paid health insurance	10%
Fully-paid health insurance	5%
Retirement plan	5%

11. Employment impacts of businesses (continued)

Monthly payroll of owners with paid employees	(N=113)
Up to \$500	8%
\$501 to \$1,000	6%
\$1,001 to \$2,500	19%
\$2,501 to \$5,000	21%
\$5,001 to \$10,000	12%
More than \$10,000	12%
Don't know/refused	21%
Mean (N=89)	\$9,447
Median (N=89)	\$3,200
Range (N=89)	\$100-\$225,000
Total monthly payroll (N=89)	\$840,825
Estimated total <i>annual</i> payroll (N=89)	\$10,089,900
Monthly payroll taxes of owners with paid employees	(N=113)
\$500 or less	13%
\$501 - \$1,000	8%
More than \$1,000	17%
Don't know/refused/missing	62%
Mean (N=43)	\$3,166
Median (N=43)	\$1,000
Range (N=43)	\$150-\$30,000
Total monthly payroll taxes (N=43)	\$136,123
Estimated total <i>annual</i> payroll taxes (N=43)	\$1,633,476
Subcontractors or contract/cash workers in past year	(N listed in left column)
Used subcontractors/cash workers in past year (N=272)	40%
Amount paid to subcontractors/cash workers (N=108)	
\$500 and under	18%
\$501 to \$2,000	25%
\$2,001 to \$10,000	28%
\$10,001 to \$50,000	14%
Over \$50,000	4%
Don't know/refused	12%
Mean	\$14,666
Median	\$2,400
Range	\$13-\$425,000
Total dollar value of subcontractors/cash workers	\$1,393,243

12. Other contributions to neighborhood economy and quality of life

Estimated total monthly business expenses (not including rent and payroll)	(N=272)
\$0	4%
Less than \$100	6%
\$100 to \$499	24%
\$500 to \$999	17%
\$1,000 to \$4,999	24%
\$5,000 to \$9,999	6%
\$10,000 or more	4%
Missing/don't know/refused	15%
Mean (N=231)	\$4,352
Median (N=231)	\$600
Range (N=231)	\$0-\$500,000
Total spent per month (N=231)	\$1,005,401
Estimated total amount spent <i>annually</i> (N=231)	\$12,064,812
Percent of total monthly business expenses (not including rent and payroll) spent within one or two miles of business	(N=272)
0%	17%
1% to 10%	13%
11% to 30%	15%
31% to 50%	15%
51% to 90%	14%
91% to 100%	18%
Don't know/refused	9%
Mean (N=249)	44%
Median (N=249)	35%
Estimated total monthly business expenses (not including rent and payroll) spent <i>within one or two miles of business</i>	(N=272)
\$0	17%
Less than \$100	14%
\$100 to \$499	28%
\$500 to \$999	10%
\$1,000 or more	12%
Missing/don't know/refused	18%
Mean (N=222)	\$2,932
Median (N=222)	\$174
Range (N=222)	\$0-\$500,000
Total spent per month	\$650,924
Estimated total amount spent <i>annually</i>	\$7,811,088

**12. Other contributions to neighborhood economy and quality of life
(continued)**

Estimated amount of sales taxes paid each month	
\$0	29%
Less than \$250	18%
\$250 to \$499	9%
\$500 to \$999	6%
\$1,000 or more	10%
Missing/don't know/refused	27%
Mean (N=198)	\$594
Median (N=198)	\$50
Range (N=198)	\$0-\$15,000
Total spent per month (N=198)	\$117,664
Estimated total amount spent <i>annually</i> (N=198)	\$1,411,968
Time, money, and in-kind contributions	(N=272)
Percent of owners reporting contribution of any time, money, or in-kind support to neighborhood events or activities in past 12 months	60%
Type of contribution (multiple responses grouped into categories)	
Products/services	37%
Cash donations	35%
Time/assistance	23%
Space	5%
Fundraising	2%
Unspecified	24%
Dollar value of business contributions to neighborhood events/activities in past 12 months	(N=272)
No contribution	39%
Contribution has no monetary value	1%
\$1-\$200	12%
\$201-\$500	13%
\$501-\$1,000	10%
\$1,001-\$5,000	11%
More than \$5,000	6%
Don't know/refused	9%
Mean (for those who made contribution; N=142)	\$4,346
Median (for those who made contribution; N=142)	\$550
Range (for those who made contribution; N=142)	\$0-\$175,000
Total annual contributions (for those who made contribution; N=142)	\$617,190

