

Greater Austin Hispanic Chamber of Commerce

Your Resource Your Future Your Voice

2014 The Central Texas Hispanic Business Landscape Report May 5, 2014

Table of Contents

Executive Summary.....	3
Study Purpose.....	3
Summary of Key Findings	3
Conclusions	3
Recommendations.....	3
Projections.....	4
Report Definitions.....	5
Hispanic Owned Business (HOB).....	5
Centex Region.....	5
Industries.....	5
Regional Analysis of Hispanic Owned Businesses.....	6
Total Businesses	6
Industry Analysis.....	6
Total Employees	6
Revenue Analysis.....	6
Number of Years in Business	7
A Closer Look at Growth, Employees, and Revenue by Industry.....	13
Growth: Based on Business Start Year	13
Average Number of Employees by Industry in Centex	13
Average Revenue by Industry in Centex	13
County Level Analysis of Hispanic Businesses.....	18
Employee Size.....	18
Revenue Analysis.....	18
Industry Analysis.....	18
Centex Snapshot by Employees, Revenues, and Industry	19
Bastrop County Snapshot by Employees, Revenues, and Industry.....	23
Caldwell County Snapshot by Employees, Revenues, and Industry.....	27
Hays County Snapshot by Employees, Revenues, and Industry	31
Travis County Snapshot by Employees, Revenues, and Industry.....	35
Williamson County Snapshot by Employees, Revenues, and Industry	39
Conclusions	43
Recommendations	44
Appendix A: Supporting Analysis Tables.....	45
Appendix B: Methodology	48
Study Limitations	48
Projections.....	48
Appendix C: Data Sources	50
Appendix D: About the GAHCC Hispanic Business Portal	51

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In Partnership with the Greater Austin Hispanic Chamber of Commerce (GAHCC)

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Executive Summary

Study Purpose

The purpose of this report is to provide a descriptive assessment of the Central Texas Hispanic Business Landscape. This report is focused on Hispanic-owned businesses (HOBs) in the five-county Centex Region around Austin, Texas. The data in this report are based on an analysis 9,693 HOBs in the GAHCC Hispanic Business Portal. This is about one-third of the estimated 33,000 HOBs in Centex. Please see appendix D to learn more about the GAHCC Portal.

Summary of Key Findings

- HOBs in this study posted revenues of \$4.8 billion in 2013. This is a 90% increase over 2007 revenues reported by HOBs in Centex according to the 2007 Census Survey of Business Owners.¹
- HOBs remain relatively small (four employees) on average.
- Overall average revenue for HOBs shows an increasing trend. However, the medium revenue among HOBs shows that 50% only made \$110k or less in 2013.
- Transportation and warehousing, information, administrative support, finance and insurance, and the professional and technical services industries experienced the fastest growth over the past five years.

¹ <https://www.census.gov/econ/sbo/07menu.html>

Conclusions

1. HOBs are playing a more prominent role in the overall growth of the Central Texas economy.
2. HOB growth is outpacing non-Hispanic-owned business growth in the U.S. According to the U.S. Hispanic Chamber of Commerce, from 2007 to 2013, HOBs grew at an annual rate of 6.66% versus the general rate of 3.14%.²
3. The data clearly show that highly skilled and technology based HOBs will continue to grow and thrive in Austin's high-tech coordinator.
4. Travis County has the largest proportion of HOBs in the medium size range (in number of employees). Thus, the relative economic strength of Travis County directly impacts the performance and growth of HOBs in the other counties.
5. Implementing programs to increase the overall viability and revenue of HOBs can have a significant impact on the Centex economy as a whole.

Recommendations

- Develop industry specific training for fast growing industries to ensure these new businesses have to tools to make survive the first five years in business.
- Develop networking opportunities to connect B2B related businesses with new markets and customers.
- Develop county level committees to develop outreach programs for each of the counties in the Centex region.

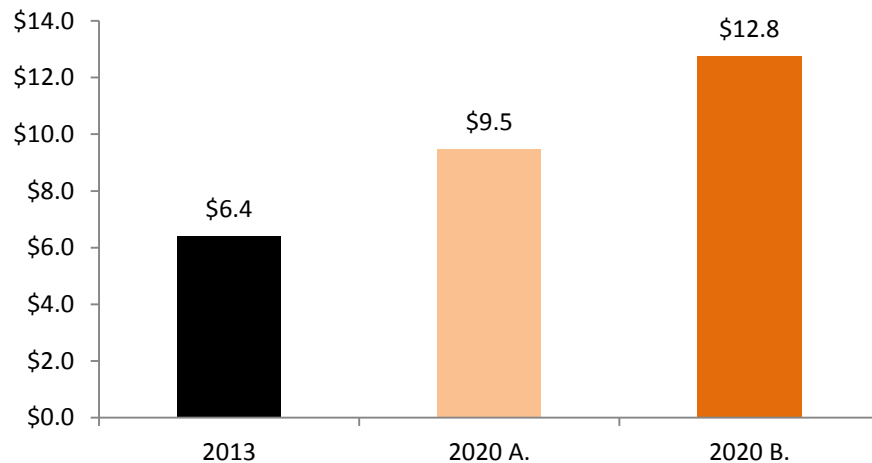
² http://www.geoscape.com/HBR/pdf/Geoscape_HispanicBusinessOwners_FINAL.pdf

- Conduct virtual training seminars on marketing, social media, and financial management. These areas are consistently cited as high need areas among new and growing businesses.

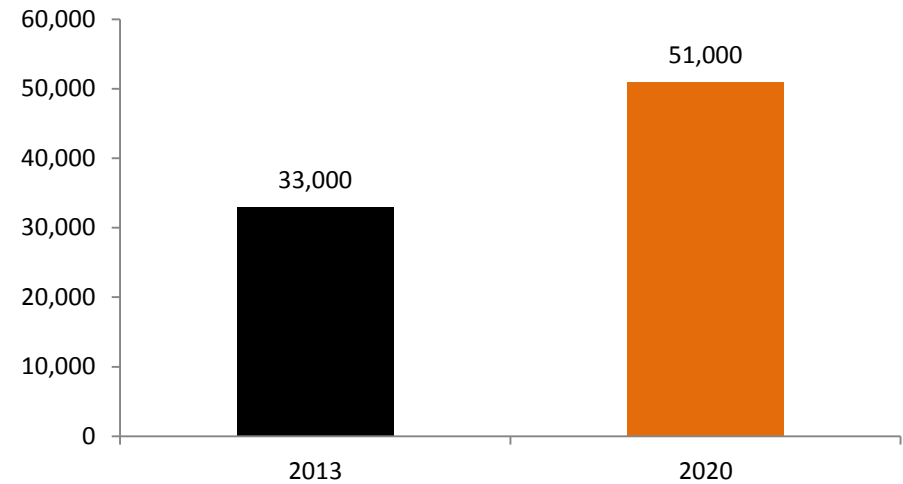
Projections

- Under our scenario A projection, HOB Revenues in Centex are projected to grow from \$6.4 billion in 2013 to \$9.5 billion in 2020. Our scenario B projection equates to \$12.8 billion in revenue by HOBs in 2020.³
- Total HOBs in Centex are projected to grow from 33,000 in 2013 to 51,000 in 2020.
- Total employment by HOBs in Centex is projected to grow from 48,793 in 2013 to 127,500 in 2020.

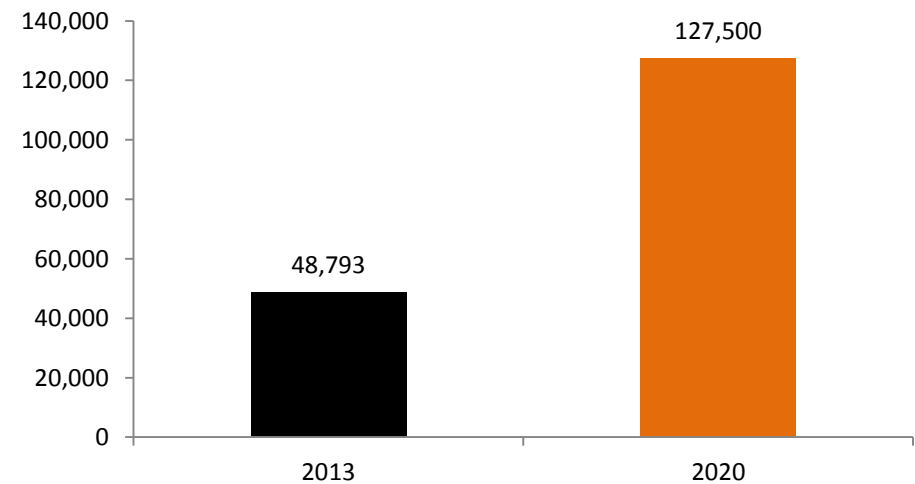
Projected HOB Revenues in Central Texas*
2013 to 2020 | in U.S. billions
(2020 A and B scenarios)



Projected Number of HOBs in Central Texas*
2013 to 2020



Projected Employment by HOBs in Central Texas*
2013 to 2020



*Source: Zpryme projection. See Appendix B for forecast methodology.

³ Scenario A projects revenue using the MSA GDP trend, and assumes HOB revenue will grow at the same rate during the forecast period. Scenario B assumes HOB programs can increase HOB revenue by 30% by 2020, to an average of \$300,000.

Report Definitions

Hispanic Owned Business (HOB)

For the purposes of this report, a Hispanic owned business (HOB) means that at least 51% is owned by one or more persons who are Hispanic.

Centex Region

The Centex Region is comprised of the five counties that make up the Austin-Round Rock Texas Metropolitan area as defined by the U.S. Census. The five counties include: Bastrop, Caldwell, Hays, Travis, and Williamson.

Industries

The following industries were assessed for their distribution among the HOBs in the Centex Region:

- Administrative and Support and Waste Management and Remediation Services
- Professional, Scientific and Technical Services
- Construction
- Other Services, except Public Administration
- Retail Trade
- Transportation and Warehousing
- Health Care and Social Assistance
- Real Estate and Rental and Leasing
- Wholesale Trade
- Finance and Insurance
- Manufacturing
- Accommodation and Food Services
- Arts, Entertainment, and Recreation

- Information
- Educational Services
- Agriculture, Forestry, Fishing and Hunting
- Management of Companies and Enterprises
- Mining, Quarrying, and Oil and Gas Extraction
- Utilities

The industries are based off the North American Industry Classification System used by Census. The industries are based upon their 2-digit NAICS. To learn more about NAICS please visit the website below.

- <http://www.census.gov/eos/www/naics/>

Regional Analysis of Hispanic Owned Businesses

Total Businesses

Regionally, there were 9,693 HOBs that were identified in the Centex Region. Travis County had 64.4% of the five-county HOBs, with Williamson County having the second densest population (19.7%). Again, Travis County had the most employees (69.5% of 38,134), with Williamson County coming in second place with 17.5% of the total.

