

Neighborhood Development Center

Outcomes evaluation

N O V E M B E R 2 0 0 5

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Evaluation summary

Assistance received from NDC

Of the 170 business owners surveyed in 2005 (out of 301 estimated to be in business):

- 97% received training from NDC; 32% received financing; and 5% had a location in an NDC incubator.
- 67% of owners received training only, 24% training and financing, 5% incubator space and additional services, and 3% financing only.
- A little over one-third of owners became involved with NDC in the last two years. One-third received assistance three to five years ago, about one-fifth 5 to 10 years ago, and about one-tenth over 10 years ago.

Profile of surveyed business owners

- 55% are men, 45% women.
- The average age is 43, the median 42.
- 29% are African-American, 28% White (non-Hispanic), 24% Latino/Hispanic, 5% Somali, 5% Native American, 4% Hmong, 2% Oromo, 1% African, and 1% Asian (not Hmong). Two percent identified with an ethnicity not listed.
- 68% have some post-secondary education, compared to 56% in 2002.
- 8% have prior business training, and 66% prior experience trying to run a business.
- 66% work at their business full-time, 28% part-time, and 6% seasonally. Thirty-six percent of owners also have another job.
- For 54% of owners, their primary source of income is their business. On average, 57% of household income is brought in by the business, up from 49% in 2002.
- 10% of owners have a monthly household income of \$1,500 a month or less, 21% between \$1,501 and \$2,500, 19% between \$2,501 and \$3,500, and 39% more than \$3,500 monthly. Eleven percent of owners did not provide their monthly household income.

Profile of businesses

With NDC assistance, 42 percent of owners started a new business (up from 37% in 2002), and 49 percent expanded a pre-existing business (down from 63% in 2002). Nine percent of owners did not provide this information. 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 170 businesses discussed by owners:

- 58% are in the service industry, 21% in retail, 11% restaurant or catering, 4% specialty food production, 4% construction, and 3% production or manufacturing.
- On average, businesses have been in operation just over five years; the median is four years.
- 83% of businesses have one location. Forty-nine percent are home-based, and 49% in commercial space.
- 74% are sole proprietorships (up from 63% in 2002).
- 79% of businesses have at least some customers from within one mile of their location.
- 31% of owners report gross monthly revenues of more than \$5,000, including 18% with gross monthly revenues over \$16,000.
- 25% of owners have not yet made a profit. Thirty-seven percent did so in a year or less, 16% in about one to two years, and 8% in more than two years. Fourteen percent didn't know or didn't respond to the question.
- 69% of business owners have at least one business loan. The highest percentage of owners have loans from family or friends (35%, up from 25% in 2002), credit cards (34%), NDC (28%), and/or a bank (26%). Thirty-one percent of owners have no debt, and 12% owe less than \$5,000. The average debt is about \$43,000 (up from about \$26,000 in 2002); the median \$5,000 (up from \$4,500 in 2002), with a range of \$0 to \$750,000. The total amount of business debt is \$6,858,070.

Business expansion since NDC assistance

Of the 83 owners of pre-existing businesses (i.e., businesses that existed prior to NDC's involvement):

- 39% of owners have increased their hours of business since NDC assistance (up from 29% in 2002). The average increase is about 18 hours per week, the median 10 hours.
- 29% have increased their number of employees. The average increase is eight employees, the median three.
- 67% have increased their gross monthly revenues (up from 58% in 2002). The average increase is about \$3,000, the median \$1,000.
- 59% increased their monthly business income (up from 47% in 2002). The average increase is about \$2,000, the median about \$800.
- 13% increased their number of locations by at least one.
- 19% moved from a home-based business to a commercial space.

Goals of NDC-assisted business owners

- 48% of owners say that being in business meets their personal goals “quite a bit;” 12% report meeting their financial goals “quite a bit” (down from 17% in 2002).
- 80% of owners have as a goal to increase their gross monthly revenues. The average goal is an increase of about \$31,500 a month, the median an increase of \$10,000 a month. If these owners meet their goals, their revenues would increase by over 44 million dollars annually.
- 76% have as a goal to increase their number of employees. On average, these owners want to hire 15 additional employees; the median is four. If these owners meet their goals, they would employ an additional 1,848 people.
- About 80% of owners report additional goals. The most common include expanding to new markets (20%), increasing their number of job sites or business locations (19%), and offering new products or services (17%).

- According to the owners, the average amount of additional capital needed to achieve these goals is about \$160,000 (up from about \$97,000 in 2002); the median \$30,000 (down from \$40,000 in 2002). The total amount of capital needed is about 24 million dollars (up from about 20 million dollars in 2002).
- The top three ways that owners believe NDC could help their businesses grow are: financing (45%); technical assistance regarding running a business (22%); and assistance with marketing, advertising, or business referrals (20%).

Impacts on neighborhoods

NDC-assisted businesses continue to contribute substantially to their communities through rent, property taxes, employment/payroll, payroll taxes, local purchase of supplies and materials, and tangible support for neighborhood activities and events.

- 34% of businesses occupy a building that was formerly vacant (up from 29% in 2002), and 19% are in spaces that were rehabbed for the business.
- Owners who own their business location report paying a total of \$152,600 in property taxes annually (up from \$50,083 in 2002).
- Owners who lease their business location report paying \$1,527,372 in rent annually (up from \$1,380,516 in 2002).
- 41% of owners have employees (up from 37% in 2002). These owners employ a total of 744 individuals (up from 403 in 2002). Eight-one percent employ neighborhood residents.
- 53% of the 744 employees work full-time, an additional 24% 30 to 39 hours per week. The remaining 23% work 29 hours a week or less.
- The average wage for employees is about \$10 an hour, the median \$9.
- 62% of all employees are neighborhood residents.
- Of the 70 business owners who have employees, 80% provide employee training.
- The total monthly payroll of business owners with employees is \$796,725 (up from \$516,884 in 2002). This is equivalent to \$9,560,700 annually.
- 33% of owners with employees report the amount of payroll taxes they pay monthly. The total amount per month is \$62,770 (down from \$84,069 in 2002, perhaps due to the large amount of missing data). This is equivalent to \$753,240 annually.

- 42% of owners have hired subcontractors or cash workers in the past year, for a total expenditure of about 1.3 million dollars (up from 1.2 million in 2002).
- Owners report spending a total of \$153,430 a month in their neighborhood to purchase materials and supplies, or \$1,841,160 annually.
- 55% of business owners contributed time, money, or in-kind support to neighborhood events and activities in the past year. Owners value their contributions at a total of \$165,624 (down from \$441,357 in 2002).

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.

- 83% of owners say they believe they serve as role models in their communities.
- 29% report that they provide leadership in their neighborhood; 27% in their ethnic community. In total, 39% feel they serve as leaders for their neighborhood, their ethnic community, or both.
- 31% of owners say their business serves as a gathering place for their community.
- 40% of owners say they feel connected with neighborhood groups or associations (down from 59% in 2002), 34% feel connected with groups or association related to their race or ethnicity.
- When asked to describe the contribution of their businesses to their neighborhoods, owners' most frequent responses include: providing needed, affordable, and/or convenient products or services (33%); providing employment and/or training for residents (13%); serving as a role model or mentor (11%), and offering cash or in-kind donations to neighborhood groups or activities (10%).
- When asked to describe the contribution of their businesses to their ethnic communities, owners' most frequent responses include: providing convenient access to ethnic products or services (28%), serving as a role model or mentor (12%), and providing clients with a place to feel comfortable or a sense of belonging (8%).

Owners' views of NDC

In general, owners have positive views of NDC assistance.

- 76% of owners say that their business is as successful as it is today largely (28%) or somewhat (48%) because of NDC. Owners attribute this success to NDC's educational opportunities, support and encouragement, financial assistance, and business plan expertise.
- 74% of owners say they have used NDC business advice a lot (45%) or some (29%). The most helpful advice includes the following topics: business development, business plans and research; finances and taxes; bookkeeping and accounting; marketing and advertising; and contacts and customer relations.

Comparisons by type of assistance received

This section compares business impacts for owners who received training from NDC (N=114) with those who received training and financing (N=41).

- 51% of the training and financing group, compared to 35% of the training only group has employees. The average and median percent of staff who are neighborhood residents is higher for the training and financing group (60% and 50%) than the training only group (44% and 33%).
- In terms of expansion of hours of operation, number of employees, gross monthly revenues, monthly business income, and number of locations among owners of pre-existing businesses, a higher percentage of those who received training and financing report growth than those who received training only.
- The training and financing group is more likely than the training only group to have contributed time, money, or in-kind support to neighborhood activities (66% vs. 48%).

Second stage businesses

Second stage businesses are defined as those that have been in existence for three or more years, have five or more employees, and/or have gross annual revenues of \$200,000 or more. Second stage business owners comprise 68 percent of all business owners surveyed.

Of the 115 second stage business owners:

- 26% obtained their business knowledge working for someone else, 25% were self-taught or learned while working in their business; 21% completed entrepreneur training, including NDC training; 15% used advice from others; and 14% have formal business-related education.
- The most common source of start-up money for their businesses is personal savings or earnings (73%), followed by family or friends (24%), financing from NDC (17%), bank loan (15%), and credit card (14%).
- 45% of second stage business owners say they have come very close to going out of business. According to these 52 owners, what most commonly kept them in business is: determination (37%), change in business name or services (16%), credit card usage or loans (12%), and increase in demand for their products or services (10%).

Keys to success of second stage businesses

- Half of respondents attribute their success to determination and hard work. Respondents also attribute their success to other factors including: experience, skills, or knowledge (14%); good customer service or repeat customers (14%); training and assistance through NDC (13%), lots of support from or connection to the community (13%), and high quality products or services (11%).
- The most common advice these owners would give someone starting a business are: be determined and patient (39%), do lots of research (21%), and have a business plan and set goals (21%).
- Second stage businesses are more likely than first stage businesses to have been home-based (47% vs. 21%).
- Second stage and first stage business owners name similar ways that NDC can help their business grow, with one exception. Second stage businesses owners are less likely than first stage business owners to list one-on-one meetings or mentoring (1% vs. 10%).

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 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 to its clients: 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, Plaza Verde, and Plaza Latina. In addition, the Midtown Global Market is schedule to open in spring 2006.

This report covers NDC expenses through December 31, 2004, and businesses in operation as of March 2005.

Since 1993, NDC has assisted 2,676 entrepreneurs, and these entrepreneurs currently have 301 businesses up and running in at least 11 Twin Cities neighborhoods.

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:

1. What is the status of NDC alumni's businesses?
2. What are the business plans of NDC alumni?
3. How are NDC alumni doing financially?
4. How are neighborhoods with NDC partnerships benefiting?
5. What is the scale of NDC, and how cost efficient is it?

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 March to August 2005. Wilder Research began with a list of 406 potential business owners identified by NDC, from which 320 were randomly-selected for an interview. Each potential owner was mailed a letter from NDC describing the purpose of the evaluation and asking for his or her cooperation. Of these 320 potential business owners, 238 were determined to be definitely or likely in business and, thus, eligible to participate in this evaluation. Wilder Research completed phone surveys with 170 of these owners.

The response rate for this evaluation is 71 percent. Of the remainder, 8 percent expressly refused to participate, and 21 percent were not able to or interested in completing the survey within the timeframe of the study.