**12. Other contributions to neighborhood economy and quality of life
(continued)**

Role models for communities	(N=272)
Business owners who feel they serve as a role model for youth or young adults	84%
How respondents serve as a role model (individual responses grouped into categories; multiple responses allowed)	(N=229)
Being successful business owner	38%
Educate/lead by example	33%
Model strong work ethic and determination	16%
Provide time and assistance	14%
Provide advice/mentorship	13%
Teach marketable skills	10%
Educate groups	8%
Provide employment	6%
Teach “soft” skills	4%
Assist youth with school work	2%
Sell products/services for youth	1%
Leadership in neighborhoods	(N=272)
Business owners who serve as a leader for groups or organizations in neighborhood or ethnic community	34%
Connection with groups or associations	(N=272)
Business owner who feel connected with groups or associations in the neighborhood	57%
Providing a gathering place	(N=272)
Business serves as a community gathering place	34%
Other contributions (individual responses grouped into categories; multiple responses possible)	
Provide needed/affordable/convenient services	6%
Neighborhood upkeep	1%
Promote healthy living	1%
Improve safety/watch for crime	<1%
Provide training/workshops	<1%

13. Views of NDC assistance

Most beneficial help from NDC (multiple responses possible)	(N=272)
Training	64%
Support and encouragement	17%
Technical assistance	9%
Financing	16%
Contacts/networking	10%
Incubator	6%
Other (multiple responses grouped into categories)	14%
One-to-one consulting	3%
General knowledge, unspecified	3%
Referral to legal services or help with legal issues	2%
Relationships with teachers/staff/classmates	1%
Marketing or advertising	1%
Realistic perspective about running a business	1%
Renovations and repairs made to property	<1%
No help received	2%
What specific training or technical assistance topic was most helpful to you (asked only of respondents who said training or technical assistance was most beneficial; multiple responses possible)	(N=186)
Business plan	45%
Bookkeeping/accounting/financial	23%
Marketing/advertising	14%
General business management skills	11%
Legal issues	6%
Other (multiple responses grouped into categories)	16%
One-on-one consulting	5%
Workshops/trainings in general	4%
Literature and other resources	2%
Trainers	2%
Ongoing support	2%
New building negotiations/contractors	1%
Pricing	1%
Communication	1%

13. Views of NDC assistance (continued)

Business relationship with NDC	(N=272)
My business is as successful as it is today largely because of the assistance I received from NDC	22%
My business is as successful as it is today somewhat because of the assistance I received from NDC	51%
My business is no better off or no worse off due to NDC	25%
My business would be doing much better today if it were not connected with NDC	1%
Don't know/refused	1%
Explanation for largely successful business relationship with NDC (individual responses grouped into categories; multiple responses possible)	(N=60)
Help getting business started	22%
Education/training/classes	21%
Support/encouragement	18%
Financial help	17%
Business advice and management skills	10%
Help with business plan	6%
Help with contacts/referrals	5%
Bookkeeping/accounting/financial/tax advice	3%
Help increasing sales	3%
Help finding good business location	3%
Help focusing ideas and giving business structure	3%
Help with legal issues	3%
Marketing/advertising assistance	3%
Incubator	1%
General help, unspecified	13%
Missing	3%

13. Views of NDC assistance (continued)

**Explanation for somewhat successful business relationship with NDC
(individual responses grouped into categories; multiple responses possible) (N=139)**

Explanations of how NDC was helpful	
Financial help	14%
Education/training/classes	17%
Help with business plan	7%
Help focusing ideas and giving business structure	7%
Support/encouragement	6%
Bookkeeping/accounting/financial/tax advice	4%
Help getting business started	4%
Help with contacts/referrals	4%
Good to have what already knew confirmed	4%
Help finding good business location	4%
Marketing/advertising	3%
Help expanding business	1%
Help with legal issues	1%
Help with building renovations and repairs	1%
General help, unspecified	31%
Explanations/comments on why NDC was not helpful	
I did not take advantage of help	7%
NDC did not provide help	1%
Helped initially but then stopped helping	1%
Business is not doing well	1%
Had problems getting loan from NDC	1%
Wasn't good or bad/was neutral	4%
Missing	0%