Overall, the number of HOBs in the Texas rose by over 40% from 2002 to 2007 and took in \$62 billion in revenue (in 2007), employing nearly 400,000 workers.⁴ The U.S. saw a 44% increase in HOBs over this same time period which greatly surpassed the 15% increase by non-Hispanics from 2002 to 2007.⁵ The Hispanic share of new entrepreneurs in the U.S. increased from 10.5% in 1996 to 19.5% in 2012.⁶ The West South Central Region of the U.S. (Texas, Oklahoma, Arkansas, and Louisiana) was projected to see a 43% growth in HOBs from 2007 to 2013.⁷

Industry Analysis

The relative distribution of major industries among the HOBs in the Centex Region was mainly in the following top five areas: administration and support and waste management and remediation services (18.3%); professional, scientific and technical services (14.5%); construction (12.4%); other services, except public administration (10.6%); and retail trade (9.8%). These five areas accounted for nearly two-thirds (65.6%) of all reported industries.

⁴ Ibid. <https://repositories.lib.utexas.edu/bitstream/handle/2152/17525/bbr-2012-texas-hispanic-owned-businesses.pdf?sequence=2>

⁵ <http://www.nfib.com/article/hispanic-small-business-owners-secrets-to-success-64096/>

⁶ http://www.geoscape.com/HBR/pdf/Geoscape_HispanicBusinessOwners_FINAL.pdf

⁷ Ibid.

Nationally, nearly one-third (30.0%) of HOBs operated in the construction, repair/maintenance, and personal and laundry services industries.⁸

Total Employees

There were 38,134 employees who were working in the 9,693 HOBs with an average of four workers per HOB in the Centex Region. Most of these HOBs (89.2%) had one to five employees. At the other end of the range, only 0.2% were HOBs with 101 or more employees. Generally, Centex Region HOBs are small. This aligns with the U.S. census study which reported over half (57%) of HOBs had one to four employees.⁹ Hispanics are more likely to be self-employed when compared to the general U.S. population. Nine point one percent of Hispanics are self-employed compared to 7.8% for the entire U.S.¹⁰

Revenue Analysis

For the Centex Region, total 2013 revenues over the 9,696 HOBs were \$4.83 billion. This results in a mean of \$498,000 and a median of \$110,000 per HOB. The high mean value (compared to the median) indicates a positively skewed distribution of values with some few HOBs having very high revenues. Almost nine out of ten (89.1%) had revenues of \$499,000 or less, with the largest group (47.6%) reporting revenues of \$100,000 to \$499,000. Only 1% of the HOBs had revenues exceeding \$4.99 million in the five-county region around Austin. The University of Texas at Austin 2012 study reported average revenues of \$138,287 which includes all of Texas HOBs, and could indicate there are several other higher paying HOBs in differing Texas areas (beside the Centex Region).¹¹

⁸ http://www.census.gov/newsroom/releases/archives/business_ownership/cb10-145.html

⁹ <https://repositories.lib.utexas.edu/bitstream/handle/2152/17525/bbr-2012-texas-hispanic-owned-businesses.pdf?sequence=2>

¹⁰ <https://smallbusinessonlinecommunity.bankofamerica.com/community/running-your-business/generalbusiness/blog/2013/10/16/why-hispanic-owned-businesses-are-thriving>

¹¹ <https://repositories.lib.utexas.edu/bitstream/handle/2152/17525/bbr-2012-texas-hispanic-owned-businesses.pdf?sequence=2>

Number of Years in Business

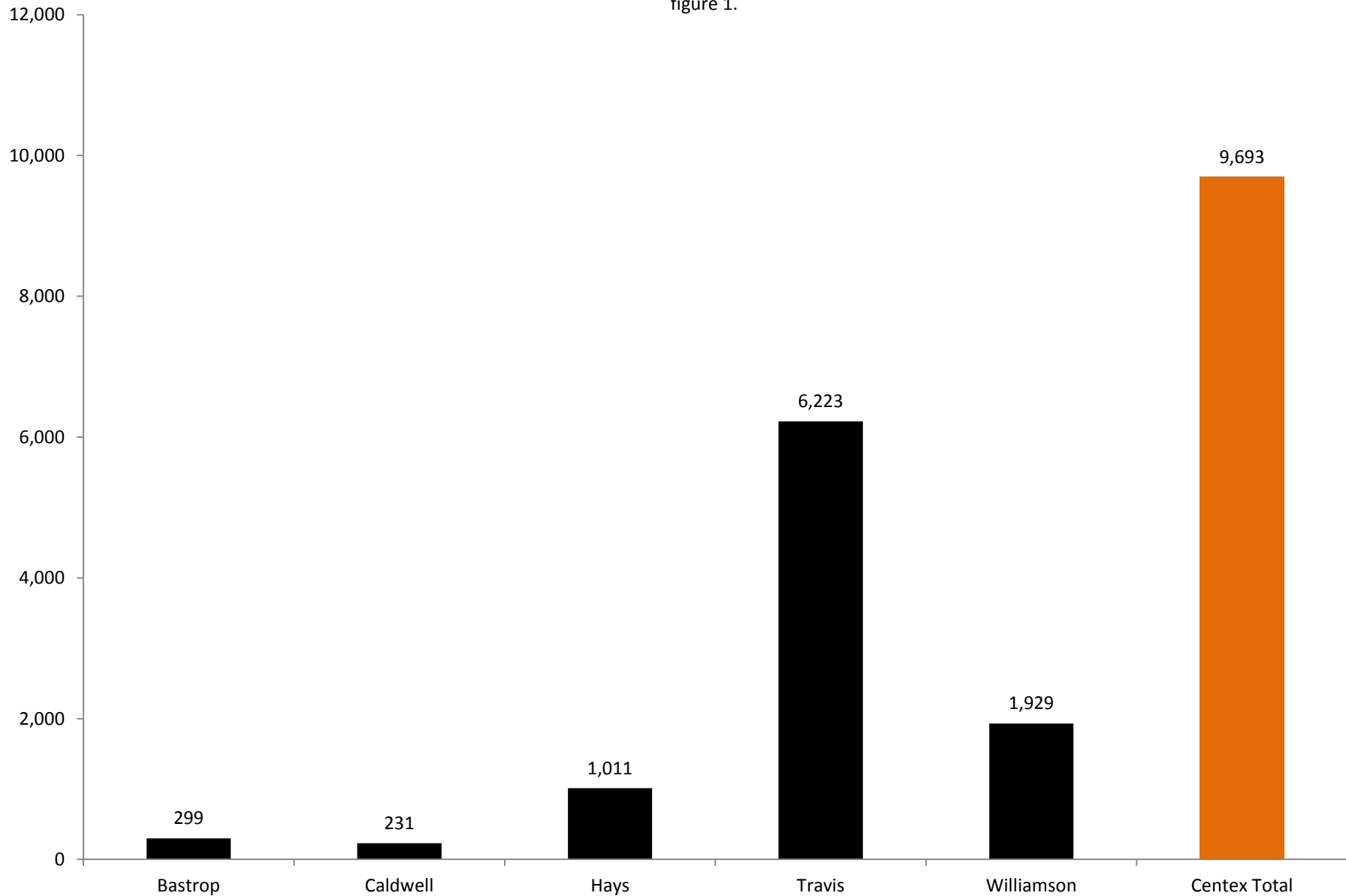
The average number of years that the Centex HOBs had been in business ranged across the five counties from 7.8 years to 12.1 years. For the entire Region, the overall average was 9.0 years that the businesses had been open. The University of Texas 2012 study had a bimodal distribution of years in business with the largest group saying equal to or greater than 26 years in business, and the next largest group of respondents saying 6 – 10 years in business.¹² The County with HOBs having the longest average number of years in business was Caldwell County with 12.1 years. The shortest number of years for HOBs to be in business was found in Williamson County with 7.8 years.

¹² <https://repositories.lib.utexas.edu/bitstream/handle/2152/17525/bbr-2012-texas-hispanic-owned-businesses.pdf?sequence=2>

Total Hispanic Owned Businesses By County and for the Centex Region - 2013

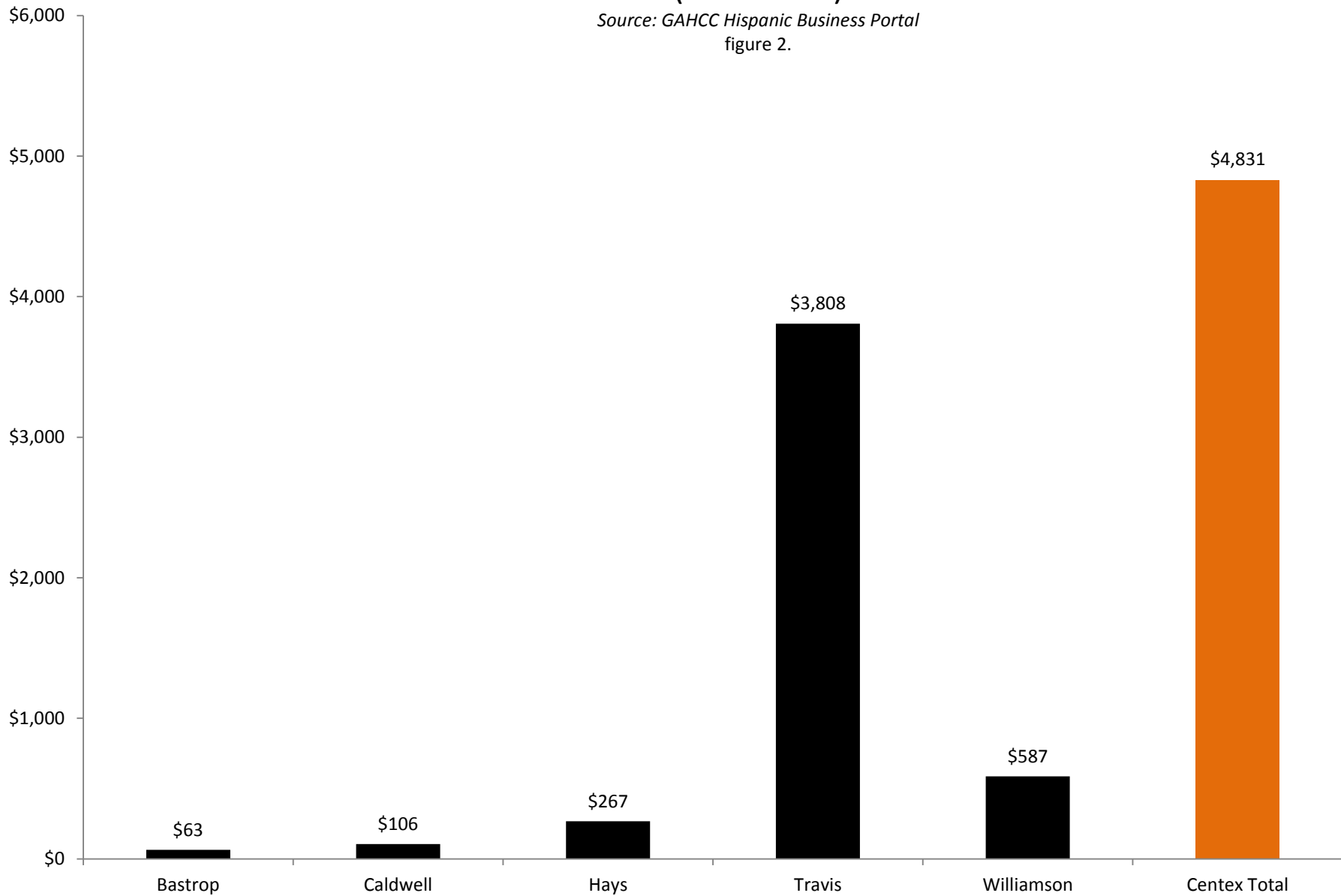
Source: GAHCC Hispanic Business Portal

figure 1.