Based on the percentage of the *sampled* businesses determined to be in business at the time of the survey, Wilder Research estimates 301 businesses assisted by NDC were in business at the time of the survey. Given the completed surveys with a sample of 170 businesses out of an

estimated 301 businesses, the margin of error in the survey results is plus or minus 5 percentage points.

Survey respondents are representative of all potential owners initially identified by NDC in regard to gender, race/ethnicity, and 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 and how NDC's programs are assisting owners. New information includes:

- More questions on how NDC can better assist businesses to grow and prosper.
- An assessment of the extent of second-step business growth, which focuses on businesses with three or more years of operation, five or more employees, and/or annual gross sales of \$200,000.
- Questions regarding the keys to a successful business.

Overview of NDC program performance

Figure 1 outlines the scale and cost efficiency of NDC as of 2004, estimating the program costs per entrepreneur, per business started or expanded, and per job created or retained. It also estimates the current and projected dollar value of community-related contributions and business expenses of NDC-assisted businesses.

1. Overview of NDC program performance 1993 to 2004

NDC program inputs	
Total program expenses (1993-2004)	\$6,503,362
Number of NDC staff	12
Number of trainers	9
Number of partners	17
Number entrepreneurs assisted	2,676
NDC program outcomes	
Number of open businesses (includes surveyed businesses and estimates for other open businesses) ¹	301
Number of jobs created or retained—full-time and part-time (includes surveyed businesses and estimates for other open businesses) ²	1622
NDC program effectiveness and efficiency	
Cost per entrepreneur served	\$2,430
Cost per current business	\$21,606
Cost per current job	\$4,923
Entrepreneur to business ratio	9:1
Entrepreneur to staff ratio	223:1
Entrepreneur to staff/trainer ratio	127:1
Entrepreneur to staff/trainer/partner ratio	71:1
Business to staff ratio	25:1
Number of employees per business	4.4

1. Overview of NDC program performance 1993 to 2004 (continued)

Financial return by businesses

Dollars returned each year to neighborhoods (surveyed businesses):	
Rent	\$1,527,372
Purchased supplies/materials—in neighborhood	\$1,841,160
Cash/in-kind contributions—in neighborhood	\$165,624
Payroll of business owners <i>who employ neighborhood residents</i>	\$8,455,200
Payroll taxes of owners <i>who employ neighborhood residents</i> ³	\$672,360
Property taxes	\$152,600
Payments to subcontractors and cash workers	\$1,375,356
Total	\$14,189,672
Average per business per year	\$83,468
Number of months to pay back total NDC program costs for surveyed businesses	5.5 months
Estimated number of months to pay back total NDC program costs for all businesses	3.1 months
Dollars returned each year overall to the Twin Cities area (surveyed businesses):	
Rent	\$1,527,372
Purchased supplies/materials—in neighborhood	\$1,841,160
Cash/in-kind contributions—in neighborhood	\$165,624
Payroll of all business owners	\$9,560,700
Payroll taxes of all business owners ⁴	\$753,240
Payments to subcontractors and cash workers	\$1,375,356
Property taxes	\$152,600
Total	\$15,376,052
Average per business per year	\$90,447
Number of months to pay back total NDC program costs for surveyed businesses	5.0 months
Estimated number of months to pay back total NDC program costs for all businesses	2.9 months
Estimated dollars returned to neighborhoods from 1993-2004 per NDC dollars spent from 1993-2004 ratio	\$12:\$1
Estimated total years of employment produced by jobs from NDC-assisted businesses per NDC dollars spent (both from 1993-2004) ratio	1 year of employment: \$840

Notes:

- ¹ Total number of NDC clients in business was calculated as follows. First, NDC provided a list of clients that might be in business. From this list, 320 clients were sampled. Of the sampled clients, 74% are, definitely or likely, in business. Given this information, it is assumed that 74% of all clients provided by NDC, or 301 clients, are currently in business.
- ² Total number of jobs was calculated as follows. The 170 businesses surveyed have a total of 744 employees, or 4.4 employees per business. Assuming the same is true of the estimated 131 NDC-assisted businesses not surveyed, then these businesses would have an additional 577 employees. As such, both surveyed and non-surveyed NDC-assisted business owners have an estimated total of 1,321 employees. Then the 301 business owners were added to the calculation, bringing the total jobs produced by NDC-assisted businesses to 1,622.
- ⁴ In 2005, 58% of all owners with employees didn't provide payroll tax information, up from 42% in 2003. In addition, 9% report their payroll taxes as \$0.

Assistance received from NDC (Figure 2)

Ninety-seven percent of surveyed business owners received training from NDC; 32 percent received financing; and 5 percent had a location in an NDC incubator. In sum, 67 percent of respondents received training only, 24 percent training and financing, 5 percent incubator space and additional services, and 3 percent financing only. Less than 1 percent of respondents did not report the type of assistance they received.

A little over one-third of participants became involved with NDC in the last two years. One-third received assistance three to five years ago, about one-fifth five to 10 years ago, and about one-tenth over 10 years ago.

Profile of NDC-assisted business owners

Demographics of NDC-assisted business owners (Figure 3)

Respondent's gender, age and race/ethnicity

The NDC-assisted business owners surveyed are 55 percent males and 45 percent females. They range in age from 25 years old to 71 years old, with an average age of 43.

Business owners were asked to provide information on their racial and ethnic identity. Twenty-nine percent are African American, 28 percent White, 24 percent Latino/Hispanic, 5 percent Somali, 5 percent Native American, 4 percent Hmong, and 2 percent Oromo. One percent each is African or other Asian American. Two percent identified as "other."

Number in household

Household size of these business owners ranges from 1 to 13, with an average household size of 3.6. Seventeen percent of business owners live alone, 17 percent have a two-person household, 35 percent have three or four people in their household, and 31 percent have five or more. While the mean household size is similar to the 2002 findings, a higher percentage of respondents reported a household size of five or more in 2005 (31% in 2005, 25% in 2002).

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 \$1,000, 9 percent \$1,001 to \$10,000, 25 percent \$10,001 to \$20,000, 35 percent \$20,001 to \$35,000, 19 percent \$35,001 to \$50,000, and 6 percent more than \$50,000. Information was unavailable for 2 percent of respondents. Owners' average annual income at the onset of NDC assistance was \$26,498, the median was \$25,000.

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

Education level prior to NDC assistance

Overall, NDC-assisted business owners are well educated. Ninety-six percent have a high school diploma or GED (compared to 85% in 2002). Sixty-eight percent have some education beyond high school (compared to 56% in 2002), including 13 percent who have graduate training. The education level is unknown or doesn't apply for 4 percent of the owners.

Business training and experience prior to NDC assistance

Business owners were asked whether they had business training or experience trying to run a business prior to NDC assistance. Eight percent report previous business training; 66 percent had previously tried to run a business.

Employment status at onset of NDC assistance

When they began working with NDC, 85 percent of respondents were employed full-time (71%) or part-time (14%), at their own business or someone else's. This is an increase from 2002, when 77 percent of respondents were employed at the onset of assistance. Five percent of respondents were unemployed; 2 percent received income related to their disability; and 4 percent had an employment situation categorized as "other." Information was unavailable for 4 percent of respondents.

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

Employment status of NDC-assisted business owners

Sixty-six percent of business owners surveyed work at their own business full-time, 28 percent part-time; and 6 percent seasonally. Sixteen percent of owners work full-time at another job, 16 percent part-time, and 4 percent seasonally.

Twenty-two percent of respondents have another business. More specifically, 13 percent have one other business, 6 percent two other businesses, and 2 percent three or more.

Primary income source

For 54 percent of owners, their primary source of income is their business (up from 44% in 2000). Other primary sources of income are a spouse or partner's job (20%) and another job held by the business owner (18%). Six percent receive their primary income from other sources, such as another household member's earnings, disability-related payments, Social Security, investments, pension, adoption assistance insurance, and renting property/space.

Household income

Owners were asked their current monthly household income. Ten percent have an income of \$1,500 a month or less, 21 percent between \$1,501 and \$2,500, 19 percent between \$2,501 and \$3,500, and 39 percent more than \$3,500 monthly. Eleven percent of owners did not provide their monthly household income.

Owners were also slightly less likely to be receiving MFIP or General Assistance at the time the survey was completed (5%), compared to the onset of NDC assistance (7%).

Household income brought in by business

Thirteen percent of the business owners report that none of their household income currently comes from their business. Nineteen percent of owners get less than 30 percent of their household income from their business; 15 percent between 31 percent and 50 percent, 18 percent between 51 percent and 90 percent, and 31 percent between 91 and 100 percent. Five percent didn't know or didn't respond to the question. On average, 57 percent of household income is brought in by the NDC-assisted business (up from 49% in 2002). The median figure is 60 percent (up from 50% in 2002).

Business, commercial, and personal insurance

Fifty-seven percent of owners have general liability or umbrella coverage (down from 66% in 2002), 41 percent have commercial property insurance (down from 47% in 2002), and 35 percent have workers' compensation (up from 31% in 2002).

Seventy-three 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, 301 NDC alumni currently operate their own business. This section describes the businesses of the 170 owners who were randomly selected to participate in this evaluation.

With the assistance of NDC, 42 percent of those surveyed started a new business (up from 37% in 2002), and 49 percent expanded an existing business (down from 63% in 2002). Nine percent did not provide this information.

Fifty-eight percent of the businesses are service-oriented, 21 percent retail (excluding restaurants), 11 percent restaurant or catering, 4 percent specialty food production, 4 percent construction, and 3 percent production or manufacturing.

Four percent of businesses have been in operation less than a year, 33 percent one to two years, 19 percent three to four years, 26 percent five to nine years, and 17 percent 10 or more years. The average length of time in business is just over five years; the median four years.

Eighty-three percent of businesses have one location, 8 percent two, and 7 percent three or more. Number of locations range from one to 25. The average is 1.4; and the median is one.

Co-owners

Seventy-four percent of businesses are sole proprietorships (up from 63% in 2002). Twenty-six percent of the NDC-assisted business owners surveyed co-own their business with at least one other person (21% have one co-owner, 2% two co-owners and 2% three co-owners). Fifty-seven percent of co-owners are family members.

Business space

Forty-nine percent of the businesses are home-based (up from 44% in 2002); 39 percent are located in leased commercial space (down from 48% in 2002); and 10 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 make the following estimates regarding the amount of business that comes from within one mile of their business location: 21 percent say none, 21 percent one-tenth or less, 11 percent over one-tenth to one-fourth, 25 percent over one-fourth to one-half, 8 percent over one-half to three-fourths, and 9 percent over three-fourths to all.

Monthly bookkeeping service

Thirty-eight percent of business owners use some kind of monthly bookkeeping service.

Current level of gross monthly revenues

Five percent of respondents report no sales to date. Seven percent report monthly gross revenues below \$500,¹ 8 percent from \$501 to \$1,000, 15 percent from \$1,001 to \$2,000, 23 percent from \$2,001 to \$5,000, 13 percent from \$5,001 to \$16,000, and 18 percent more than \$16,000. Twelve percent of business owners did not know or refused to provide their gross monthly revenue.