13. Views of NDC assistance (continued)

Explanations for no better or no worse because of business relationship with NDC (individual responses grouped into categories; multiple responses possible)	(N=67)
Explanations of how NDC was helpful	
Education/training/classes	11%
Good to have what already knew confirmed	11%
Help with business plan	3%
Help starting a business	3%
Financial help	2%
Bookkeeping/financial/tax advice	2%
Help finding good business location	2%
Help with legal issues	2%
Incubator	2%
Help with focusing ideas/giving business structure	2%
Help increasing sales	2%
General help, unspecified	6%
Explanations/comments on why NDC was not helpful	
NDC did not provide help	26%
I did not take advantage of help	11%
Helped initially but then stopped helping	9%
Business isn't doing well	6%
Had problems getting loan from NDC	2%
Wasn't good or bad/was neutral	12%
Missing	1%
Explanations for worse off because of business relationship with NDC (individual responses grouped into categories; multiple responses possible)	
(N=3)	
NDC did not provide help	1
Business isn't doing well	2
Missing	0
Extent owners have used business advice from NDC	
(N=272)	
A lot	44%
Some	30%
A little	16%
Not at all	10%
Missing/refused/don't know	1%

13. Views of NDC assistance (continued)

Most helpful advice: Used business advice a lot (individual responses grouped into categories; multiple responses possible)	(N=119)
Business development/business plan/research	30%
Accounting/financial/tax advice	29%
Marketing/advertising	20%
Legal advice	6%
Contacts/customer relations	6%
Helped me stay on task/stick to goals	6%
Pricing	4%
Support and encouragement	3%
Business management	3%
Real estate/business placement	3%
Business expansion	3%
Cultural/community relations	2%
Renovation/Redecorating	2%
Health guidelines	1%
Business partnership	1%
How to find other resources for help	1%
General knowledge, unspecified	4%
Missing	3%

13. Views of NDC assistance (continued)

Most helpful advice: Used business advice some (individual responses grouped into categories; multiple responses possible)	(N=81)
Business development/business plan/research	28%
Accounting/financial/tax advice	27%
Marketing/advertising	11%
Legal advice	9%
Loan advice/help finding a loan	5%
Contacts/customer relations	5%
Business management	5%
Planning (Unspecified)	5%
Pricing	4%
Helped me research other businesses/competition	4%
Real estate/business placement	2%
Support and encouragement	2%
Helped me stay on task/stick to goals	2%
Business expansion	2%
How to find other resources for help	1%
Cultural/community relations	1%
General knowledge, unspecified	6%
Missing	5%
Explanation why: Used business advice a little (individual responses grouped into categories; multiple responses possible)	(N=43)
What advice was helpful	
Business plan	10%
Financial	9%
Licensing issues	5%
Marketing	2%
Getting organized	2%

13. Views of NDC assistance (continued)

Why (other) advice wasn't helpful	
Haven't used advice yet	16%
NDC provided no new advice/knowledge	14%
Didn't apply to our business	14%
Haven't gotten enough advice/follow-up	9%
Don't need/want advice	7%
Didn't complete training	2%
Language barrier with staff	2%
Missing	7%
Explanation why: Did not use business advice at all (individual responses grouped into categories; multiple responses possible) (N=27)	
Haven't gotten enough advice/follow-up	69%
Don't need/want advice	19%
Didn't apply to our business	8%
NDC provided no new advice/knowledge	4%
NDC did not help (unspecified)	4%
Haven't used advice yet	4%
Missing	4%
How experience with NDC is different from previous experience trying to run a business (asked only of respondents with previous business experience; multiple responses possible) (N=179)	
Provided guidelines/structure/focus	28%
It isn't different	24%
More resources/contacts/networking	8%
General support, unspecified	6%
More professional	6%
Bookkeeping/accounting/financial planning	5%
Gave me confidence/perseverance	5%
Good information on starting a business	5%
Business expansion	5%
Help with legal aspects	3%
Advertising/marketing	3%
Financial help/loan	3%
Improved business space or location	3%
Step-by-step assistance	1%