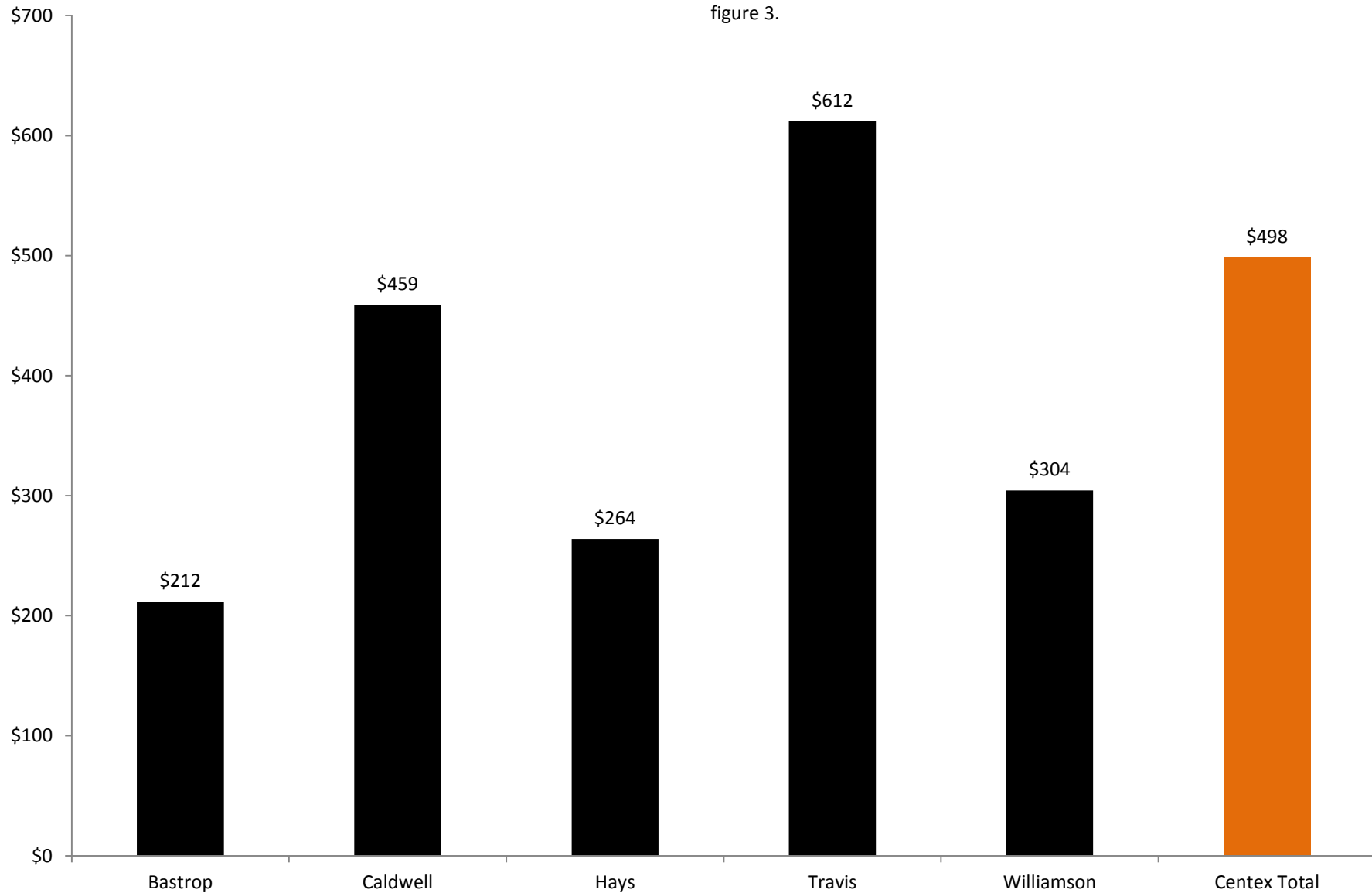
Total Revenues of Hispanic Owned Businesses By County and for the Centex Region - 2013 (in millions)

Source: GAHCC Hispanic Business Portal
figure 2.



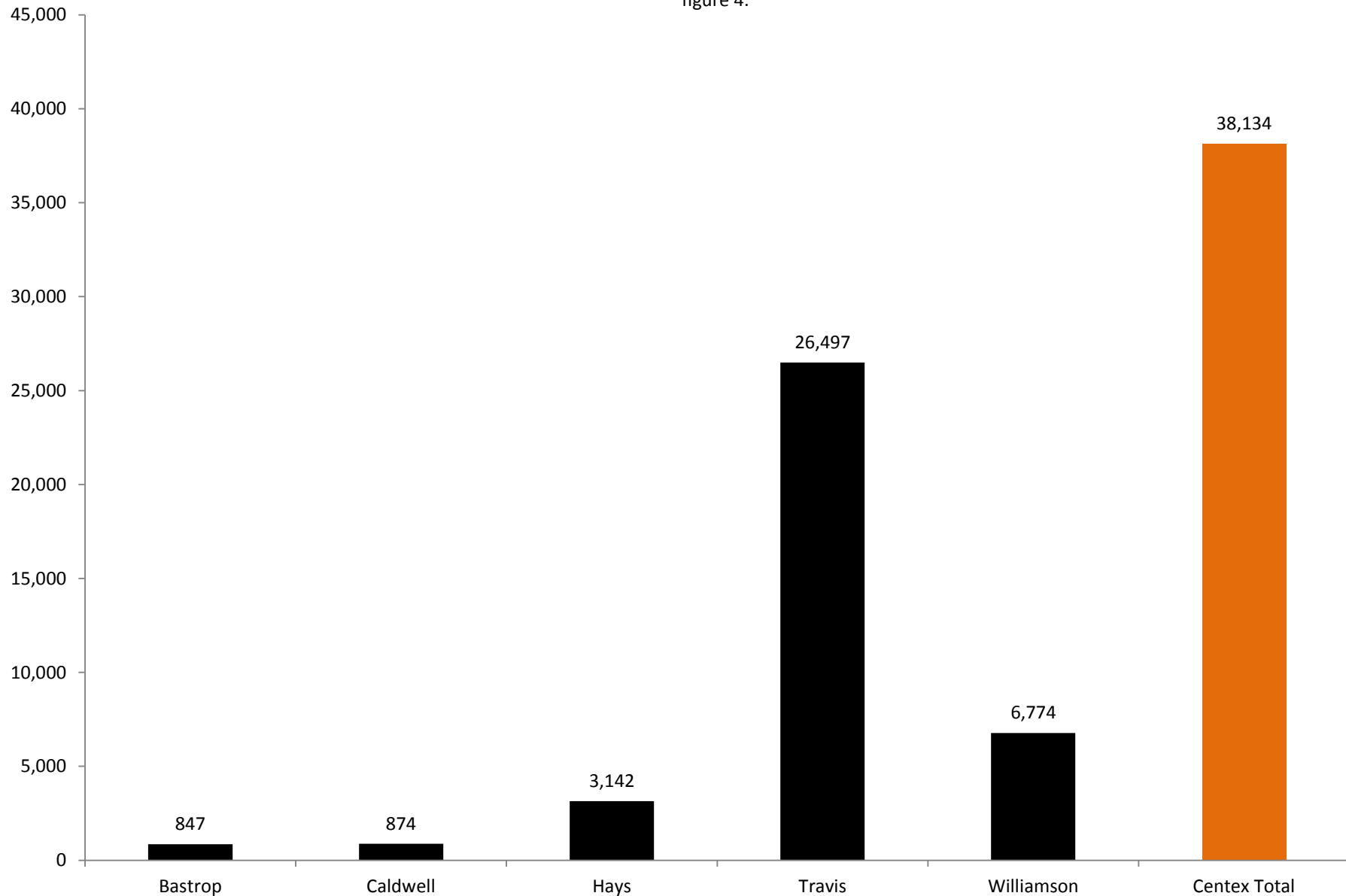
Average Revenue of Hispanic Owned Businesses By County and for the Centex Region - 2013 (in thousands)

Source: GAHCC Hispanic Business Portal
figure 3.