Months to profitability

Twenty-five percent of owners have not yet made a profit from their businesses. Twenty-two percent made a profit in less than six months, 15 percent in six to 12 months, 11 percent in about 12 to 18 months, 5 percent in about two years, and 8 percent in over two years. Fourteen 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. Thirty-one percent of owners do not have a loan; 69 percent do. Thirty-five percent have a loan from family or friends (up from 25% in 2002), 34 percent use their credit cards, 28 percent have a loan from NDC, 26 percent from a bank, 11 percent from a city program, and 10 percent from another non-profit agency (other than NDC).

Thirty-one percent of the owners report having no business debt. Twelve percent owe less than \$5,000, 14 percent \$5,000 to \$10,000 (down from 20% in 2002), 11 percent \$10,001 to \$20,000, and 9 percent \$20,001 to \$50,000. Eighteen percent owe more than \$50,000 (up from 11% in 2002). The mean amount of reported debt is \$42,597 (up from \$25,963 in 2002), and the median is \$5,000 (up from \$4,500 in 2002). The maximum amount of debt owed by any one individual is \$750,000. The total amount of business debt of all respondents is \$6,858,070.

¹ Less than 1 percent of respondents reported monthly gross revenues below \$50. Thus, this category was excluded from this report.

Business expansion since NDC assistance

(Figure 7)

Eighty-three of the 170 surveyed owners (49%) 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.

Expansion of hours

Thirty-nine percent of the 83 owners of pre-existing businesses report that they have expanded their hours of business since NDC assistance (up from 29% in 2002). Specifically, 19 percent expanded up to 10 hours per week, 8 percent 11 to 20 hours, and 6 percent over 20 hours. On average, those who expanded their hours did so by about 18 hours per week, with a median of 10 hours.

Expansion of employees

Twenty-nine percent of the pre-existing business owners have hired more employees since NDC assistance. Specifically, 25 percent added five or fewer employees, 1 percent 6 to 10 employees, and 2 percent 10 or more. Of those businesses who increased their number of employees, the average increase is eight employees; the median is three.

Expansion of gross monthly revenues

Sixty-seven percent of pre-existing business owners report increasing their gross monthly revenues (up from 58% in 2002). Specifically, 17 percent increased their gross monthly revenue \$500 or less, 14 percent \$501 to \$1,000, 13 percent \$1,001 to \$5,000, and 5 percent more than \$5,000. Seventeen 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 amount is \$3,326; the median is \$1,000.

Expansion of business income

Fifty-nine percent of pre-existing business owners report increasing their monthly income from their business (up from 47% in 2002). Specifically, 4 percent increased their income by less than \$200 per month, 18 percent by \$200 to \$500, 17 percent by \$501 to \$1,500, and 11 percent by more than \$1,500. Eight 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 amount is \$2,119; the median is \$770.

Expansion of number of locations

Thirteen percent of the pre-existing business owners expanded their business to at least one additional location. Specifically, 5 percent added a location in Minneapolis, 5 percent in Saint Paul, and 2 percent in Saint Louis Park. In addition, locations were added in the Mercado, Cottage Grove, Edina, and Shakopee (1% each).

Change from home-based to commercial space

Nineteen percent of the owners of preexisting 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-eight percent of the business owners report that being in business is meeting their personal goals “quite a bit,” 33 percent say “somewhat,” 12 percent “a little,” and 6 percent “not at all.”

Twelve percent of the business owners report meeting their financial goals “quite a bit,” (down from 17% in 2002); 39 percent “somewhat,” 22 percent “a little,” and 24 percent “not at all.”

As in 2002, more respondents report meeting their personal goals “quite a bit” (48%), than their financial ones (12%).

Future business goals (Figure 8)

NDC-assisted business owners were asked about their future business goals, specifically in relation to gross monthly revenues and number of employees. In addition, owners were asked to list other goals they have, 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). One-fourth of owners want to increase their gross monthly revenues by less than \$5,000, 19 percent by \$5,000 to \$9,999, 15 percent by \$10,000 to \$24,999, and 21 percent by \$25,000 or more. Goals range from an increase of \$300 a month to \$500,000 a month. The average goal is an increase of about \$31,500 a month; the median an increase of \$10,000 a month. If these owners meet their goals, their businesses will gross an additional \$3,678,100 monthly (down from a goal of about 5 million dollars in 2002), or over 44 million dollars annually.

Seventy-six percent of owners have as a goal to hire additional employees (19% do not want additional employees; 6% did not know or did not answer the question). Twenty-one percent want one to two additional employees, 24 percent three to five, 17 percent 6 to 10, 4 percent 10 to 20, and 10 percent more than 20. Owners range from wanting one additional employee to 300. On average, these owners want to hire 15 additional employees. The median is four. If these owners meet their goals, they would employ an additional

1,848 people (up from a goal of 1,252 in 2002) in addition to the 744 people already employed by all of the surveyed businesses (up from 403 in 2002).

Just about four out of five (79%) owners have other plans for business growth besides those described above. Multiple responses were collected and grouped into categories. Respondents had a wide variety of plans. The most common include: expanding into new markets (20%), increasing their number of job sites or business locations (19%), and offering new products or services (17%).

Capital needed to achieve business goals (Figure 8)

Nine percent of respondents say they would need no additional capital to achieve their goals. Fifteen percent need less than \$10,000, 39 percent \$10,001 to \$50,000, and one-fourth more than \$50,000 (down from 34% in 2002). Twelve percent didn't know or didn't respond. Of those who provided an amount, the average capital needed is about \$160,000 (up from about \$97,000 in 2002); the median is \$30,000 (down from \$40,000 in 2002). In total, respondents need about 24 million dollars in capital to achieve their goals (up from 20 million dollars in 2002).

Ways NDC can help business grow (Figure 9)

NDC-assisted business owners were asked to suggest ways NDC can help their businesses grow. Multiple responses were allowed and grouped into categories. Thirteen percent of respondents say there is nothing NDC can do or that they are not looking to grow. Forty-five percent want NDC to provide financing; 22 percent want technical assistance regarding running a business; 20 percent want assistance with marketing, advertising, or business referrals; and 14 percent want more classes or training. Other suggestions include helping client renovate or acquire space (8%), helping with business plans (5%), and providing legal counseling (5%).

Neighborhood impacts of NDC-assisted businesses

Location and building occupancy of NDC-assisted businesses (Figure 10)

Neighborhood/community location

NDC collected information from business owners regarding either the neighborhood in which their business is located or the community organization to which they are connected. (All community organizations have an ethnic or racial affiliation.) Thirty-nine percent of owners have businesses located in one of seven neighborhoods in Saint Paul. The most common neighborhoods are Hamline Midway (11%), Riverview (8%), Frogtown (6%), or Dayton's Bluff (5%). Twenty-eight percent of owners have businesses located in one of four neighborhoods in Minneapolis. The neighborhoods are Northside (11%), Phillips (7%), Whittier (5%), and Seward (5%). Twenty-nine percent of owners are connected with one of 10 community organizations. The most common organizational affiliation is with the Latino Economic Development Center, either in Minneapolis (9%) or the east side of Saint Paul (5%). Owners are also connected with organizations serving the American Indian, African, Asian, Hmong, Lao, Oromo, and Somali communities. Four percent of owners are connected with the NDC's RECIPES program.

Building and property-related impacts of businesses (Figure 11)

Thirty-four percent of NDC-assisted businesses occupy a building that was formerly vacant (up from 29% in 2002), and 19 percent of businesses are in spaces that were rehabbed so that their businesses could move in. Eight percent are in spaces that were substantially rebuilt in order for the business to move in, resulting in neighborhood blight removal.

Thirteen percent of business owners report paying property taxes (up from 9% in 2002). Of those who pay property taxes, 36 percent pay less than \$5,000 annually, 27 percent pay \$5,001 to \$10,000, and 14 percent pay more than \$10,000. Twenty-three 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 \$152,600 (up from \$56,083 in 2002).

Forty-seven percent of business owners report paying rent. Of those who pay rent, 14 percent pay less than \$400 a month, 36 percent pay between \$400 and \$999, 23 percent pay between \$1,000 and \$1,999, and 19 percent pay \$2,000 or more. Nine percent did

not know or did not report their monthly rent. For those who provided the amount of their monthly rent, the average is \$1,720; the median is \$900. In total, these owners pay \$1,527,372 annually (up from \$1,380,516 in 2002).

Employment impacts of businesses (Figure 12)

Number and profile of persons employed by NDC-assisted businesses

Forty-one percent of surveyed business owners have employees (up from 37% in 2002). These 70 business owners employ from 1 to 120 individuals, with an average of 10.6 employees per business, and a median of four employees. (Overall, for all 170 owners the average is 4.4 employees per business, up from 1.8 in 2002). In total, these businesses employ 744 individuals (up from 403 in 2002). Ninety-eight percent of these employees are paid.

Fifty-three percent of employees work full-time (40 or more hours per week; up from 47% in 2002). Twenty-four percent work 30 to 39 hours per week, 10 percent 20 to 29 hours, 11 percent 10 to 19 hours, and 2 percent less than 10 hours.

Forty-seven percent of employees earn less than \$10 an hour (down from 57% in 2002); 38 percent \$10 to \$20 an hour (up from 29% in 2002), and 2 percent more than \$20 an hour (down from 8% in 2002). Wages were not provided for 13 percent of employees. On average, employees earn about \$10 an hour; the median is \$9 an hour (these figures were not calculated in 2002). The range is from \$5.25 to \$45.00 an hour.

Forty-nine percent of businesses with employees (or 20% of all businesses) employ family members. Eight percent of all employees are family members (down from 17% in 2002).

Eighty-one percent of businesses with employees (or 29% of all businesses) employ neighborhood residents. Sixty-two percent of all employees are neighborhood residents (up from 48% in 2002).

Fifty-seven percent of businesses with employees (or 24% 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, 11 percent hold an assistant manager or manager level position.

Thirty-nine percent of employees are Latino or Hispanic, 16 percent White (not Hispanic; down from 25% in 2002), 15 percent Native American (up from 4% in 2002), 15 percent Hmong (up from 2% in 2002), 9 percent African American or Black (down from 23% in 2002), 3 percent “other” Asian (not Hmong), 1 percent Somali, and 2 percent an other ethnicity or race. The ethnicity of employees has changed quite a bit since the 2002 study,

especially the increase in Native American and Hmong employees, and the decrease in African American and White (not Hispanic) employees. (In contrast, the ethnic/racial distribution of employers has remained almost the same.)

Of the 70 business owners with employees, 80 percent report providing some form of employee training. Employers were asked the types of training they provide; and their answers were grouped into categories. The most common responses are ongoing or on-the-job training (52%), customer service training (36%), food service training or certification (20%), and safety training (14%). Eleven percent say they send employees to outside training programs.

Thirty percent of business owners with employees provide paid holidays, 29 percent paid vacation, and 14 percent paid sick days. Ten percent offer partially-paid health insurance, and 6 percent fully-paid. Six percent have a retirement plan for their employees.

One percent of businesses with employees have monthly payrolls of less than \$500 (down from 14% in 2002); 27 percent have payrolls between \$501 and \$2,500 per month (up from 21% in 2002); 19 percent have monthly payrolls between \$2,501 and \$5,000, and 37 percent have monthly payrolls over \$5,000 (up from 29% in 2002). Sixteen percent didn't know or didn't respond to the question. The range of monthly payrolls among business owners with employees is \$250 to \$150,000. The average is about \$14,000 (up from \$7,491 in 2002), and the median \$5,000 (up from \$3,000 in 2002). The total monthly payroll of these business owners is \$796,725 (compared to \$516,884 in 2002), or about 9.5 million dollars annually.

