

## **The Latino-American dream**

### ***More Hispanic-owned businesses popping up in Victoria area***

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THOMAS DOYLE - Victoria Advocate

Diana Flores took a risk and became her own boss.



Frank Tilley/Advocate Photo Editor

Subcontractor Jose Sierra, left, helps frame a home in the Lake View subdivision off the upper Mission Valley Road. Sierra works for Ed Sanchez, who owns Ed Sanchez Custom Homes.

In 2002, she quit her job as an administrative assistant and opened N'Vogue Resale Shop on Laurent Street.

"It's been a lifelong dream," she said. "I enjoy shopping at resale and thrift stores and I'm very conservative on how I spend money, especially on work clothes."

Last January, Ed Sanchez retired from a local chemical plant and turned Ed Sanchez Custom Homes into a full-time enterprise.

"It's a new experience," he said with a smile. "It's been real rewarding."

Flores and Sanchez are part of a growing trend of Hispanics going into business for themselves. Between 1997 and 2002, the number of Hispanic-owned firms grew 31 percent, three times the national average for all businesses, according to data released in March by the U.S. Census Bureau.

Despite strong growth over the past several years, Hispanics in the Victoria area are still under represented in business ownership compared to their numbers in the population.

"I don't think that the figures in Victoria are unusually high or low," said Al Salgado, regional director of the South West Texas Border SBDC Network, to which the Victoria center belongs. "I think they probably look pretty much like the rest of the country when it comes to Hispanics."



After retiring from a local chemical plant, Ed Sanchez took his side business as a homebuilder full time in January 2005. Ed Sanchez Custom Homes is just one of many new Hispanic-owned businesses across the United States. Despite the fast growth rate, Hispanic business ownership lags behind their overall population growth.

Certain aspects of the Hispanic population explain some of the under representation, analysts said.

"They are a much younger population, so you have a much higher proportion of that population at ages where they are unlikely to be business owners," said Steve Murdock, state demographer of Texas.

In 2000, 47 percent of the Hispanic population in the Victoria Metropolitan Statistical Area - Calhoun, Goliad and Victoria counties - was under the age of 25, based on census data. About 32 percent of the non-Hispanic population was under 25.

The Hispanic population has a very high birth rate and a large number of new immigrants, he said.

"Not many people decide in their 50s to change their country of residence," Murdock said.

The Hispanic population also generally is not as educated as non-Hispanics.

In 2000, only about one in 20 Hispanics over the age of 25 had a bachelor's degree or higher level of education in the Victoria statistical area. Just more than half had finished high school. In contrast, more than three quarters of the non-Hispanic population had completed high school and about one in six had a bachelor's degree or higher.

"It's a concern of UHV, it's a concern of our state," said Margaret Rice, executive director of students services and regional outreach at the University of Houston Victoria. "For many Hispanic students, they are the first in their family to go to college." This can lead to an unfamiliarity with the process of getting into college, she said, which can be intimidating.

Both Sanchez and Flores finished high school. Flores said she took business classes at Victoria College to help her husband with his oilfield business. Those classes proved invaluable to the running of her enterprise.

Sanchez holds a college degree from his native Chile and took several classes on home building in Houston before launching his new business.

"I took an educated risk," he said. "I kind of felt the ground first."

Education, income and youth all contribute to make it difficult for Hispanics to start businesses, said economist Ray Perryman, president of the Waco-based Perryman Group.

"In general, the single biggest hurdle to starting a small business is access to capital," Perryman said. "If you have a lower education level, a lower income level, younger, it just makes it more difficult."

But many banks are realizing the huge market that the growing young Hispanic population represents, Salgado said, and are targeting a great deal of marketing resources toward recruiting the demographic to get credit cards and bank accounts.

Banks are also extending more loans, he said.

Part of the Hispanic under representation may also be explained by reporting anomalies.

Since Hispanic is identified as an ethnicity - something acquired after birth - and not a race, according to the U.S. Census, some Hispanic business owners may have identified themselves as simply "white," said Richard Miller, president of Calm River Demographics. People of mixed race may also have reported that way.

Some economy watchers said a lack of English proficiency may be another obstacle to Hispanic business ownership.

But the language barrier some Hispanics face may actually serve as an advantage.

Hispanics often prefer to do business with Hispanics, said Carlos T. Mendoza, president of the Texas Association of Mexican-American Chambers of Commerce.

When he first started selling cars in the 1950s, Raymond Saenz of Victoria said many of his customers were people who preferred to buy a car from a fellow Hispanic. Many felt more comfortable doing business in Spanish, he said.

When he opened Saenz Motors in 1985, many followed him to the new endeavor. Over time, Saenz garnered a positive reputation that caused his clientele to become more diverse, he said.

The majority of the customers at Llantas El 8, a Victoria tire store on Laurent Street in Victoria, are Hispanics who come because of the Spanish name, owner Mario Morales said through an interpreter.

But the longer the store is in business, the more people of other backgrounds come because of reputation and the fact the store is open hours when the competition isn't.

Perryman said most mainstream companies are looking how to market to Hispanics, noting it is a huge market.

In turn, businesses and entrepreneurs that have traditionally served the Hispanic marketplace are reaching outside of it, Mendoza said.

Many Hispanic businesses are learning how to bid for government contracts and how to do business with major corporations, Mendoza said. One of the Texas chamber's major roles is assisting companies in such endeavors, he said. The major challenge such entrepreneurs face is the newness of their businesses and thus the lack of a proven track record.

In 2002, the vast majority of Hispanic firms were sole proprietorships, according to the census. Only 12.7 percent of the estimated 1.6 million firms had employees. Most fell into the construction or other services sectors of the economy.

The census defines a Hispanic business as one owned 51 percent or more by Hispanics.

As education levels in the Hispanic community improve, more and more people will enter professional fields like law and accounting, Mendoza said.

Preliminary census estimates found that one in three Hispanic-owned businesses are owned by women.

While some first-generation immigrants bring with them traditional ideas that women should remain in the home, encounters with American society and economic necessity are changing such ideas, Salgado said.

"There are some very good signs out there," Perryman said.

It's hard to know what the future holds, he said, but history may provide some guidelines.

"If you stop and think about it, 100 years ago in this country we made a big distinction between people of Italian decent, people of German decent, people of Irish decent," he said. Now those distinctions are minimal.

As more generations of Hispanics are born and assimilated into this country, the greater the share they will take in the ownership of its economy, he said.

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