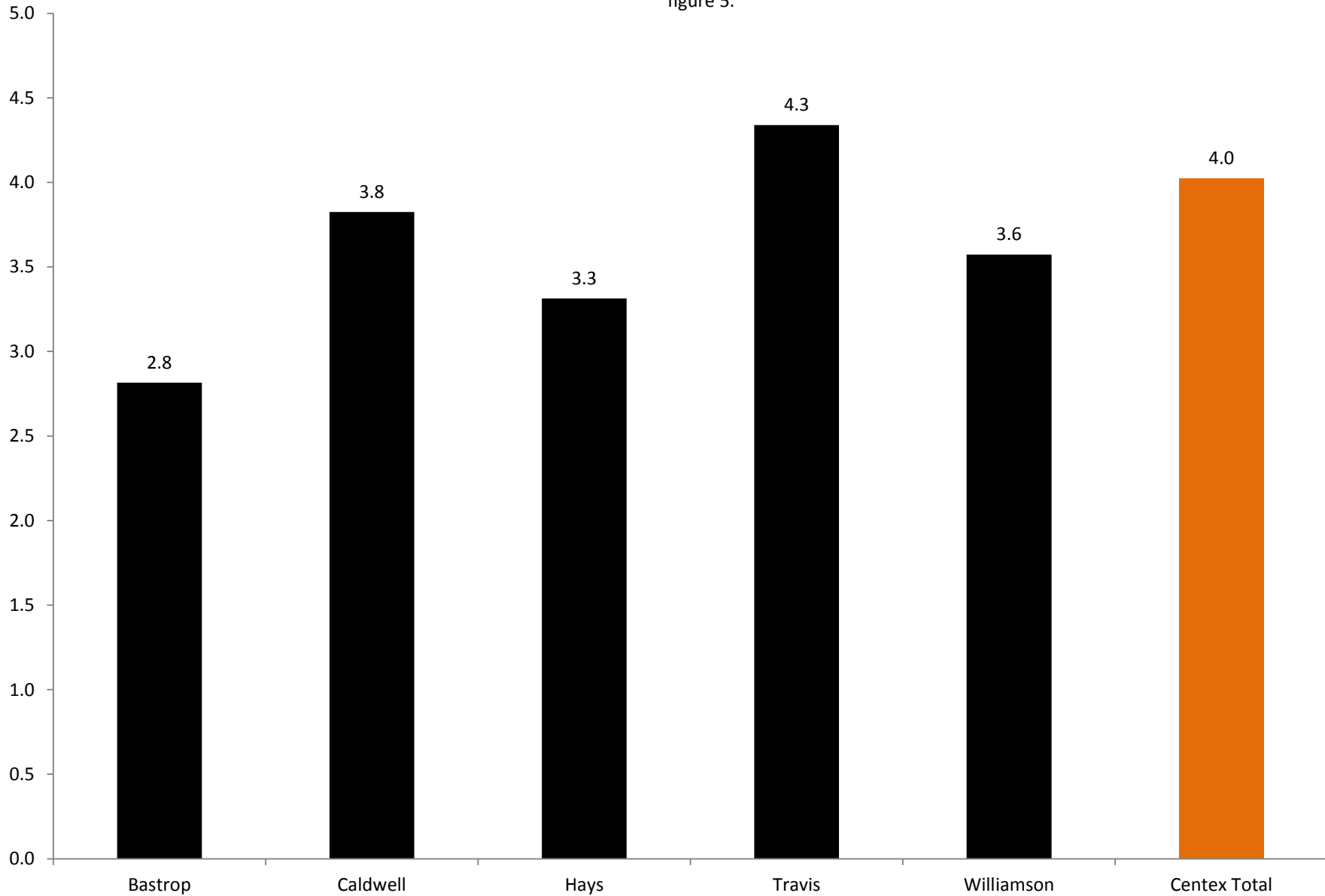
Total Number of Employees in Hispanic Owned Businesses By County and for the Centex Region - 2013

Source: GAHCC Hispanic Business Portal
figure 4.



Average Number of Employees in Hispanic Owned Businesses By County and for the Centex Region - 2013

Source: GAHCC Hispanic Business Portal
figure 5.



A Closer Look at Growth, Employees, and Revenue by Industry

The following analysis takes a closer look at the growth of Hispanic owned businesses based on the year they started. Further, the analysis seeks to identify how employment and average revenue differ across industries in Centex.

Growth: Based on Business Start Year

Among the businesses in this snapshot, over 50% were started between 2008 and 2012. Further, figure 6. shows a significant increase in the number of businesses who started in 2008 and in 2010. This is surprising given the economic downturn of the U.S. economy that started in 2007. However, this shows that Hispanics likely turned to self-employment in 2008 as hiring slowed down due to the economic conditions of that time. The spike in 2010 is likely related to stimulus dollars allocated to increase small business loans.

We next looked at the industries that have grown in size based upon the number of businesses that were established after 2007. The analysis was limited to industries that had 100 or more businesses in each industry.

Figure 7. shows that the fastest growing industries were Transportation & Warehousing, Information, Administrative & Support, Finance & Insurance, and Professional, Scientific, and Technical Services. Each of these industries showed an increase of 6% or more over the past five years. The slowest growing industries over the analysis period were Accommodation and Food Services, Education Services, and Arts, Entertainment, and Recreation.

Average Number of Employees by Industry in Centex

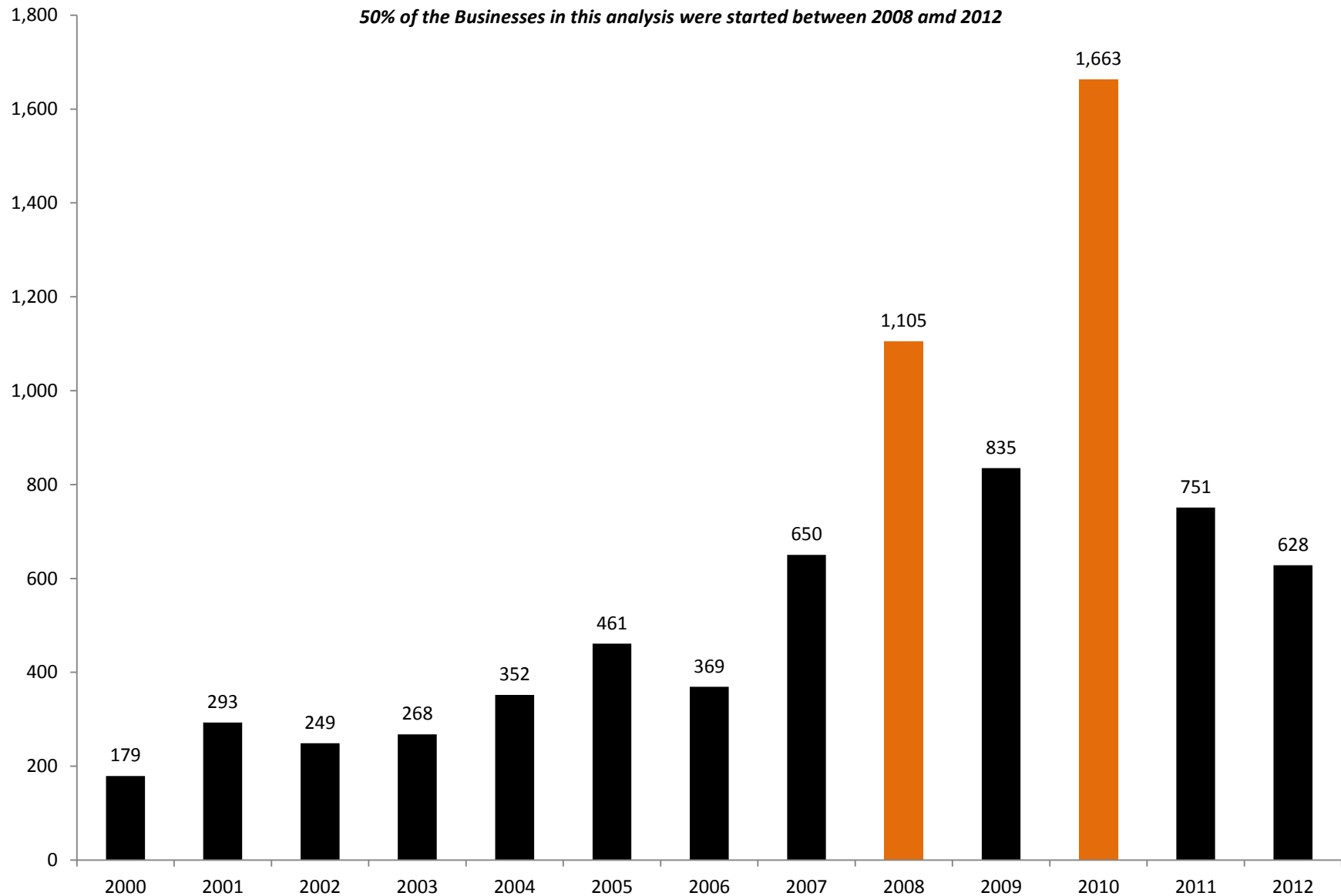
Our analysis of average employment by industry in figure 8. shows that Accommodation and Food Services, Arts, Entertainment, and Recreation, and Manufacturing had significantly higher levels of employment compared to other industries. Average employment was lowest for Administrative and Support Services, Transportation and Warehousing, Other Services, and Retail Trade.

Average Revenue by Industry in Centex

Our analysis of average revenue by industry in figure 9. shows that Wholesale Trade, Manufacturing, and Finance and Insurance had significantly higher revenues compared to other industries. Average revenue was lowest for Administrative and Support Services, Education Services, Other Services, and Transportation and Warehousing.

Centex Hispanic Owned Business Start Year Number of Businesses Started in Year: 2000 - 2012

Source: GAHCC Hispanic Business Porta
figure 6.



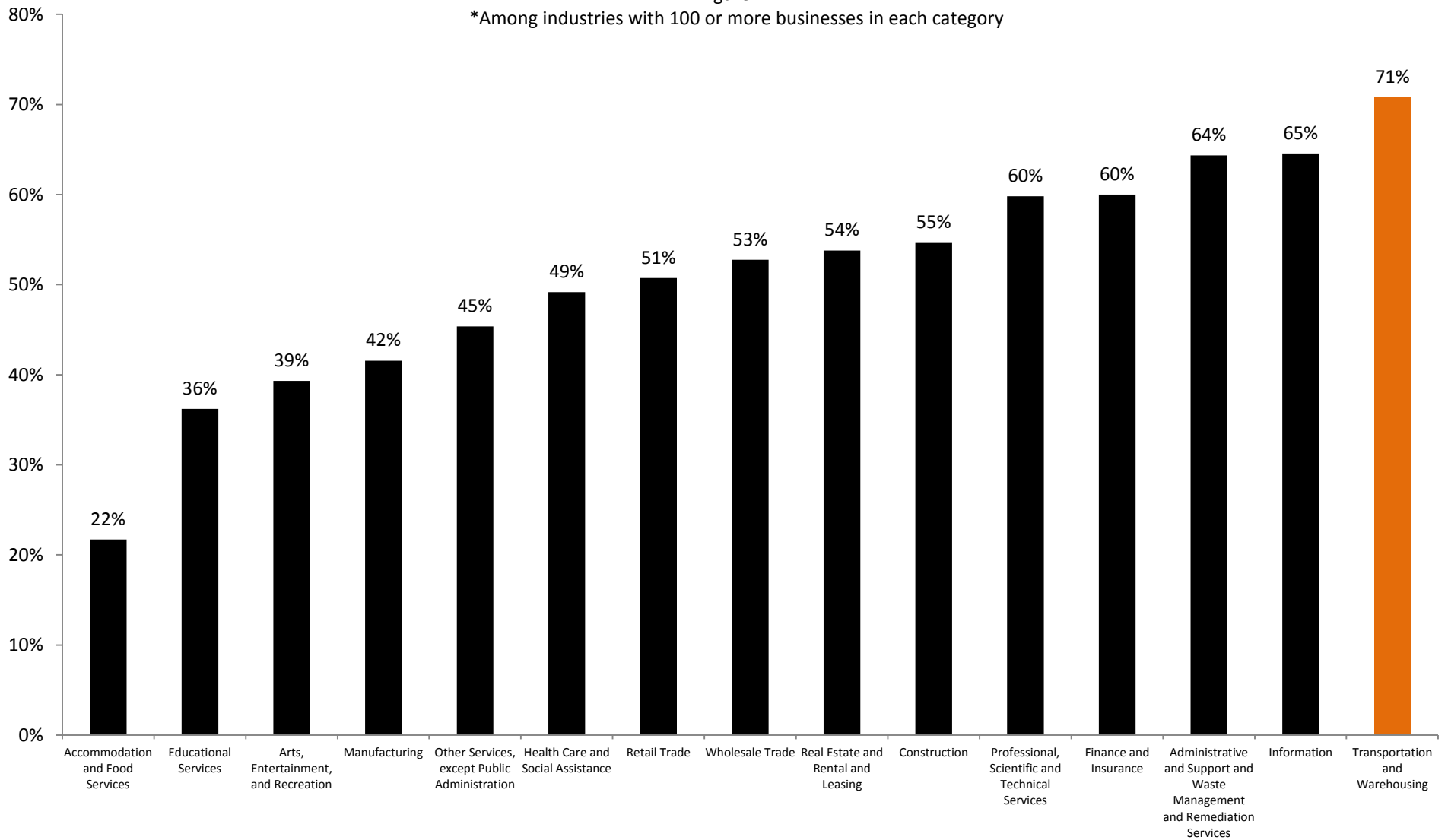
Fastest Growing Industries - Based on Year Established

Percent Growth of HOBs Over the Past Five Years by Industry

Centex Region

Source: GAHCC Hispanic Business Portal
figure 7.