Of the business owners with employees, 9 percent report that they do not pay payroll taxes. Nine percent report paying less than \$500 a month, 7 percent \$501 to \$1,000 a month, and 16 percent more than \$1,000 a month. Fifty-eight percent either didn't know what they paid or refused to answer the question (up from 42% in 2002). For those who report their monthly payroll taxes, amounts range from \$150 to \$30,000 a month, with an average of \$2,853 (up from \$1,751 in 2002) and a median of about \$1,000. The payroll taxes for these business owners totaled \$62,770 a month (down from \$84,069 in 2002; potentially due to the large number of missing responses), or about \$753,000 annually.

Forty-two percent of owners have hired subcontractors or cash workers in the past year. The total dollar value of these workers is just over 1.3 million dollars, up slightly from 2002 (1.2 million dollars).

Other contributions to neighborhood economy and quality of life (Figure 13)

Estimated dollar amount spent within neighborhood on materials and supplies

Seventeen percent of business owners say they do not spend money on materials and supplies within their neighborhood, down from 25 percent in 2002. Seventy-five percent do spend money on materials and supplies in their neighborhood. Fourteen percent spend less than \$100 each month, 25 percent \$100 to \$499, 18 percent \$500 to \$1,000, and 18 percent more than \$1,000 a month. Nine percent either didn't know or didn't respond to the question. The average amount spent monthly on materials and supplies within the neighborhood is about \$1,000 (up slightly from \$804 in 2002), the median \$200 (up slightly from \$150 in 2002). The total amount spent per month is \$153,430, or about 1.8 million dollars annually.

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

Fifty-five percent of business owners report contributing some time, money, or in-kind support to neighborhood events or activities in the past 12 months (down from 60% in 2002). These owners were asked to describe their contribution; and their answers were grouped into categories. Thirty-three percent helped with fundraising or gave cash donations; 30 percent contributed products, services, or space; and 24 percent contributed time or assistance. Fourteen percent cited the event they assisted with, rather than the type of assistance they provided.

When asked to assign a dollar value to their contributions to neighborhood activities and events over the past year, 46 percent of owners say they made no contributions or their contributions had no monetary value (up from 41% in 2002). Six percent made contributions valued at less than \$100, 15 percent between \$100 and \$500, 10 percent between \$501 and \$1,000, 14 percent between \$1,001 and \$5,000, and 5 percent more than \$5,000. Five percent did not know or did not answer the question. The estimated monetary value of contributions ranges from \$0 to \$35,000. The average is about \$2,000 (down from almost \$4,000 in 2002), and the median \$600 (up from \$500 in 2002). In sum, respondents estimate that they made \$165,624 worth of contributions to neighborhood events and activities during the past year (down from \$441,357 in 2002).

Business owners as role models

Business owners were asked if they serve as role models for their community. Eighty-three percent say they do. These owners were then asked how they serve as role models, and their responses were grouped into categories. Sixty-nine percent say they do so by educating others or by simply being a positive role model. Other responses include: providing time and assistance (12%), providing needed products or services locally (11%), and stabilizing the community's financial base (10%).

Business owners as leaders

Business owners were asked if they participate in their neighborhood as leaders. Twenty-nine percent report they do (down from 35% in 2002). These owners were then asked to describe how they provide leadership. Their responses were grouped into categories. The most common response is that owners provide leadership in their neighborhood by offering time and assistance to community groups and associations (55%). Other responses include serving as a group leader, board member, or coach (27%); and serving as a role model or mentor (10%).

In 2005, a new question was added to the survey asking respondents if they provide leadership in their ethnic community. Overall, 27 percent of respondents say they do. Specifically, 34 percent of respondents from immigrant communities or communities of color (N=123) and 9 percent of White, non-Hispanic respondents (N=47) say they provide leadership to their ethnic community. Again, responses to how they provide this leadership were grouped into categories. The most common responses are as follows: 59 percent say they serve as a community leader, group leader, or board member; 14 percent promote community and cultural events; 11 percent serve as a role model or mentor; and 11 percent provide religious ministry services.

Overall, 39 percent of respondents feel they serve as leaders, whether it be in their neighborhood, their ethnic community, or both.

Space for and connection to the community

Thirty-one percent of business owners say their business serves as a gathering place for the community (up slightly from 27% in 2002). Forty percent of business owners say they feel connected with neighborhood groups or associations (down from 59% in 2002). Forty-three percent of respondents from immigrant communities or communities of color (N=123), and 11 percent of White, non-Hispanic respondents (N=47), or 34 percent of all respondents, say they feel connected with groups or associations related to their race or ethnicity (not asked in 2002),

Owners' descriptions of their businesses' contributions

Owners were asked to describe what their businesses contribute to their neighborhood. Multiple responses were recorded and grouped into categories. The most frequent responses include providing needed, affordable, and/or convenient products or services (33%); providing employment and/or training for residents (13%); serving as a role model or mentor (11%), and offering cash or in-kind donations to neighborhood groups or activities (10%). Seventeen percent of owners say their businesses contribute nothing to the neighborhood (up from 12% in 2002).

A new question was added asking owners what their business contributes to their ethnic community. Again, multiple responses were recorded and grouped into categories. Responses include providing convenient access to ethnic products or services (28%), serving as a role model or mentor (12%), and providing clients with a place to feel comfortable or a sense of belonging (8%). Twenty-eight percent of all owners (14% of owners from immigrant communities or communities of color, and 67% of White, non-Hispanic owners) say their business contributes nothing to their ethnic community.

Owners' views of NDC assistance (Figure 14)

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-three percent say training (up from 44% in 2002), 19 percent support and encouragement, 15 percent technical assistance (down from 21% in 2002), 14 percent financing, 11 percent contacts or networking, and 3 percent location in an incubator. Ten percent say "other," including one-on-one sessions (2%), general knowledge (2%), an open door policy for alumni (1%), marketing or advertising (1%), referral to a legal service or help with legal issues (1%), and food expertise (less than 1%). In addition, 2 percent say they received no help from NDC.

In 2005, an additional question was added asking the 122 owners who said that training and/or technical assistance was most beneficial, what topic was most helpful to them. Multiple responses were allowed. Thirty-four percent say business plan; 19 percent bookkeeping, accounting, or financial advice; 19 percent marketing or advertising; 13 percent general business management skills; 8 percent legal issues; and 3 percent restaurant management skills. Eleven percent say "other," including one-on-one consulting (4%), entrepreneurial advice (4%), ongoing support (1%), and computer help (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-eight percent of owners say their business is as successful as it is today largely because of NDC's assistance (up from 23% in 2002). Forty-eight percent say their business is as successful as it is today somewhat because of NDC's assistance; and 23 percent say their business is no better or no worse off due to NDC. No one says their business is worse off as a result of NDC's help.

The 47 owners who say their business is successful largely due to NDC most commonly attribute their success to the following forms of assistance: support and encouragement (24%); education, training, or classes (22%); financial help (22%); help with their business plan (13%); and business advice and management skills (11%).

The 82 owners who say they are successful *somewhat* due to NDC most commonly cite the following assistance as having helped in their success: education, training, or classes (20%); support and encouragement (14%); financial help (9%); and help with their business plan (9%). These owners also cite reasons why NDC was only somewhat responsible for their success, including the business owner not taking advantage of NDC's assistance

(4%), NDC not providing help (3%), NDC helping initially but then stopping (3%), and difficulties getting a loan from NDC (3%).

Notably, both owners who attribute their success largely to NDC and owners who attribute it somewhat to NDC most frequently identify NDC's educational opportunities, support and encouragement, financial assistance, and business plan expertise as relevant to their success.

The 39 owners who say their business is no better or worse off due to NDC assistance also reported both 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, 46 percent say NDC did not provide help; 15 percent didn't take advantage of NDC's assistance; 5 percent say NDC helped initially but then stopped; and 3 percent that they had problems getting a loan from NDC. Regarding what was helpful, 10 percent say they received some general help from NDC; and 8 percent specified training, classes, or education. These respondents also discuss receiving financial assistance, help with marketing or advertising, technical assistance, and having what they already knew confirmed (3% each).

Business advice from NDC

Forty-five percent of NDC-assisted owners say that they used the business advice they received from NDC a lot, 29 percent some, 18 percent a little, and 8 percent not at all.

The 77 owners who used NDC's business advice a lot say the most helpful advice regarded business development, business plans, and research (31%); finances and taxes (22%), and bookkeeping and accounting (18%).

The 49 owners who used NDC's business advice some say the most helpful advice regarded business development, business plans, and research (30%); marketing and advertising (19%), and contacts and customer relations (14%).

The 30 owners who used NDC's business advice a little, most frequently say they did so because NDC provided no new advice or knowledge (32%); NDC did not provide enough advice or follow-up (32%); and/or the advice didn't apply to their business (14%). Still, 11 percent say that they did receive helpful marketing advice from NDC.

The 14 owners who did not use NDC's advice at all say they did not because NDC provided no new advice or knowledge (29%); the advice didn't apply to their business (21%); NDC did not help (21%); and/or they haven't gotten enough advice or follow-up from NDC (14%).

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 112 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. The most common response is that the experience with NDC isn't different (26%; up from 18% in 2002). The most common differences reported include NDC's assistance with: general knowledge and help (19%); guidelines, format, or focus (15%); bookkeeping, accounting, or financial planning (7%); and business plans (7%).

Comparisons by type of NDC assistance

(Figure 15)

For purposes of comparison, the business owners were divided into three main groups based on the type(s) of assistance they received from NDC: those who received training only (N=114), those who received training and financing (N=41), and those who are in an incubator as well as having received other services (N=9). As only five respondents received financing only, they are excluded from this portion of the analysis. In addition, the one respondent who did not report the type of assistance they received is excluded. The following section compares businesses in each of the three main groups, and highlights differences among the groups. No comparisons are made to 2002 as the groupings differ.

Demographics

The training only group is 56 percent men, 44 percent women. The average and median age is 43. Ninety-seven percent completed high school or received their GED, including 65 percent who received post-high school education. (Educational information was unavailable for 3%.) Nine percent have previous business training, 69 percent previous experience running a business.

The training and financing group is 46 percent men, 54 percent women. The average age is 41, the median 42. Ninety-one percent completed high school or received their GED, including 54 percent who received post-high school education. (Educational information was unavailable for 7%.) Seven percent have previous business training, 59 percent previous experience running a business.

The incubator group had 6 men and 3 women.² The average age is 41, the median 36. All owners in this group completed high school or obtained their GED, including two who received post-high school education. No one has previous business training; four of the nine owners have previous experience running a business.

In sum, the training only and incubators groups have more men than women, the training and financing group more women than men. The average age across groups is similar, but the median age of the incubator group is slightly younger (36 compared to 43 and 42). A slightly higher percentage of owners in the training only group completed high school (97%) and completed post-high school education (65%) than in the training and financing group (91% and 54%). The training only group and training and financing group both had less than 10 percent of owners with previous business training; the incubator group had none. The training only group had a greater percentage of owners

² Given the N of less than 10, counts for the incubator group are provided in numbers, rather than percentages.

with previous experience running a business (69%) than the training and financing group (59%). Less than half of owners in the incubator group have previous business experience.