14. Comparisons by type of assistance received

	Training only (N=155)	Training and financing (N=52)	Incubator (N=47)	Financing only (N=12)
Business status				
New or expanded business				
New	27%	50%	53%	58%
Expanded	73%	48%	47%	42%
Type of business (of businesses for which this information was provided)				
Service	69%	53%	13%	38%
Retail (excluding restaurants)	11%	20%	60%	50%
Restaurant/catering	6%	20%	20%	0%
Specialty food production	3%	4%	7%	13%
Construction	7%	4%	0%	0%
Production/manufacturing	5%	0%	0%	0%
Age of business in years (average/ median)	7/5	6/5	4/3	4/4
Has another business	13%	21%	45%	8%
Gross monthly revenue				
No sales to date/0\$	5%	6%	0%	0%
\$1 to \$1,000	18%	12%	0%	0%
\$1,001 to \$2,000	10%	15%	13%	8%
\$2,001 to \$5,000	25%	23%	34%	33%
\$5,001 to \$10,000	13%	12%	19%	17%
\$10,001 to \$16,600	5%	2%	4%	8%
More than \$16,600	8%	17%	19%	33%
Unknown	16%	14%	11%	0%
Debt (average/median)	\$28,963/ \$1,500	\$46,856/ \$15,000	\$77,325/ \$20,000	\$31,250/ \$16,500
Months to make a profit				
	(N=118)	(N=42)	(N=42)	(N=12)
Not yet made a profit	31%	19%	38%	33%
Less than 6 months	20%	19%	14%	8%
6 to 12 months	21%	31%	12%	0%
About 12 to 18 months	9%	2%	21%	8%
Around 2 years	10%	2%	5%	25%
More than 2 years	9%	26%	10%	25%

14. Comparisons by type of assistance received (continued)

	Training only (N=155)	Training and financing (N=52)	Incubator (N=47)	Financing only (N=12)
Employees	(N=155)	(N=52)	(N=47)	(N=12)
Businesses with employees	33%	44%	60%	50%
Number of employees (average/median)	7/3	9/3	5/3	4/4
Percent of employees who are neighborhood residents (average/median)	49%/50%	65%/87%	61%/70%	62%/69%
Number of hours employees work	(N=371)	(N=215)	(N=157)	(N=28)
40 to 35 hours	50%	51%	61%	29%
Less than 35 hours	50%	49%	39%	71%
Race/Ethnicity of employees				
Hmong	36%	1%	6%	0%
Latino/Hispanic	24%	29%	68%	21%
White (non-Hispanic)	16%	7%	17%	36%
African American	15%	9%	1%	43%
Other Asian	6%	1%	2%	0%
Native American	1%	7%	3%	0%
Other African	1%	1%	1%	0%
Somali	<1%	32%	3%	0%
Other	<1%	1%	0%	0%
Missing	<1%	11%	0%	0%
Growth of pre-existing businesses	(N=113)	(N=25)	(N=22)	(N=5)
Expanded hours of business	32%	40%	50%	1
Expanded number of employees	17%	24%	41%	1
Increased gross monthly revenues	54%	44%	77%	5
Increased monthly income from business	38%	44%	41%	2
Expanded to additional locations	10%	12%	36%	0
Moved from being home-based to commercial space	4%	16%	27%	1

14. Comparisons by type of assistance received (continued)

	Training only (N=155)	Training and financing (N=52)	Incubator (N=47)	Financing only (N=12)
Goals	(N=155)	(N=52)	(N=47)	(N=12)
Additional gross monthly revenues (average/median)	\$18,063/ \$7,750	\$32,435/ \$9,000	\$20,331/ \$6,800	\$6,556/ \$7,000
Additional employees (average/median)	8/2	12/3	9/3	4/2 or 3
Expanding your marketing/advertising	60%	62%	62%	50%
Purchasing additional equipment or stock	50%	65%	53%	50%
Providing a new product or service	49%	58%	53%	42%
Adding a new location	34%	54%	53%	25%
Starting a new business	28%	31%	28%	17%
Relocating your business	21%	39%	28%	17%
Capital needed to achieve goals (average/median)	\$120,323/ \$30,000	\$117,714/ \$42,500	\$109,850/ \$20,000	\$73,000/ \$25,000
Impact	(N=155)	(N=52)	(N=47)	(N=12)
Monthly rent (average/median)	\$1,574/ \$835	\$1,178/ \$1,116	\$1,899/ \$1,287	*
Monthly payroll (average/median)	\$10,266/ \$3,100	\$9,289/ \$4,000	\$7,500/ \$3,450	\$3,516/ \$4,000
Monthly sales tax (average/median)	\$674/ \$150	\$1,054/ \$330	\$1,312/ \$300	\$1,272/ \$525
Serve as role model for youth/young adults	81%	89%	92%	83%
Provide leadership to community groups or associations	32%	31%	43%	33%
Contribute time, money, or in-kind support to neighborhood activities	57%	50%	81%	67%
Provide gathering space	21%	42%	66%	33%
Views on NDC				
Business relationship with NDC				
My business is as successful as it is today largely because of the assistance I received from NDC	14%	39%	30%	33%
My business is as successful as it is today somewhat because of the assistance I received from NDC	52%	46%	57%	50%
My business is no better off or no worse off due to NDC	32%	15%	4%	17%
My business would be doing much better today if it were not connected with NDC	0%	0%	6%	0%