*Among industries with 100 or more businesses in each category



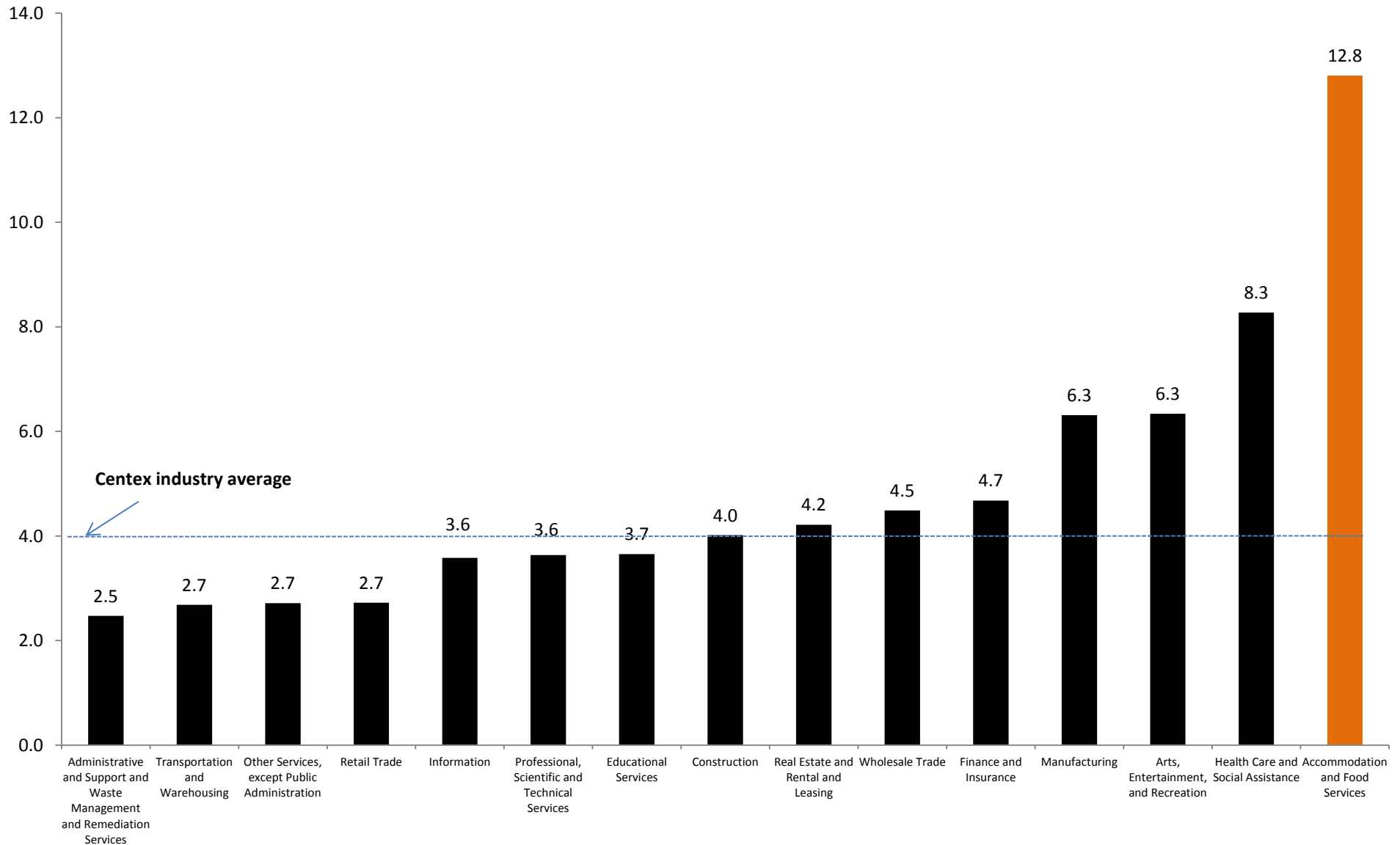
Average Number of Employees by Industry*

Centex Region - 2013

Source: GAHCC Hispanic Business Portal

figure 8.

*Among industries with 100 or more businesses in each category

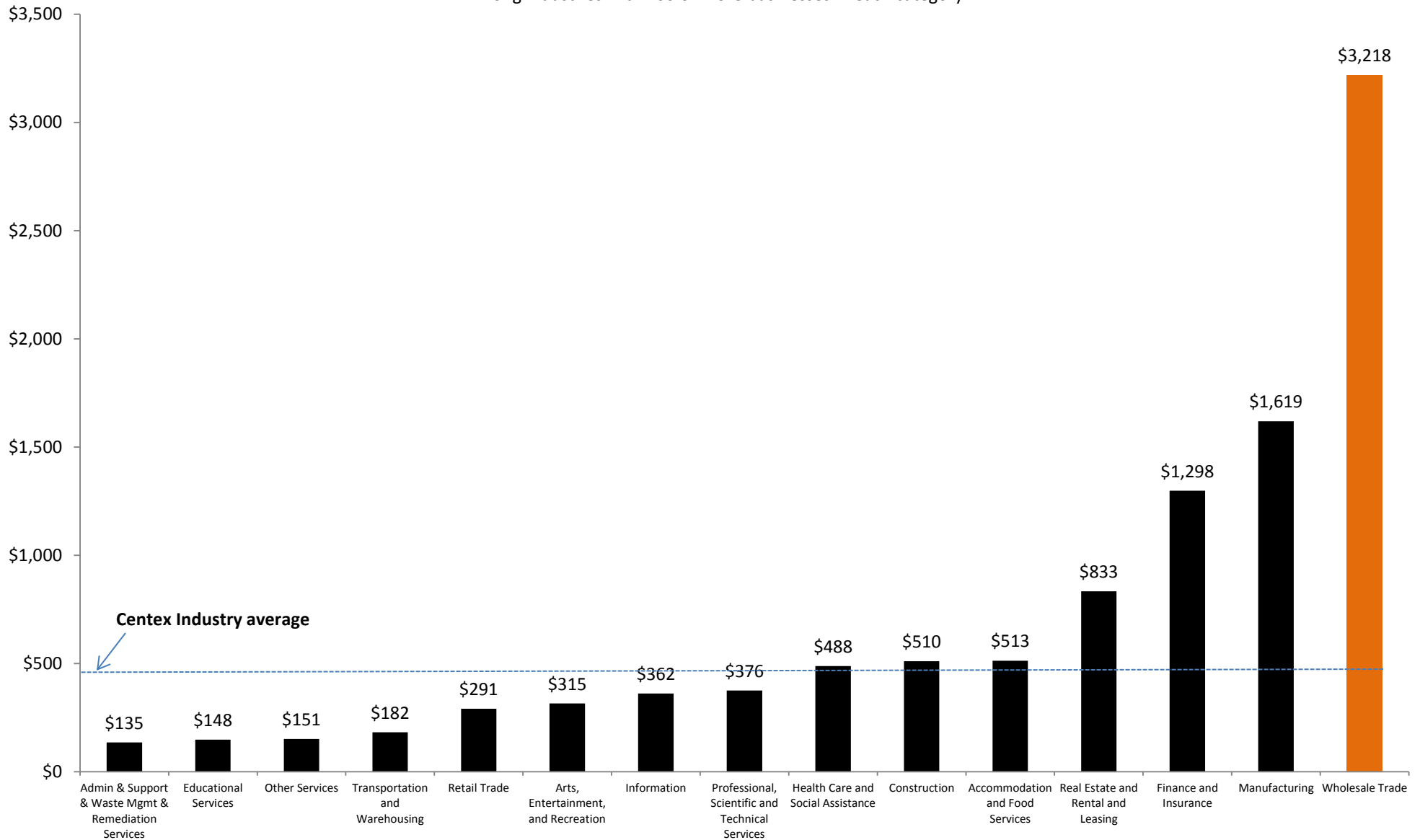


Average HOB Revenue by Industry*

Centex Region - 2013 (in thousands)

Source: GAHCC Hispanic Business Portal
figure 9.

*Among industries with 100 or more businesses in each category



County Level Analysis of Hispanic Businesses

Several selected statistics will be presented when observing individual counties from the five-county Centex Region. However, because of its population size, Travis County swamps other Counties in most of these statistics.

Employee Size

The average number of employees per HOB ranged from 2.8 employees (in Bastrop County) to 4.3 employees (in Travis County). Because only Travis County reported a HOB with over 500 employees, the 4.3 average is likely skewed for that County, and the regional average of four employees more descriptive of the average HOB. Another indicator of size influence is that Travis County also had the largest group of HOBs (88.9%) in the 101 and over category for number of employees. Clearly, large HOBs are most likely to be located in Travis County.

Revenue Analysis

Total 2013 revenue followed the same trend: Travis County had 78.8% of total and Williamson County had 12.1% of total, with the rest (9.1%) spread across the other three Counties. Average mean revenue per HOB per County spanned a range from \$612,000 (in Travis County) to \$212,000 (in Bastrop County). However, the median revenue ranges were closer, with a range of \$120,000 (in Travis County) to \$97,000 (in both Hays and Williamson Counties).

The difference in ranges can be explained because of the skewed high revenue amounts that were reported for Travis County which directly

impacts mean average calculation. In fact, Travis County had the largest group of the HOBs (79.2%) that reported 2013 revenues of \$5 million or greater. On the other end of the revenue range, Williamson County had the highest proportion (52.0%) of those reporting revenues below \$100,000, with Travis County having the lowest proportion (36.0%) of those reporting revenues below \$100,000.