Business status

While 42 percent of the training only group and 46 percent of the training and financing group started a new business with NDC's assistance, eight of the nine incubator businesses did. In contrast, 58 percent of the training only group, 54 percent of the training and financing group, and one member of the incubator group expanded their business.

Service-related businesses are most common for the training only (67%) and training and financing respondents (49%); retail for the incubator respondents (6 out of 9). Training and financing respondents were more likely to have a restaurant or catering business (22%) than training only respondents (5%) and incubator respondents (1 out of 9). For all groups, the average and median age of their businesses is about four to five years old. Training only respondents are more likely to have another business (40%) than training and financing respondents (24%) and incubator respondents (3 out of 9).

Overall, incubator respondents appear to have the highest gross monthly revenues, with none making less than \$500 monthly and four out of nine more than \$5,000. Training and financing respondents appear to have the second highest gross monthly revenues with 8 percent earning less than \$500 and 40 percent more than \$5,000. Training only respondents come in third, with 16 percent making less than \$500 and 30 percent more than \$5,000.

Training and financing respondents have the highest average debt (\$50,688), followed by training only respondents (\$34,053), and incubator respondents (\$11,556). The training and financing group also has the highest median debt (\$18,500), followed by the incubator group (\$5,000), and the training only group (\$2,750).

Incubator respondents and training and financing respondents are more likely to report making a profit within a year (6 out of 9 and 52%) than training only respondents (44%).

Thirty-five percent of the training only group has employees, compared to 51 percent of the training and financing group, and six of the nine incubator group members. The average number of employees is about four for all groups. The median is one for the training and financing group and the incubator group and zero for the training only group. The average and median percent of staff who are neighborhood residents is higher for the training and financing group (60% and 50%) than the training only group (44% and 33%). The incubator group is not included in this analysis due to the small number of owners who employ neighborhood residents.

The incubator group has the highest percentage of all employees who work full-time (80%; N=35), followed by the training only group (68%; N=490), then the training and financing group (56%; N=158). For all groups, Latinos/Hispanics make up the highest percentage of employees, although the percentages vary (incubator employees are 97% Latino/Hispanic, training and financing employees 52%, and training only employees 23%). The training only respondents are the only group with Hmong employees (22% of all of their employees). The training only respondents also have the highest percentage of Native American employees (21% of all employees, compared to 1% of training and financing employees, and 0% of incubator employees). About one-tenth of training only and training and financing employees are African American, compared to 3 percent of the incubator employees. Training and financing employees are more likely to be White, non-Hispanic (25%) than training only employees (16%) and incubator employees (0%).

Growth of pre-existing businesses

Training only and training and financing respondents were compared in regard to growth of pre-existing businesses (the incubator group is excluded from the comparison as only one owner had a pre-existing business). In all cases, a higher percentage of the training and financing, pre-existing business owners (N=22) report growth than the training only, pre-existing business owners (N=57). Specifically, comparing the training and financing pre-existing businesses to the training only pre-existing business: 50 percent compared to 33 percent expanded their hours of business; 41 percent compared to 25 percent expanded their number of employees; 71 percent compared to 65 percent increased their gross monthly revenues; 76 percent compared to 54 percent increased their monthly income from their business; 18 percent compared to 11 percent expanded to at least one additional location; and 23 percent compared to 18 percent moved from a home-based business to commercial space.

Goals

The training only group has higher average goals in terms of additional gross monthly revenues (about \$28,000) and in terms of additional employees (about 13), than the training and financing group (about \$16,000 monthly and about 9 employees) and the incubator group (about \$21,000 monthly and about 11 employees). The training and financing group has higher median goals in terms of additional gross monthly revenues (\$8,000) and additional employees (5) than the training and financing group (\$6,000 monthly and 3 employees) and the incubator group (\$4,000 monthly and 3 employees). In terms of capital to attain their goals, the training and financing group needs an average of about \$129,000, and a median of \$35,000; the training only group an average of about

\$127,000, and a median of \$25,000; and the incubator group an average of about \$30,000, and a median of \$20,000.

Impact of businesses

Businesses contribute to the community in a variety of ways, including: rent, payroll, serving as role models, providing leadership, contributing to neighborhood activities, and offering a safe and comfortable gathering place. The training and financing group have the highest average (about \$1,800) and median (about \$1,400) monthly rent, compared to the training only group (average about \$1,000, median \$750) and the incubator group (average about \$1,600, median \$800). The training only group has a higher average payroll (about \$17,000) than the training and financing group (about \$8,000), but both groups have a similar median payroll (\$4,500 vs. \$5,000; incubator not included due to small N).

The training and financing owners (93%) and the incubator owners (8 out of 9) are more likely to see themselves as role models for the community than the training only group (81%). Groups are about equally likely to see themselves as providing leadership to their neighborhood (training only 30%; training and financing 29%; incubator 2 out of 9) and their ethnic community (training only 25%; training and financing 32%; incubator 3 out of 9).

The incubator group is most likely to have contributed time, money, or in-kind support to neighborhood activities (8 out of 9), followed by the training and financing group (66%), and the training only group (48%). Five of the nine incubator group members, 39 percent of the training and financing group, and 25 percent of the training only group say their business serves as a gathering place for the community.

Views on NDC

All incubator respondents say their business is as successful as it is due largely (4 out of 9) or somewhat (5 out of 9) to NDC. A higher percentage of the training and financing group than the training only group feel their success is largely due to NDC (59% vs. 16%). A higher percentage of the training only group feel their business success is somewhat due to NDC (52%) or feel their business is no better or worse off due to NDC (32%) than the training and financing group (37% and 5%).

Eight of the nine incubator respondents say they used NDC's business advice a lot (5 out of 9) or some (3 out of 9). A higher percentage of the training and financing group than the training only group say they used NDC's business advice a lot (76% vs. 34%). A higher percentage of the training only group used NDC's business advice some (33%) or a little (24%), compared to the training and financing group (15% and 5%).

Second stage businesses (Figure 16)

In 2005, questions were added to understand the keys to success and the needs of second stage businesses. Second stage businesses are defined as those that have been in existence for three or more years, have five or more employees, and/or have gross annual revenues of \$200,000 or more. Second stage business owners comprised 68 percent of all business owners surveyed.

The 115 second stage business owners were asked the source of their business knowledge. Multiple responses were allowed and grouped into categories. The primary source of business knowledge is experience working for someone else (26%); followed closely by being self-taught or learning as they run their own business (25%); then entrepreneur training, including NDC training (21%); advice from others (15%), and formal business-related education (14%).

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 (73%), followed by family or friends (24%), financing from NDC (17%), bank loan (15%), credit card (14%), other non-profit funding source (6%), and private investors (4%). Eleven percent of respondents note other sources of financing including home equity loans (8%), living rent-free with family or friends (1%), the city (1%), and franchise (1%).

Forty-five percent of second stage business owners say they have come very close to going out of business. These 52 owners were then asked what prevented it from happening. Multiple responses were allowed and grouped into categories. The most common responses include: determination (37%), change in business name or services (16%), credit card usage or loans (12%), and increase in demand for their products or services (10%).

Second stage business owners were asked what accounts for their success. Multiple responses were allowed and grouped into categories. Half of respondents attribute their success to determination and hard work. Respondents also attribute their success to other factors including: experience, skills, or knowledge (14%); good customer service or repeat customers (14%); training and assistance through NDC (13%), lots of support from or connection to the community (13%), and high quality products or services (11%).

Second stage business owners were also 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%), do lots of research

(21%), have a business plan and set goals (21%), take NDC or other business classes (16%), start with as little debt as possible and/or have start-up money (12%), use support groups and networks (11%), and choose something you like to do (10%).

Comparisons of second and first stage businesses

In order to identify possible keys to business success, first stage and second stage businesses were compared on a wide variety of factors that could be related to business success, including: owner's highest level of education, previous business training, previous business experience, type of business, type of assistance received from NDC, the extent to which NDC's business advice was used, and whether or not the business was ever home-based. Interestingly, the only statistically significant difference identified is that more second stage businesses have been home-based (47%) than first stage businesses (21%).

Second stage businesses owners were also compared to first stage business owners in terms of their responses to how NDC can help their business grow. This question was asked of all respondents. Multiple responses were allowed, and then grouped into categories. The most frequent responses are the same for second and first stage business owners: financing (44% and 48%); technical assistance for running a business (22% and 23%); help with marketing, advertising, or referrals (19% and 17%), and more classes or training (12% and 17%). The only notable difference is that first stage businesses owners (10%) are more likely than second stage business owners (1%) to list one-on-one meetings or mentoring as a way for NDC to help their business grow.

Figures of results

2. Assistance received from NDC

Assistance received from NDC (multiple responses possible)	(N=170)
Training	97%
Financing	32%
Incubator location	5%
Missing	<1%
Total assistance received from NDC	(N=170)
Training only	67%
Training and financing	24%
Incubator location and additional services	5%
Financing only	3%
Missing	<1%
NDC cycle	(N=170)
1993	<1%
1994	3%
1995	6%
1996	4%
1997	3%
1998	6%
1999	9%
2000	9%
2001	11%
2002	13%
2003	18%
2004	19%

3. Demographic profile of business owners

Gender	(N=170)
Male	55%
Female	45%
Age	
25 – 30	7%
31 – 35	14%
36 – 40	19%
41 – 45	24%
46 – 50	16%
51 – 55	12%
56 – 71	6%
Refused	2%
Mean	42.6
Median	42.0
Range	25-71
Race/ethnicity	
African American/Black	29%
White (non Hispanic)	28%
Latino/Hispanic/Chicano	24%
Somali	5%
Native American/American Indian	5%
Hmong	4%
Oromo	2%
African	1%
Other Asian American	1%
Other	2%
Number in household	
Single person	17%
Two persons	17%
Three persons	22%
Four persons	13%
Five or more persons	31%
Mean	3.6
Median	3.0
Range	1-13

3. Demographic profile of business owners (continued)

Annual income prior to NDC assistance	N=170
\$1,000 or less	4%
\$1,001 to \$10,000	9%
\$10,001 to \$20,000	25%
\$20,001 to \$35,000	35%
\$35,001 to \$50,000	19%
More than \$50,000	6%
Missing	2%
Mean	\$26,498
Median	\$25,000

4. Education, training and work experience at onset of NDC assistance

Education level at onset of NDC assistance	(N=170)
Less than high school	1%
High school/GED	28%
Post-secondary	55%
Graduate training	13%
Missing/NA	4%
Prior business training	(N=170)
Yes	8%
No	92%
Prior experience trying to run own business	(N=170)
Yes	66%
No	34%
Employment status at onset of NDC assistance	(N=170)
Full-time	71%
Part-time	14%
Unemployed	5%
Disabled	2%
Other	4%
Unknown	4%

5. Current employment and financial status of NDC-assisted business owners

Employment at own business	(N=170)
Works full-time at own business	66%
Works part-time at own business	28%
Works seasonally at own business	6%
Other employment	(N=170)
No other employment	64%
Works full-time at another job	16%
Works part-time at another job	16%
Works seasonally at another job	4%
Other businesses	(N=170)
Does not have another business	78%
Has another business	22%
1 other business	13%
2 other businesses	6%
3 or more other businesses	2%
Percent of business owners surveyed on MFIP or GA	(N=170)
Previous to work with NDC	7%
At time of survey	5%
Primary income source	(N=170)
Your business	54%
Your spouse or partners job	20%
Another job of yours	18%
Another source:	6%
Children/other household members	2%
Disability	1%
Social Security	<1%
Investments	<1%
Pension	<1%
Adoption assistance money	<1%
Renter	<1%
Refused/don't know	2%