14. Comparisons by type of assistance received (continued)

	Training only (N=155)	Training and financing (N=52)	Incubator (N=47)	Financing only (N=12)
Extent owners have used business advice from NDC				
A lot	36%	62%	55%	25%
Some	35%	25%	19%	42%
A little	19%	10%	15%	8%
Not at all	10%	4%	11%	17%
Missing	1%	0%	0%	8%

Note. Given the group has an N less than 10, frequencies for Incubator respondents are reported as numbers rather than percentages. An asterisk in a cell signifies that the N was too small to allow for the inclusion of meaningful data.

15. Second stage businesses (N=71)

Source of business knowledge (individual responses grouped into categories; multiple responses allowed)

Working for someone else	49%
Formal business-related education	24%
Self taught/learning as they run their business	21%
Entrepreneur training/NDC training	19%
Advice from friends/family/others	13%

Source of money to start business (individual responses grouped into categories; multiple responses allowed)

Personal savings/earnings	70%
Financing from NDC	37%
Bank loan	35%
Family or friends	31%
Credit card	21%
Other non-profit funding resource	6%
Private investors	0%

15. Second stage businesses (N=71) (continued)

Percent who have come very close to going out of business 37%

What kept respondent from going out of business (N=26; individual responses grouped into categories; multiple responses allowed)

Determination	42%
Change in business name/services	19%
Assistance through NDC	12%
Additional financing	8%
Money invested while business was going well	8%
Help from friend	8%
Increase in demand for product/services	4%
Divine intervention/God	4%
Money, unspecified	4%
Community program provided assistance	4%
Help from lawyer	4%

What accounts for business coming so far (individual responses grouped into categories; multiple responses allowed)

Determination/hard work	42%
Good customer service/repeat customers	21%
Training and assistance through NDC	17%
Experience/skills/knowledge	14%
High quality products/services	14%
Vision and attitude	14%
Partnership/networking/referrals	8%
Liking what I do	6%
Dedicated employees/good staff	6%
Divine intervention/God	5%
Lots of support/connection to the community	3%
High demand for products/services	3%
Good business plan/strategic planning	3%
Having another form of income	3%
Good location	3%
Low overhead	3%
Investing back in business	2%
No comment	2%

15. Second stage businesses (N=71) (continued)**Advice to people who are starting a business (multiple responses grouped into categories)**

Be determined/patient	39%
Have a business plan/set goals	24%
Take NDC/business classes	23%
Do lots of research	18%
Have sufficient start-up money	14%
Choose something you like to do	9%
Use support groups/networks	8%
Create as little debt as possible and pay it off quickly	6%
Know how to run a business	5%
Find the right location	5%
Learn about bookkeeping/accounting/taxes	2%
Reinvest in the business	2%
Just do it	2%
Get business experience	2%
Be organized/reliable/responsible	2%
Stay focused	2%
Know your customers	2%
Work with a mentor	2%
Keep control over staffing	2%
Offer high quality product/services	2%
Treat customers well	2%
Specialize in one thing	2%
Don't do it if you have young children	2%
Nothing	2%

Note. Second stage businesses have five or more employees, 2 or more locations, and/or have gross annual revenues at or above \$200,000.

16. Second stage businesses' use of NDC services, goals, and service needs and compared to all businesses

	First stage businesses (N=47)	Second stage businesses (N=71)
Business relationship with NDC		
My business is as successful as it is today largely because of the assistance I received from NDC	15%	31%
My business is as successful as it is today somewhat because of the assistance I received from NDC	51%	54%
My business is no better off or no worse off due to NDC	30%	13%
My business would be doing much better today if it were not connected with NDC	2%	1%
Don't know/refused	2%	1%
Most beneficial help from NDC (multiple responses possible)		
Training	47%	61%
Financing	21%	23%
Support and encouragement	13%	25%
Technical assistance	13%	13%
Contacts/networking	6%	10%
Incubator	9%	7%