Industry Analysis

When categorizing the industry types in the Centex Region, the HOBs within each County were very similar. The largest proportion of HOBs (ranging from 17.2% in Travis County to 20.6% in Williamson County) was found in the administrative and support and waste management and remediation services field. Of those HOBs in the construction field, Bastrop County had the largest proportion of HOBs (18.4%) pursuing that trade. Nevertheless, when reviewing the entire Region, Travis County had the most construction HOBs (60.3%). As a matter of fact, Travis County overwhelmed the other four counties in the number of HOBs within each industry type.

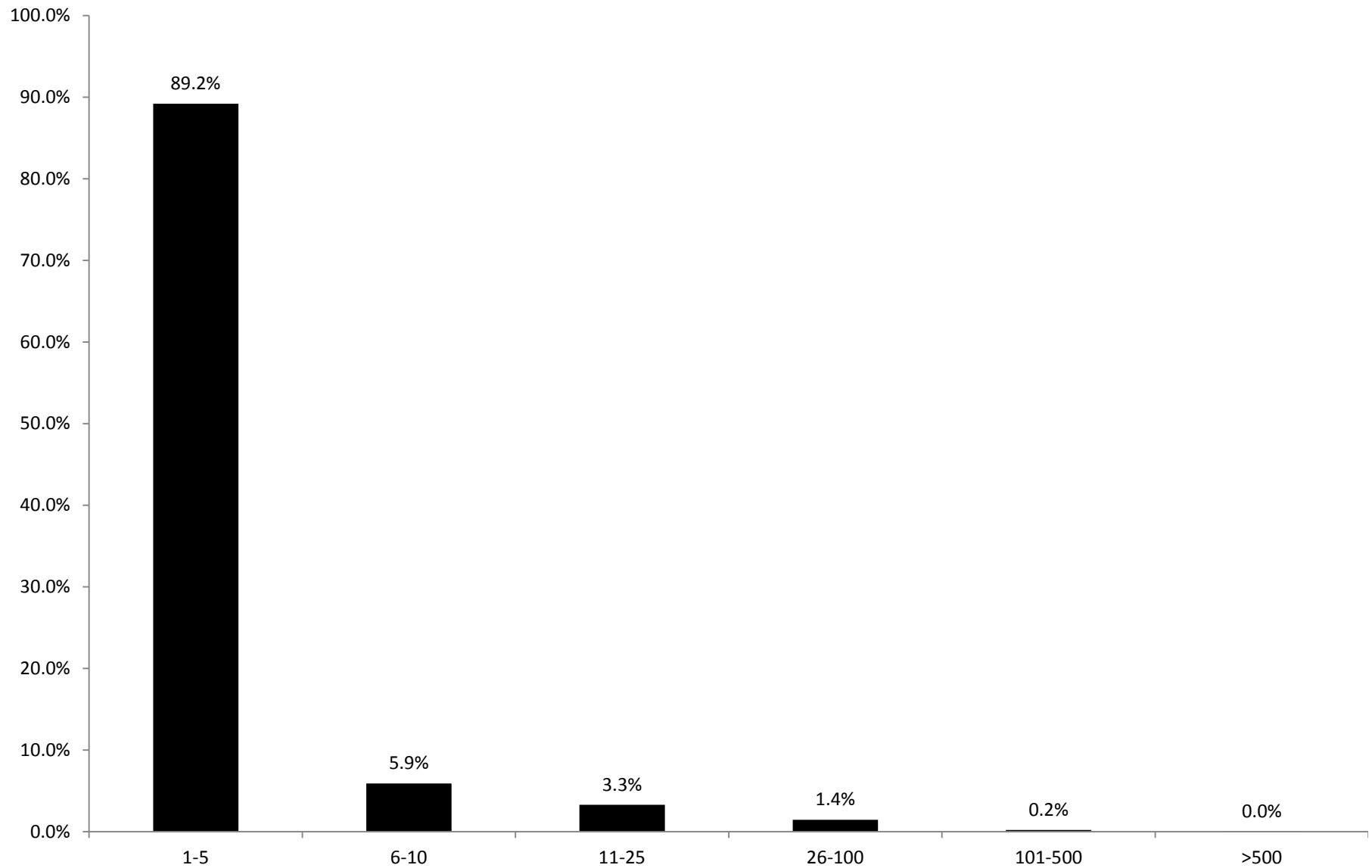
When inspecting the top five industry types, Travis County had the following proportions across the region: administrative and support and waste management and remediation services (60.7%); professional, scientific and technical services (69.5%); construction (60.3%), other services, except public administration (64.0%); retail trade (66.7%); and transportation and warehousing (55.6%).

Centex Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Number of Employees

Centex Region - 2013

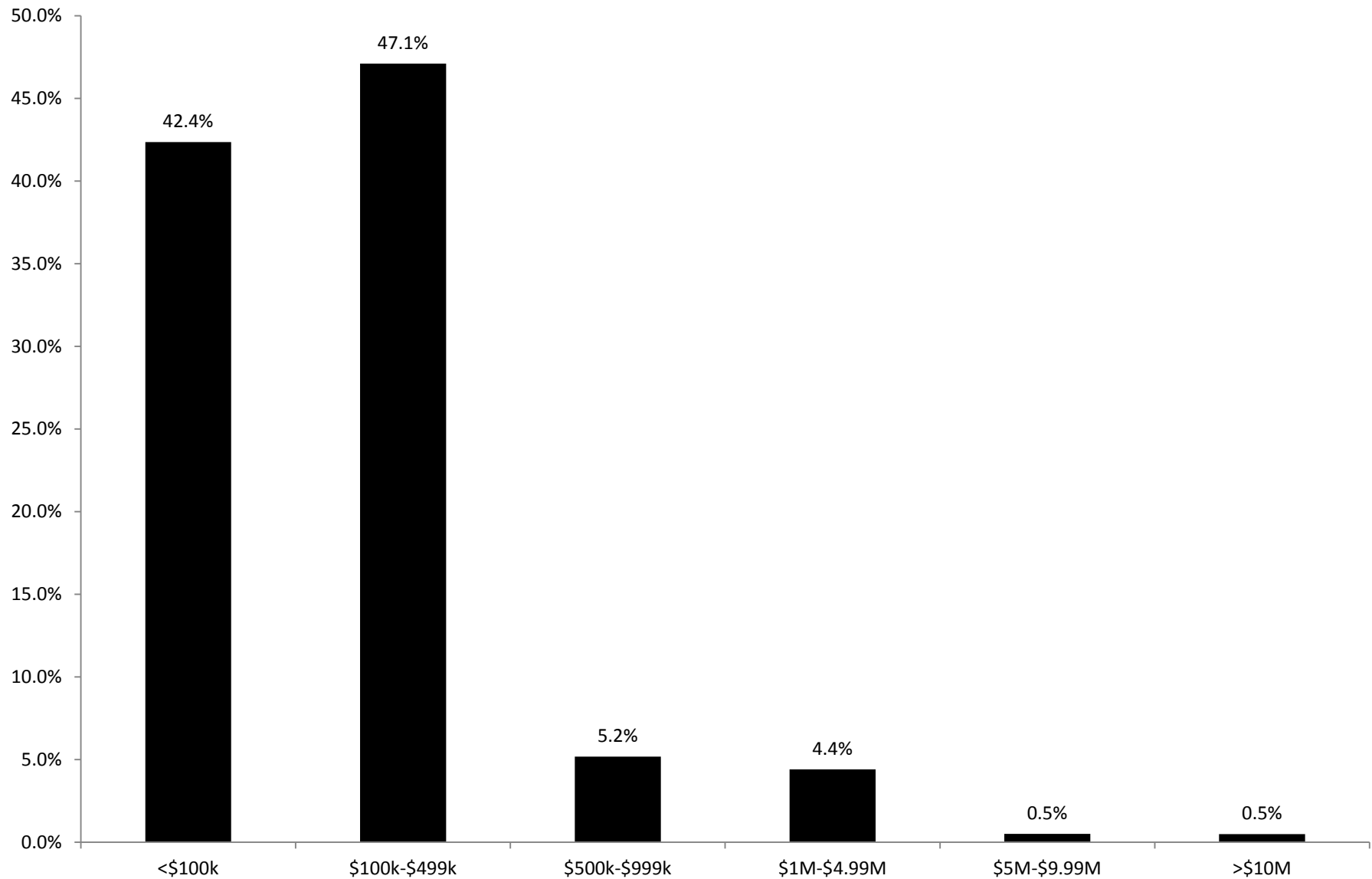
Source: GAHCC Hispanic Business Portal
figure 10.



Hispanic Owned Businesses by Revenue Level

Centex Region - 2013

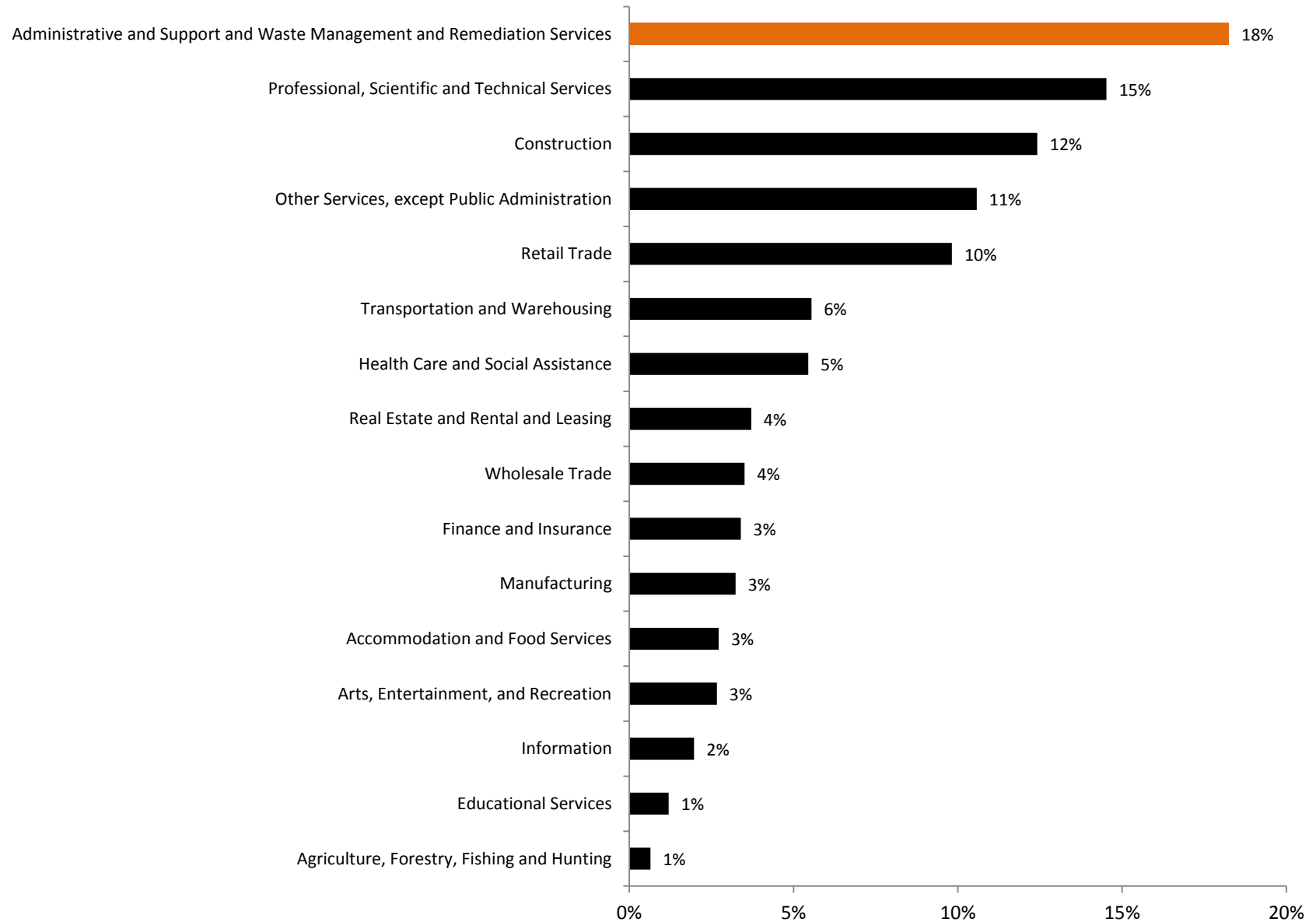
Source: GAHCC Hispanic Business Portal
figure 11.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Centex Region - 2013