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

Monthly household income	(N=170)
Under \$1,500	10%
\$1,501 to \$2,500	21%
\$2,501 to \$3,500	19%
More than \$3,500	39%
Missing/don't know/refused	11%
Percent of monthly household income brought home from business (includes reported and unreported income)	(N=170)
0%	13%
1% to 10%	7%
11% to 30%	12%
31% to 50%	15%
51% to 90%	18%
91% to 100%	31%
Don't know/refused	5%
Mean	56.8%
Median	60.0%
Business, commercial, and personal insurance	(N=170)
Percent who have:	
Health insurance	73%
General liability or umbrella coverage	57%
Commercial property insurance	41%
Workers compensation	35%

6. Current status of business

New or expanded business	Business owners (N=170)
New businesses	42%
Existing businesses (expanded)	49%
Missing/refused/don't know	9%
Type of business	(N=170)
Service	58%
Retail (excluding restaurants)	21%
Restaurant/catering	11%
Specialty food production	4%
Construction	4%
Production/manufacturing	3%
Age of business	(N=170)
<1 year	4%
1-2 years	33%
3-4 years	19%
5-9 years	26%
10-19 years	15%
20 or more years	2%
Don't know/refused	1%
Mean	5.1
Median	4.0
Range	<1-32
Number of locations	(N=170)
1	83%
2	8%
3 or more	7%
Mean	1.4
Median	1.0
Range	1-25

6. Current status of business (continued)

Co-owner(s)	(N listed in left column)
Does not have co-owners (N=170)	74%
Has co-owners (N=170)	26%
1 co-owner	21%
2 co-owners	2%
3 co-owners	2%
Percent of all co-owners who are family members (N=53)	57%
Current business space	(N=170)
Home-based business	49%
Leased commercial space	39%
Owned commercial space	10%
Missing	2%
Monthly bookkeeping service	(N=170)
Use monthly bookkeeping service	38%
Percent of business from within one mile	(N=170)
0%	21%
1% to 10%	21%
11% to 25%	11%
26% to 50%	25%
51% to 75%	8%
76% to 100%	9%
Don't know/refused/missing	6%
Mean	28.7%
Median	20.0%
Monthly gross revenues from business	(N=170)
No sales to date/0\$	5%
1\$ to \$500	7%
\$501 to \$1,000	8%
\$1,001 to \$2,000	15%
\$2,001 to \$5,000	23%
\$5,000 to \$16,000	13%
More than \$16,000	18%
Don't know/refused	12%

6. Current status of business (continued)

How many months to make a profit	(N=170)
Have not yet made a profit	25%
Less than 6 months	22%
6 to 12 months	15%
About 12 to 18 months	11%
Around 2 years	5%
More than 2 years	8%
Don't know/refused	14%
Loans	(N=170)
Does not have loan	31%
Has loan (source listed below; multiple responses possible)	69%
Relative or Friend	35%
Credit Card	34%
NDC	28%
Bank	26%
City program	11%
Another non-profit agency	10%
Total amount of business debt	(N=170)
\$0	31%
Less than \$5,000	12%
\$5,000 to \$10,000	14%
\$10,001 to \$20,000	11%
\$20,001 to \$50,000	9%
More than \$50,000	18%
Don't know	5%
Mean	\$42,597
Median	\$5,000
Range	\$0-\$750,000
Total amount of business debt	\$6,858,070

7. Growth of pre-existing businesses since NDC assistance

Since receiving NDC assistance,	Owners with pre-existing businesses (N=83)
Expanded hours of business	39%
By up to 10 hours per week more	19%
By 11 to 20 hours per week	8%
By more than 20 hours per week	6%
Missing/refused/don't know	5%
Mean	17.9
Median	10.0
Increased number of employees	29%
By up to 5 more	25%
By 6 to 10 more	1%
By more than 10	2%
Mean	8
Median	3
Increased monthly gross revenues	67%
By \$500 or less	17%
By \$501 to \$1,000	14%
By \$1,001 to \$2,000	2%
By \$2,001 to \$5,000	11%
By more than \$5,000	5%
Don't know/refused	17%
Mean	\$3,326
Median	\$1,000
Increased monthly income	59%
By less than \$200	4%
By \$200 to \$500	18%
By \$501 to \$1,500	17%
By more than \$1,500	11%
Don't know/refused	8%
Mean	\$2,119
Median	\$770

7. Growth of pre-existing businesses since NDC assistance (continued)

Since receiving NDC assistance,	Owners with pre-existing businesses (N=83)
Expanded to additional location (multiple locations possible)	13%
Minneapolis – downtown	4%
Minneapolis – South	1%
St. Paul – Greater East Side	2%
St. Paul – Hamline Midway	1%
St. Paul – Thomas/Dale	1%
St. Paul – West Side	1%
Mercado	1%
Cottage Grove	1%
Edina	1%
Shakopee	1%
St. Louis Park	2%
Moved from home-based to commercial business	19%

8. Goals of NDC-assisted business owners

Extent that being in business is meeting personal goals	(N=170)
Quite a bit	48%
Somewhat	33%
A little	12%
Not at all	6%
Missing	<1%
Extent that financial goals and expectations are being met	(N=170)
Quite a bit	12%
Somewhat	39%
A little	22%
Not at all	24%
Missing/refused/don't know	2%
Additional gross monthly revenue goals	(N=170)
No gross monthly revenue goal	3%
Less than \$5,000	25%
\$5,000 to \$9,999	19%
\$10,000 to \$24,999	15%
\$25,000 or more	21%
Missing/don't know/refused	17%
Mean	\$31,499
Median	\$10,000
Range	\$300-\$500,000
Total	\$3,678,100
Number of additional employees (goal)	(N=170)
No goal regarding additional employees	19%
1 to 2	21%
3 to 5	24%
6 to 10	17%
11 to 20	4%
More than 20	10%
Don't know/refused	6%
Mean	15.06
Median	4.0
Range	1-300
Total	1,848

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

Other goals (multiple responses grouped into categories)	(N=170)
No other goal	21%
Expand into new markets (advertising)	20%
Increase number of job sites/locations	19%
New product/service	17%
More/bigger space	11%
Hire more employees/subcontractors	10%
Increase client/customer base	10%
Increase revenues/sell more products	9%
Relocate (to better area) or move to commercial space	9%
Purchase additional equipment/stock	7%
Build or purchase a new building	5%
More networking/connecting with other businesses	4%
Get more education or training for myself and/or employees	3%
Do own manufacturing or assembly	3%
Develop a new or different business plan	2%
Becoming a union company	2%
Change personal responsibility/role in business	<1%
Renovate/redecorate building	<1%
Create standards to be followed by each store or location	<1%
Start a new business	<1%
Provide health insurance to employees	<1%
General growth (unspecified)	4%
Amount of capital needed to achieve business goals	(N=170)
\$0	9%
\$1 to \$10,000	15%
\$10,001 to \$50,000	39%
More than \$50,000	25%
Missing/don't know	12%
Mean	\$159,985
Median	\$30,000
Range	\$0-\$6,000,000
Total	\$23,837,750

9. Ways NDC can help businesses grow

Ways NDC can help business grow (multiple responses grouped into categories)	(N=170)
Nothing/not looking to grow	13%
Financing	45%
Technical assistance for running a business	22%
Marketing/referrals for business/advertising	20%
More classes/training	14%
Help renovate or acquire space	8%
Help with business plan	5%
Legal counseling	5%
Mentoring/one-on-one meetings	4%
Networking	3%
Relax incubator regulations/decrease incubator rent	2%
Help purchase new equipment	2%
Help with finding and training employees	1%
More/better follow-up	1%
NDC is not helpful	1%
No discrimination	<1%
Provide business analysis	<1%
Provide insurance	<1%
Utilize respondent's services	<1%
General help/support, unspecified	9%
Missing	8%

10. Location of business or community organization with which business is connected

Neighborhoods/community organizations	(N=170)
St. Paul:	
Hamline Midway	11%
Riverview	8%
Frogtown	6%
Dayton's Bluff	5%
Eastside	4%
Selby	3%
Aurora St. Anthony	2%
Minneapolis:	
Northside	11%
Phillips	7%
Whittier	5%
Seward	5%
Ethnic groups:	
Latino Economic Development Center-Minneapolis	9%
Latino Economic Development Center -East Side	5%
Oromo Community of Minnesota	4%
Minnesota Indian Economic Development Fund	3%
African Development Corporation	3%
Asian Development Council	<1%
American Indian Business Development Corp.	1%
Hmong American Partnership	1%
Somali	<1%
Women's Association of Hmong and Lao	<1%
NDC's RECIPES program	4%

11. Building/property-related impacts of businesses

Changes to building	(N=170)
Business occupied vacant building	34%
Building was rehabbed so that business could move in	19%
Building was substantially rebuilt so that business could move in	8%
Property taxes	(N listed in left column)
Percent who pay property taxes (N=170)	13%
Amount of annual property tax (N=22)	
Less than \$5,000	36%
\$5,001 to \$10,000	27%
Over \$10,000	14%
Don't know/refused	23%
Mean	\$8,976
Median	\$6,000
Range	\$1,700-\$50,000
Total annual property taxes	\$152,600
Rent	(N listed in left column)
Percent who pay rent (N=170)	47%
Amount of <i>monthly</i> rent (N=80)	
Less than \$200	4%
\$200-\$399	10%
\$400-\$599	17%
\$600-\$799	10%
\$800-\$999	9%
\$1,000-\$1,499	16%
\$1,500-\$1,999	7%
\$2,000 or more	19%
Don't know/refused	9%
Mean	\$1,720
Median	\$900
Range	\$2-\$27,500
Total monthly rent	\$127,281
Estimated total <i>annual</i> rent	\$1,527,372

12. Employment impacts of businesses

Employees (not counting owners)	(N listed in left column)
Does business have employees (N=170)	
Yes	41%
1 to 2 employees	12%
3 to 5 employees	15%
6 or more employees	14%
No	58%
Refused	<1%
Of businesses with employees (N=70)	
Mean number of employees	10.6
Median number of employees	4.0
Range	1-120
Total number of employees	744
Employees who are paid (N listed in left column)	
Of all businesses, percent with paid employees (N=170)	39%
Of business with employees: (N=70)	
Percent with paid employees	94%
Average percent of employees who are paid	93%
Median percent of employees who are paid	100%
Range	0-120
Of all employees: (N=744)	
Total number who are paid	731
Percent who are paid	98%
Hourly wage rates of paid employees (N=731)	
\$5.25 - \$9.99 an hour	47%
\$10.00 - \$20.00 an hour	38%
More than \$20.00 an hour	2%
Unknown	13%
Mean	\$10.08
Median	\$9.00
Range	\$5.25-\$45.00