Source: GAHCC Hispanic Business Portal
figure 12.

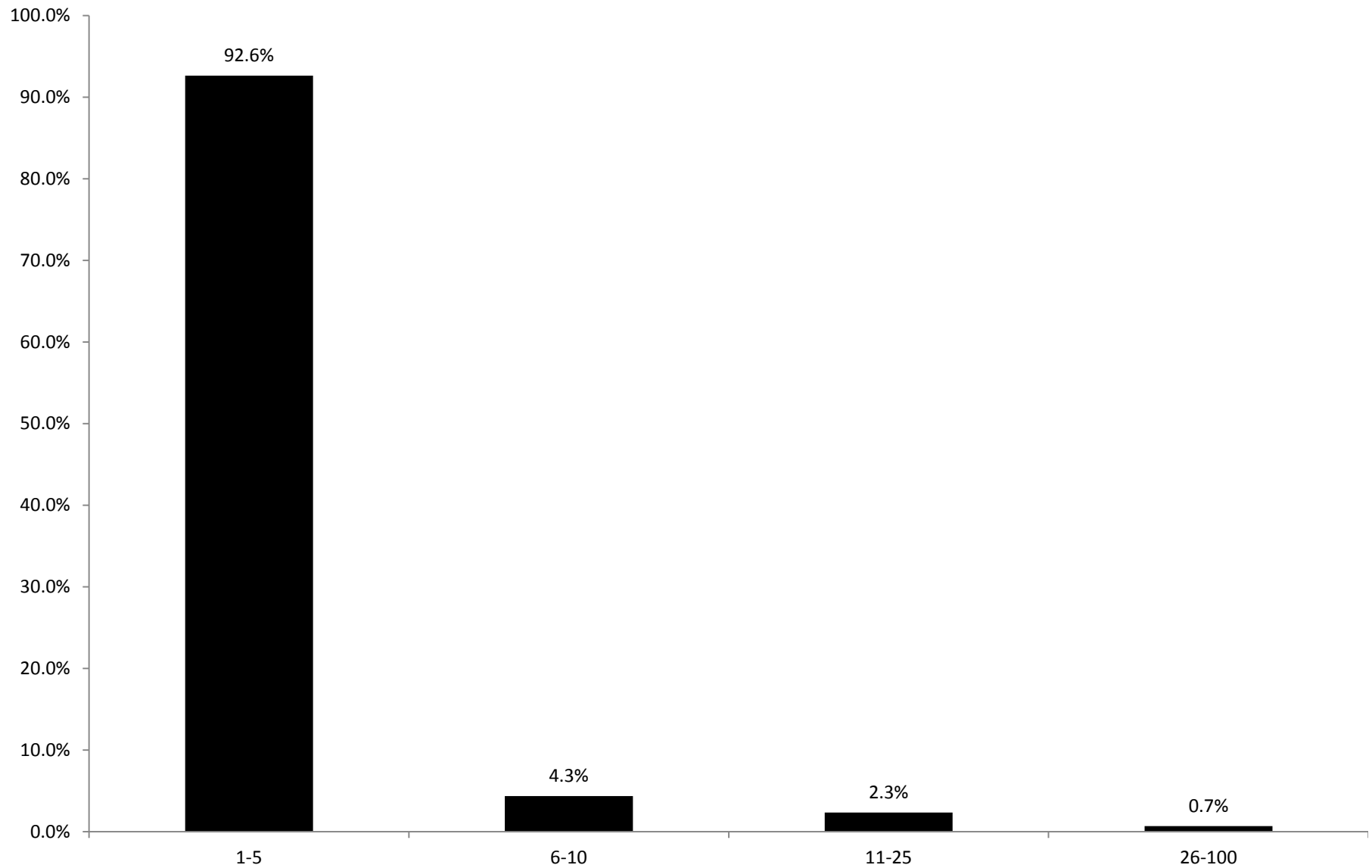


Bastrop County Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Number of Employees

Bastrop County - 2013

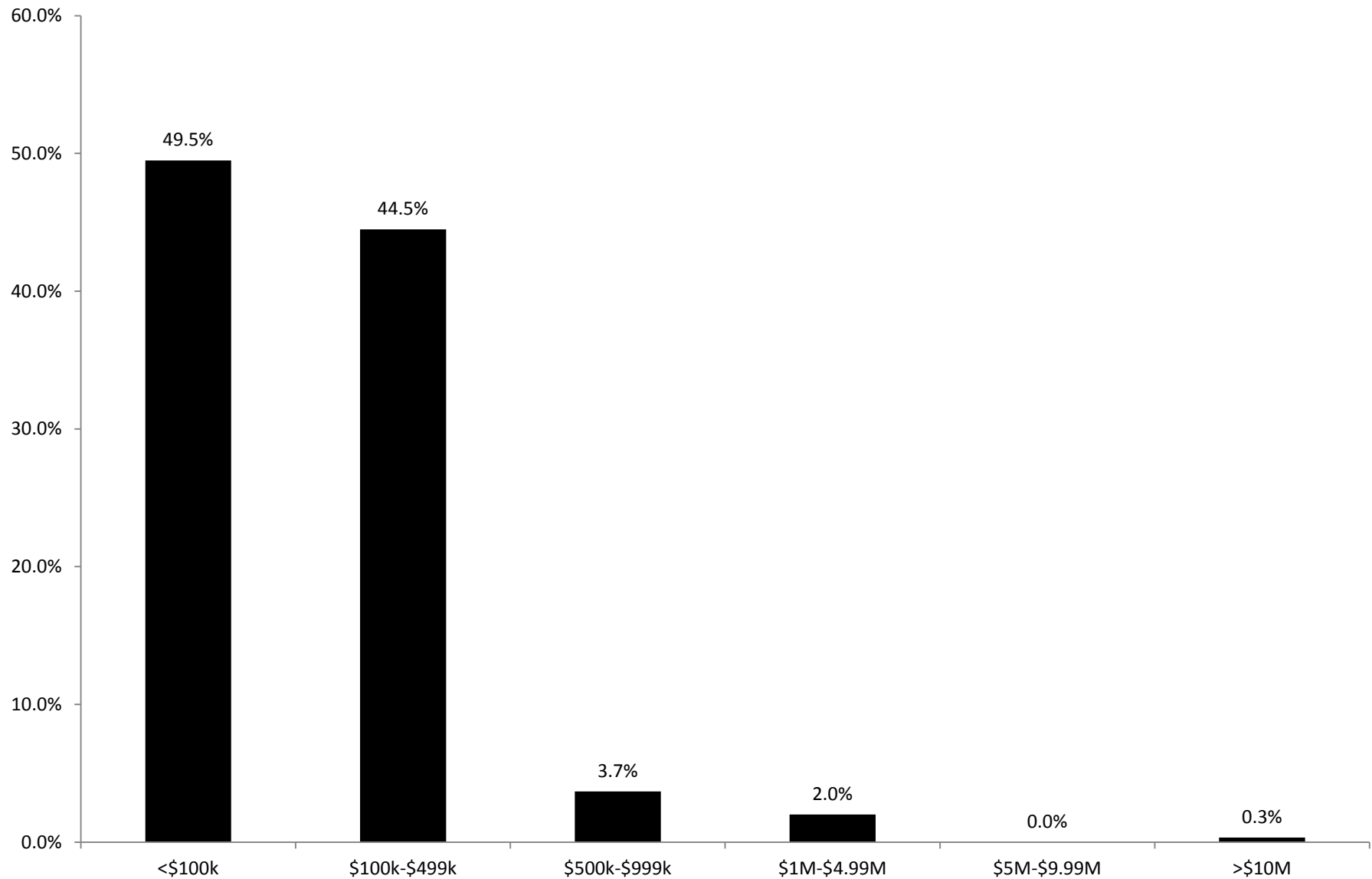
Source: GAHCC Hispanic Business Portal
figure 13.