12. Employment impacts of businesses (continued)

Of all employees, how many work:	(N=744)
40 or more hours per week	53%
35 to 39 hours per week	11%
30 to 34 hours per week	13%
20 to 29 hours per week	10%
10 to 19 hours per week	11%
Fewer than 10 hours per week	2%
Employees who are family members (N listed in left column)	
Of all businesses, percent with a family member employed (N=170)	20%
Of businesses with employees: (N=70)	
Percent employing a family member	49%
Average percent of employees who are family members	24%
Median percent of employees who are family members	0%
Range number of employees who are family members	0-7
Of all employees: (N=744)	
Total number who are family members	58
Percent who are family members	8%
Employees who are neighborhood residents (N listed in left column)	
Of all businesses, percent employing neighborhood residents (N=170)	29%
Of businesses with employees: (N=70)	
Percent employing neighborhood residents	81%
Average percent of employees who are neighborhood residents	51%
Median percent of employees who are neighborhood residents	50%
Range number of employees who are neighborhood residents	0-10
Of all employees: (N=744)	
Total number who are neighborhood residents (N=744)	460
Percent who are neighborhood residents (N=744)	62%

12. Employment impacts of businesses (continued)

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=170)	24%
Of businesses with employees: (N=70)	
Percent with employees who have assistant manager or manager level positions	57%
Average number of filled assistant manager or manager level positions	1.2
Median number of filled assistant manager or manager level positions	1.0
Of all employees: (N=744)	
Total number who have assistant manager or manager level positions	83
Percent who have assistant manager or manager level positions	11%
Ethnicity of employees (multiple responses possible)	(N=744)
Latino/Chicano/Hispanic	39%
White (non Hispanic)	16%
Native American/American Indian	15%
Hmong	15%
African American/Black	9%
Other Asian	3%
Somali	1%
Other	2%
Missing	<1%
Employee Training	(N=70)
Percent with employers who provide training for employees	80%
Type of training provided (multiple responses grouped into categories)	(N=56)
Ongoing/on the job	52%
Customer service/customer relations	36%
Food service training or certification	20%
Safety training	14%
External seminars and training	11%
CPR/First Aid	7%
Sales training	5%
One-on-one training (unspecified)	4%
Administration of medicine	4%
Motivational training	2%
Computer training	2%
Working with children	2%
Sexual harassment	2%
Training, unspecified	11%

12. Employment impacts of businesses (continued)

Owners with employees who provide benefits	(N=70)
Paid holidays	30%
Paid vacation	29%
Paid sick days off	14%
Partially-paid health insurance	10%
Fully-paid health insurance	6%
Retirement plan	6%
Monthly payroll of owners with paid employees	(N=67)
Up to \$500	1%
\$501 to \$1,000	9%
\$1,001 to \$2,500	18%
\$2,501 to \$5,000	19%
More than \$5,000	37%
Don't know/refused	16%
Mean	\$13,978
Median	\$5,000
Range	\$250- \$150,000
Total monthly payroll	\$796,725
Estimated total <i>annual</i> payroll	\$9,560,700
Monthly payroll taxes of owners with paid employees	(N=67)
\$0	9%
\$1 to \$500	9%
\$501 - \$1,000	7%
More than \$1,000	16%
Don't know/refused/missing	58%
Mean (excluding \$0)	\$2,853
Median (excluding \$0)	\$1,050
Range (excluding \$0)	\$150-\$30,000
Total monthly payroll taxes	\$62,770
Estimated total <i>annual</i> payroll taxes	\$753,240

12. Employment impacts of businesses (continued)

Subcontractors or contract/cash workers in past year	(N listed in left column)
Did you use subcontractors/cash workers in past year (N=170)	
Yes	42%
No	58%
Amount paid to subcontractors/cash workers (N=71)	
\$500 and under	15%
\$501 to \$2,000	31%
\$2,001 to \$10,000	31%
\$10,001 to \$50,000	7%
Over \$50,000	7%
Don't know/refused	8%
Mean	\$21,159
Median	\$2,000
Range	\$100- \$700,000
Total dollar value of subcontractors/cash workers	\$1,375,356

13. Other contributions to neighborhood economy and quality of life

Estimated dollar amount business spends each month within neighborhood on materials and supplies	(N=170)
\$0	17%
Less than \$100	14%
\$100 to \$499	25%
\$500 to \$1,000	18%
More than \$1,000	18%
Missing/don't know/refused	9%
Mean	\$989.87
Median	\$200.00
Range	\$0-\$10,000
Total spent per month	\$153,430
Estimated total amount spent <i>annually</i>	\$1,841,160
Time, money, and in-kind contributions	(N=170)
Percent of owners reporting contribution of any time, money, or in-kind support to neighborhood events or activities in past 12 months	55%
Type of contribution (multiple responses grouped into categories)	
Fundraising/cash donations	33%
Products/services/space	30%
Time/assistance	24%
Community event, unspecified	14%
Dollar value of business contributions to neighborhood events/activities in past 12 months	(N=170)
No contribution	45%
Contribution has no monetary value	1%
\$1-\$100	6%
\$100-\$200	8%
\$201-\$500	7%
\$501-\$1,000	10%
\$1,001-\$5,000	14%
More than \$5,000	5%
Don't know/refused	5%
Mean (for those who made contribution)	\$1,949
Median (for those who made contribution)	\$600
Range (for those who made contribution)	\$0-\$35,000
Total annual contributions	\$165,624

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

Role models for communities	(N=170)
Business owners who feel they serve as a role model	83%
How respondents serve as role models for the community (multiple responses grouped into categories)	
Educate/provide positive role model	69%
Provide time and assistance	12%
Provide needed service or product locally	11%
Stabilize community financial base	10%
Promote business ownership	9%
Cash, in-kind, product, or service donations	4%
Friendly, quality customer service	3%
Visual improvement of area	<1%
Sponsor trainings/workshops	1%
Promoting creativity	1%
Leadership in neighborhoods	(N=170)
Business owners who feel they provide leadership	29%
How respondents provide leadership in the neighborhood (multiple responses grouped into categories)	
Time or assistance to community groups/association	55%
Group leader/board member/coach	27%
Serve as role model/mentor	10%
In-kind or cash contributions	6%
Improve neighborhood safety	4%
Support other small businesses	4%
Employment/training for residents	2%
Beautify neighborhood/upkeep of building	2%
Education others/participate in trainings or speaking engagements	2%
Provide religious ministry services	2%
Promote art	2%

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

	(N listed in left column)
Leadership in ethnic communities	
Of all business owners, percent who feel they provide leadership to their ethnic community (N=170)	27%
Of business owners from immigrant communities or communities of color, percent who feel they provide leadership to their ethnic community (N=123)	34%
Of White, non-Hispanic business owners, percent who feel they provide leadership to their ethnic community (N=47)	9%
Overall leadership	(N=170)
Owners who feel they provide leadership to their neighborhood or to their ethnic community (unduplicated)	39%
How they provide leadership in their ethnic community (multiple responses grouped into categories)	(N=170)
Community leader/group leader/board member	59%
Promote community and cultural events	14%
Serve as role model/mentor	11%
Provide religious ministry services	11%
Just being a business owner	9%
Donations	7%
Help with financial needs/grant making	5%
Provide employment	5%
Provide entertainment	2%
Providing a gathering place	(N=170)
Business serves as a community gathering place	31%
Connection with groups or associations	
	(N listed in left column)
Of all business owners, percent who feel connected with <u>neighborhood</u> groups or associations (N=170)	40%
Of all business owners, percent who feel connected with groups or associations related to his or her <u>race or ethnicity</u> (N=170)	34%
Of business owners from immigrant communities or communities of color, percent who feel connected with groups or associations related to their <u>race or ethnicity</u> (N=123)	43%
Of White, non-Hispanic business owners, percent who feel connected with groups or associations related to their <u>race or ethnicity</u> (N=47)	11%

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

Leadership in ethnic communities	(N listed in left column)
What does your business contribute to your neighborhood? (multiple responses grouped into categories)	(N=170)
Provide needed/affordable/convenient products or services	33%
Employment/training for residents	13%
Serve as role model/mentor	11%
Cash, in-kind, product, or service donations	10%
Provide clean/relaxing gathering place	9%
Develop/improve housing	6%
Visual improvement of area	5%
Provides time and assistance to community groups/associations	5%
Support of neighborhood businesses	4%
Promote cultural diversity	3%
Provide entertainment/tourist attraction	3%
Support neighborhood events	2%
Promote healthy living	2%
Improve safety/watch for crime	2%
Help environment	<1%
Nothing	17%
What does your business contribute to your ethnic community? (multiple responses grouped into categories)	(N=170)
Provide (convenient) access to ethnic food/products/supplies/services	28%
Serve as role model/mentor	12%
Offer people some place they feel comfortable/sense of belonging	8%
Employment/job placement for residents	6%
Cash, in-kind, product, or service donations	6%
Education/skills/self-sufficiency	6%
Promote cultural diversity	4%
Provide gathering place	3%
Strengthen family stability	3%
Participate in community/cultural events	3%
Support other businesses	3%
Fundraise/volunteer	3%
Serve on non-profit boards	2%
Provide day care	<1%
Nothing	28%

14. Views of NDC assistance

Most beneficial help from NDC (multiple responses possible)	(N=170)
Training	63%
Support and encouragement	19%
Technical assistance	15%
Financing	14%
Contacts/networking	11%
Incubator	3%
Other (multiple responses grouped into categories)	10%
One-on-one sessions/mentorship	2%
General knowledge, unspecified	2%
Open door policy for alumni	1%
Marketing or advertising	1%
Referral to legal services or help with legal issues	1%
Food expertise	<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)	All (N=122)
Business plan	34%
Bookkeeping/accounting/financial	19%
Marketing/advertising	19%
General business management skills	13%
Legal issues	8%
Restaurant management skills	3%
Other (multiple responses grouped into categories)	11%
One-on-one consulting	4%
Entrepreneurial advice	4%
Ongoing support	1%
Computer help	1%
Workshop, unspecified	<1%
All fit business needs	<1%
Business relationship with NDC	(N=170)
My business is as successful as it is today largely because of the assistance I received from NDC	28%
My business is as successful as it is today somewhat because of the assistance I received from NDC	48%
My business is no better off or no worse off due to NDC	23%
My business would be doing much better today if it were not connected with NDC	0%
Don't know/refused	1%

14. Views of NDC assistance (continued)

Explanation for largely successful business relationship with NDC (multiple responses grouped into categories)	(N=47)
Support/encouragement	24%
Education/training/classes	22%
Financial help	22%
Help with business plan	13%
Business advice and management skills	11%
Help getting business started	7%
Bookkeeping/accounting/financial/tax advice	7%
Help with contacts/referrals	7%
Incubator	2%
Help with building renovations and repairs	2%
Help finding good business location	2%
Help expanding business locations	2%
General help, unspecified	13%
Missing	4%
Explanation for somewhat successful business relationship with NDC (multiple responses grouped into categories)	(N=82)
Explanations of how NDC was helpful	
Education/training/classes	20%
Support/encouragement	14%
Financial help	9%
Help with business plan	9%
Bookkeeping/accounting/financial/tax advice	8%
Help focusing ideas/giving business direction	8%
Business advice and management skills	6%
Marketing/advertising	6%
Help getting business started	5%
Help with contacts/referrals	3%
Incubator	3%
Good to have what I already knew confirmed	3%
Continued help/follow-up	3%
Help with legal issues	1%
Technical assistance	1%
Help with building renovations and repairs	1%
General help, unspecified	11%

14. Views of NDC assistance (continued)

Explanation for somewhat successful business relationship with NDC (multiple responses grouped into categories)	(N=82)
Explanations/comments on why NDC was not helpful	
I did not take advantage of help	4%
NDC did not provide help	3%
Helped initially but then stopped helping	3%
Had problems getting loan from NDC	3%
Missing	4%
Explanations for no better or no worse because of business relationship with NDC (multiple responses grouped into categories)	
(N=39)	
Explanations/comments on why NDC was not helpful	
NDC did not provide help	46%
I did not take advantage of help	15%
Helped initially but then stopped helping	5%
Had problems getting loan from NDC	3%
Too early in business to determine benefits	5%
Missing	0%
Explanations of how NDC was helpful	
Education/training/classes	8%
Financial help	3%
Marketing/advertising	3%
Good to have what I already knew confirmed	3%
Technical assistance	3%
General help, unspecified	10%
Extent owners have used business advice from NDC	
(N=170)	
A lot	45%
Some	29%
A little	18%
Not at all	8%

14. Views of NDC assistance (continued)

Most helpful advice: Used business advice a lot (multiple responses grouped into categories)	(N=77)
Business development/business plan/research	31%
Financial/tax advice	22%
Bookkeeping/accounting	18%
Marketing/advertising	9%
Legal advice	7%
Support and encouragement	5%
Helped me stay on task/stick to goals	5%
Contacts/ customer relations	4%
Planning (unspecified)	4%
One-on-one sessions	3%
Business partnership	1%
Helped me research other businesses/competition	1%
Loan advice/help finding a loan	1%
How to find other resources for help	1%
Food industry	1%
Cultural/community relations	1%
General knowledge, unspecified	6%
Most helpful advice: Used business advice some (multiple responses grouped into categories)	(N=49)
Business development/business plan/research	30%
Marketing/advertising	19%
Contacts/customer relations	14%
Financial/tax advice	9%
Bookkeeping/accounting	7%
Support and encouragement	7%
Legal advice	5%
One-on-one sessions	5%
Business partnership	5%
Helped me research other businesses/competition	5%
Helped me stay on task/stick to goals	2%
How to avoid common business mistakes	2%
General knowledge, unspecified	14%
Missing	12%

14. Views of NDC assistance (continued)

Explanation why: Used business advice a little (multiple responses grouped into categories)	Total (N=30)
Why advice wasn't helpful	
NDC provided no new advice/knowledge	32%
Haven't gotten enough advice/follow-up	32%
Didn't apply to our business	14%
Don't need/want help	4%
Missing	7%
What advice was helpful	
Some marketing advice	11%
Some contacts/referrals/a little general help	4%
Some financial advice	4%
Helped me get more organized	4%
Explanation why: Did not use business advice at all (multiple responses grouped into categories)	
(N=14)	
NDC provided no new advice/respondent already knowledgeable	29%
Didn't apply to our business	21%
NDC did not help (unspecified)	21%
Haven't gotten enough advice/follow-up	14%
NDC wouldn't provide loan	7%
Missing	0%

14. Views of NDC assistance by type of assistance (continued)

Prior business ownership	(N=170)
Yes	66%
How experience with NDC is different from previous experience trying to run a business (asked only of respondents with previous business experience; multiple responses grouped into categories)	
	(N=112)
It isn't different	26%
General knowledge and help, unspecified	19%
Guidelines/format/focus	15%
Bookkeeping/accounting/financial planning	7%
Business plan	7%
Gave me confidence/perseverance	4%
Help with legal aspects	4%
Help researching other businesses/competition	4%
A lot more difficult before, unspecified	4%
Advertising/marketing	3%
Financial help/loan	3%
General support, unspecified	3%
Good information on starting a business	3%
Improved business space or location	3%
More resources/contacts/networking	3%
Supportive, always available to help	3%
Business expansion	1%
Common sense	1%
Awareness of business policies	1%
Organization	1%
More professional	1%
Referrals from NDC helpful	1%
It's different, unspecified	1%

15. Comparisons by type of assistance received

Demographics	Training only (N=114)	Training and financing (N=41)	Incubator (N=9)
Owners' gender			
Male	56%	46%	6
Female	44%	54%	3
Age (average/median)	43.3/43.0	41.1/42.0	41.2/36.0
Education level at onset of NDC assistance			
Less than high school	0%	2%	0
High school/GED	32%	37%	7
Post-secondary	57%	49%	2
Graduate training	8%	5%	0
Missing/NA	3%	7%	0
Had prior business training	9%	7%	0
Had prior experience running a business	69%	59%	4
Business status	(N=114)	(N=41)	(N=9)
New or expanded business			
New	42%	46%	8
Expanded	58%	54%	1
Type of business			
Service	67%	49%	1
Retail (excluding restaurants)	18%	20%	6
Restaurant/catering	5%	22%	1
Specialty food production	4%	2%	1
Construction	4%	2%	0
Production/manufacturing	4%	5%	0
Age of business (average/median)	5.1/4.0	5.6/4.0	4.2/5.0
Have another business			
Yes	40%	24%	3
No	60%	76%	6
Gross monthly revenue			
No sales to date/0\$	6%	5%	0
\$1 to \$500	10%	3%	0
\$501 to \$1,000	8%	8%	2
\$1,001 to \$2,000	19%	13%	2
\$2,001 to \$5,000	26%	33%	1
More than \$5,000	30%	40%	4
Unknown	1%	0%	0
Debt (average/median)	\$34,053/\$2,750	\$50,688/\$18,500	\$11,556/\$5,000

15. Comparisons by type of assistance received (continued)

Demographics	Training only (N=114)	Training and financing (N=41)	Incubator (N=9)
Months to make a profit			
Not yet made a profit	26%	21%	2
Less than 6 months	27%	34%	2
6 to 12 months	17%	18%	4
About 12 to 18 months	13%	11%	0
Around 2 years	7%	8%	0
More than 2 years	11%	8%	1
Employees			
Businesses with employees	35%	51%	6
Number of employees (average/median)	4.3/0.0	3.9/1.0	3.9/1.0
Percent of employees who are neighborhood residents (average/median)	44%/33%	60%/50%	*
Number of hours employees work			
	(N=490)	(N=158)	(N=35)
40 to 35 hours	68%	56%	80%
Less than 35 hours	32%	44%	20%
Race/Ethnicity of employees			
Latino/Hispanic	23%	52%	97%
Hmong	22%	0%	0%
Native American	21%	1%	0%
White (non-Hispanic)	16%	25%	0%
African American	10%	11%	3%
Other Asian	4%	0%	0%
Somali	<1%	4%	0%
Other	1%	6%	0%
Missing	1%	0%	0%
Growth of pre-existing businesses			
	(N=57)	(N=22)	(N=1)
Expanded hours of business	33%	50%	*
Expanded number of employees	25%	41%	*
Increased gross monthly revenues	65%	71%	*
Increased monthly income from business	54%	76%	*
Expanded to additional locations	11%	18%	*
Moved from being home-based to commercial space	18%	23%	*

15. Comparisons by type of assistance received (continued)

Demographics	Training only (N=114)	Training and financing (N=41)	Incubator (N=9)
Goals	(N=114)	(N=41)	(N=9)
Additional gross monthly revenues (average/median)	\$27,718/\$6,000	\$15,728/\$8,000	\$21,022/\$4,000
Additional employees (average/median)	12.6/3.0	8.6/5.0	11.2/3.0
Capital needed to achieve goals (average/median)	\$126,740/\$25,000	\$128,946/\$35,000	\$29,938/ \$20,000
Impact	(N=114)	(N=41)	(N=9)
Monthly rent (average/median)	\$1,060/\$750	\$1,793/\$1,404	\$1,585/\$800
Monthly payroll (average/median)	\$16,867/\$4,500	\$8,340/\$5,000	*
Serve as role model for community	81%	93%	8
Provide leadership in neighborhood	30%	29%	2
Provide leadership in ethnic community	25%	32%	3
Contribute time, money, or in-kind support to neighborhood activities	48%	66%	8
Provide gathering space	25%	39%	5
Views on NDC	(N=114)	(N=41)	(N=9)
Business relationship with NDC			
My business is as successful as it is today largely because of the assistance I received from NDC	16%	59%	4
My business is as successful as it is today somewhat because of the assistance I received from NDC	52%	37%	5
My business is no better off or no worse off due to NDC	32%	5%	0
My business would be doing much better today if it were not connected with NDC	0%	0%	0
Extent owners have used business advice from NDC			
A lot	34%	76%	5
Some	33%	15%	3
A little	24%	5%	0
Not at all	9%	5%	1

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.

16. Second stage businesses

Source of business knowledge (multiple responses grouped into categories) (N=115)

Working for someone else	26%
Self taught/learning as they run their business	25%
Entrepreneur training/NDC training	21%
Advice from friends/family/others	15%
Formal business-related education	14%

Source of money to start business (multiple responses possible)

Personal savings/earnings	73%
Family or friends	24%
Financing from NDC	17%
Bank loan	15%
Credit card	14%
Other non-profit funding resource	6%
Private investors	4%
Other	11%
Home equity loan	8%
Living rent-free with family or friends	1%
City	1%
Franchise	1%

Percent who have come very close to going out of business 45%

What kept respondent from going out of business (N=52; multiple responses grouped into categories)

Determination	37%
Change in business name/services	16%
Credit card/loans	12%
Increase in demand for product/services	10%
Commitment/love for work	8%
Assistance through NDC	8%
Financial gift	8%
Money invested while business was going well	6%
Divine intervention/God	4%
Change location	4%
Money, unspecified	4%
Sold location/property	4%
Advertising	2%
Not sure what to do/having problem now	2%

16. Second stage businesses (continued)

What accounts for business coming so far (multiple responses grouped into categories)	(N=115)
Determination/hard work	50%
Experience/skills/knowledge	14%
Good customer service/repeat customers	14%
Training and assistance through NDC	13%
Lots of support/connection to the community	13%
High quality products/services	11%
Good personality/attitude	9%
High demand for products/services	8%
Partnership/networking/referrals	7%
Good business plan/strategic planning	5%
Having another form of income	4%
Marketing	4%
Variety of product	4%
Divine intervention/God	3%
Liking what I do	3%
Dedicated employees/good staff	2%
Good location	1%
No comment	1%
Advice to people who are starting a business (multiple responses grouped into categories)	
Be determined/patient	39%
Do lots of research	21%
Have a business plan/set goals	21%
Take NDC/business classes	16%
Start with as little debt as possible/have start-up money	12%
Use support groups/networks	11%
Choose something you like to do	10%
Know how to run a business	8%
Learn about bookkeeping/accounting/taxes	7%
Have income in addition to new business	6%
Emphasize customer service	5%
Just do it	5%

16. Second stage businesses (continued)

Advice to people who are starting a business (multiple responses grouped into categories) (continued)	(N=115)
Find the right location	4%
Get business experience	3%
Be organized/reliable/responsible	2%
Stay focused	2%
Know your customers	2%
Work with a mentor	2%
Keep control over staffing	1%
Offer high quality product/services	1%
Don't take anecdotal advice	1%
Understand possible sources of financing	1%
Have support from family	1%
Start with something that is simple/easy to do	1%
Don't do it if you have young children	1%
Nothing	3%

Note. Second stage businesses have existed for three or more years, have five or more employees, and/or have gross annual revenues at or above \$200,000.