Hispanic Owned Businesses by Revenue Level

Bastrop County - 2013

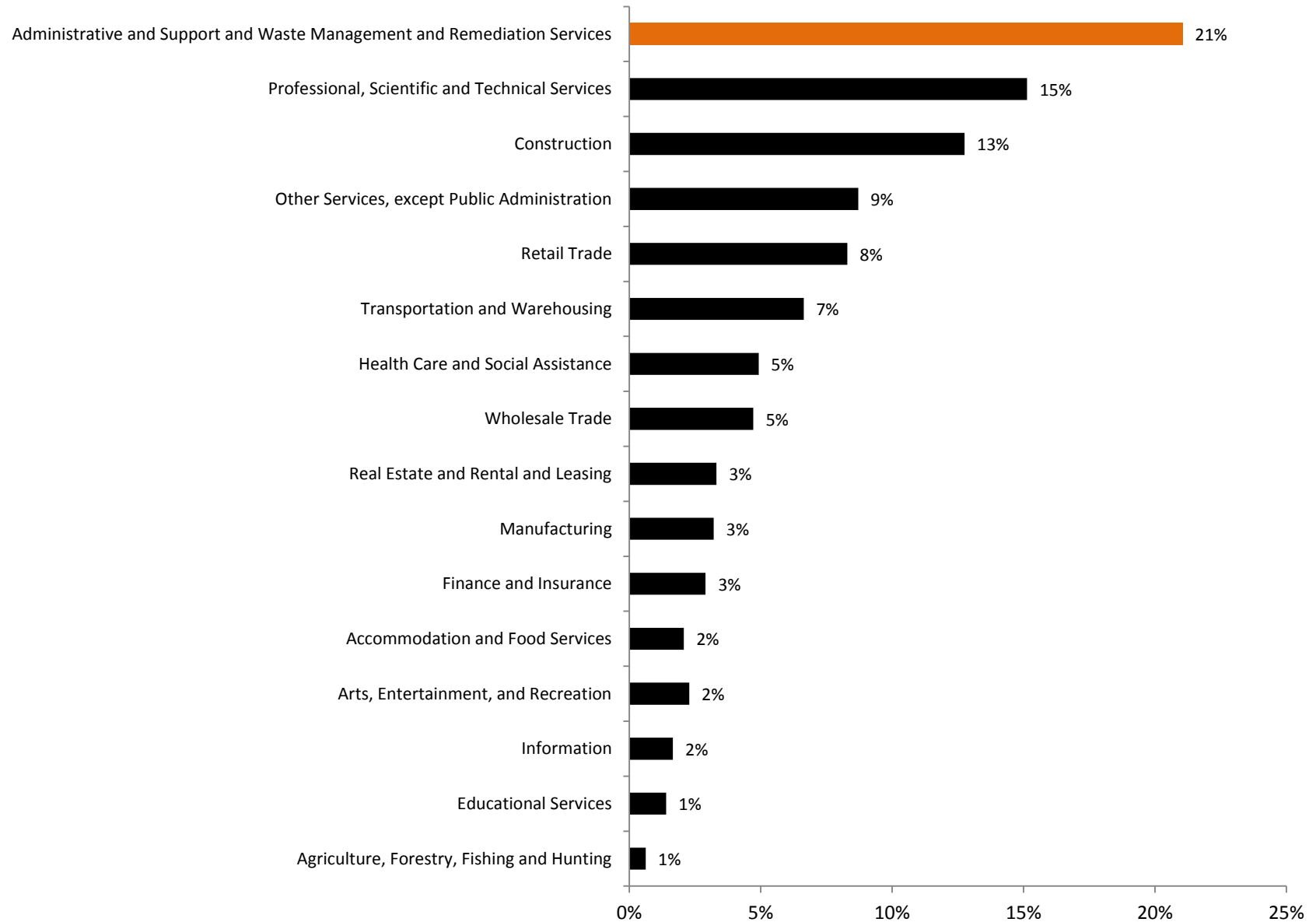
Source: GAHCC Hispanic Business Portal
figure 14.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Bastrop County - 2013

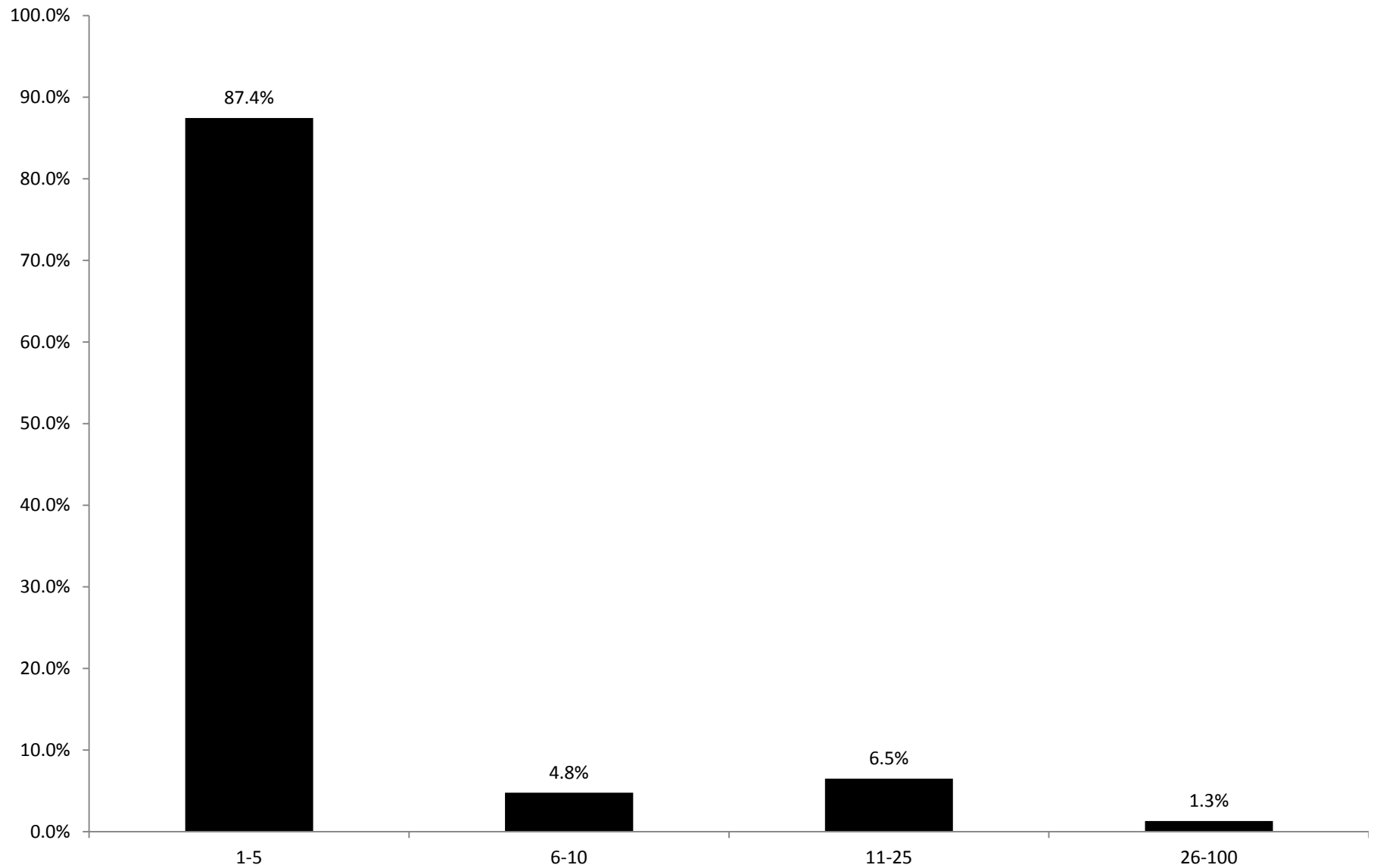
Source: GAHCC Hispanic Business Portal
figure 15.



Caldwell County Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Number of Employees Caldwell County - 2013

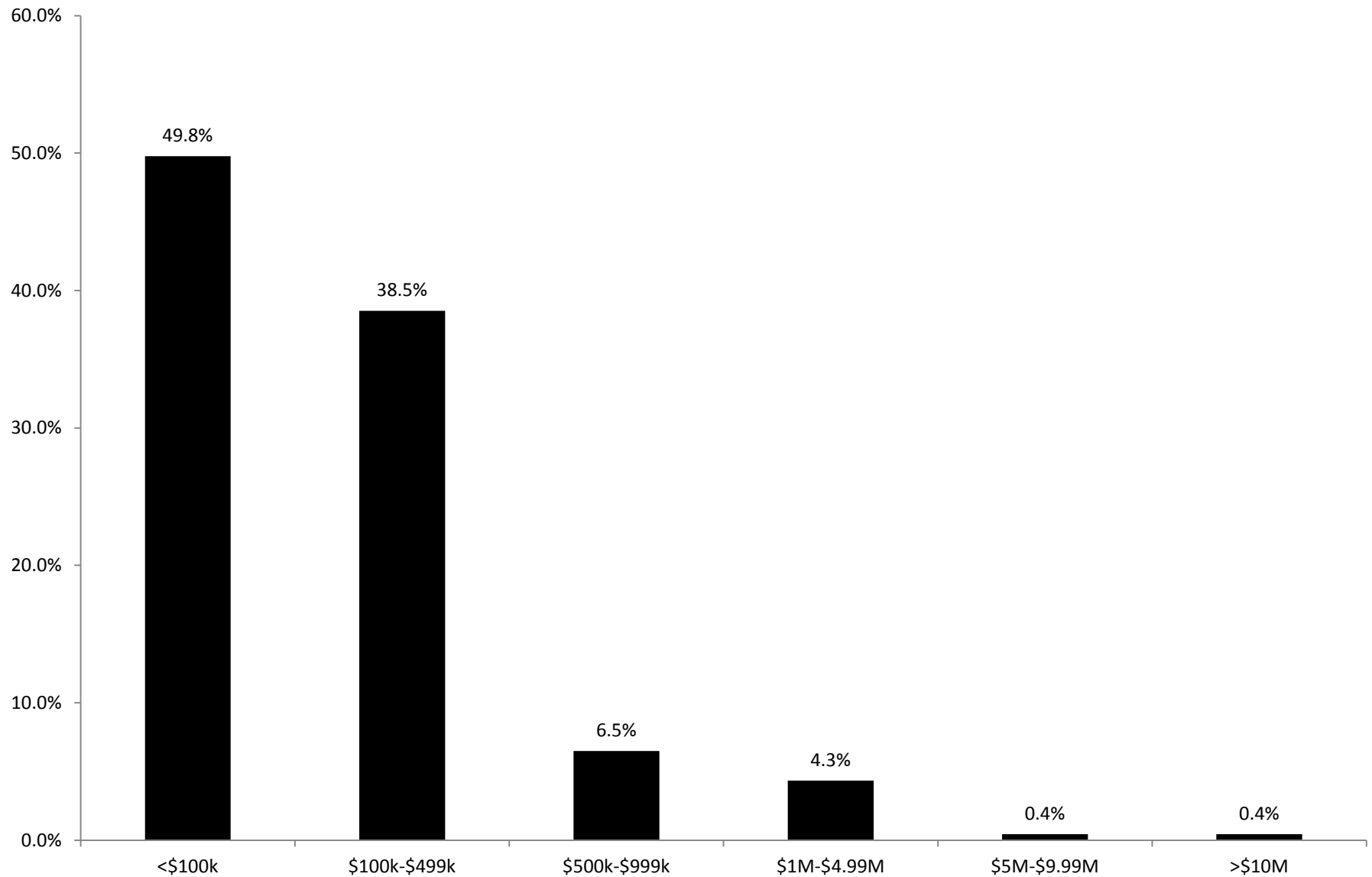
Source: GAHCC Hispanic Business Portal
figure 16.



Hispanic Owned Businesses by Revenue Level

Caldwell County - 2013

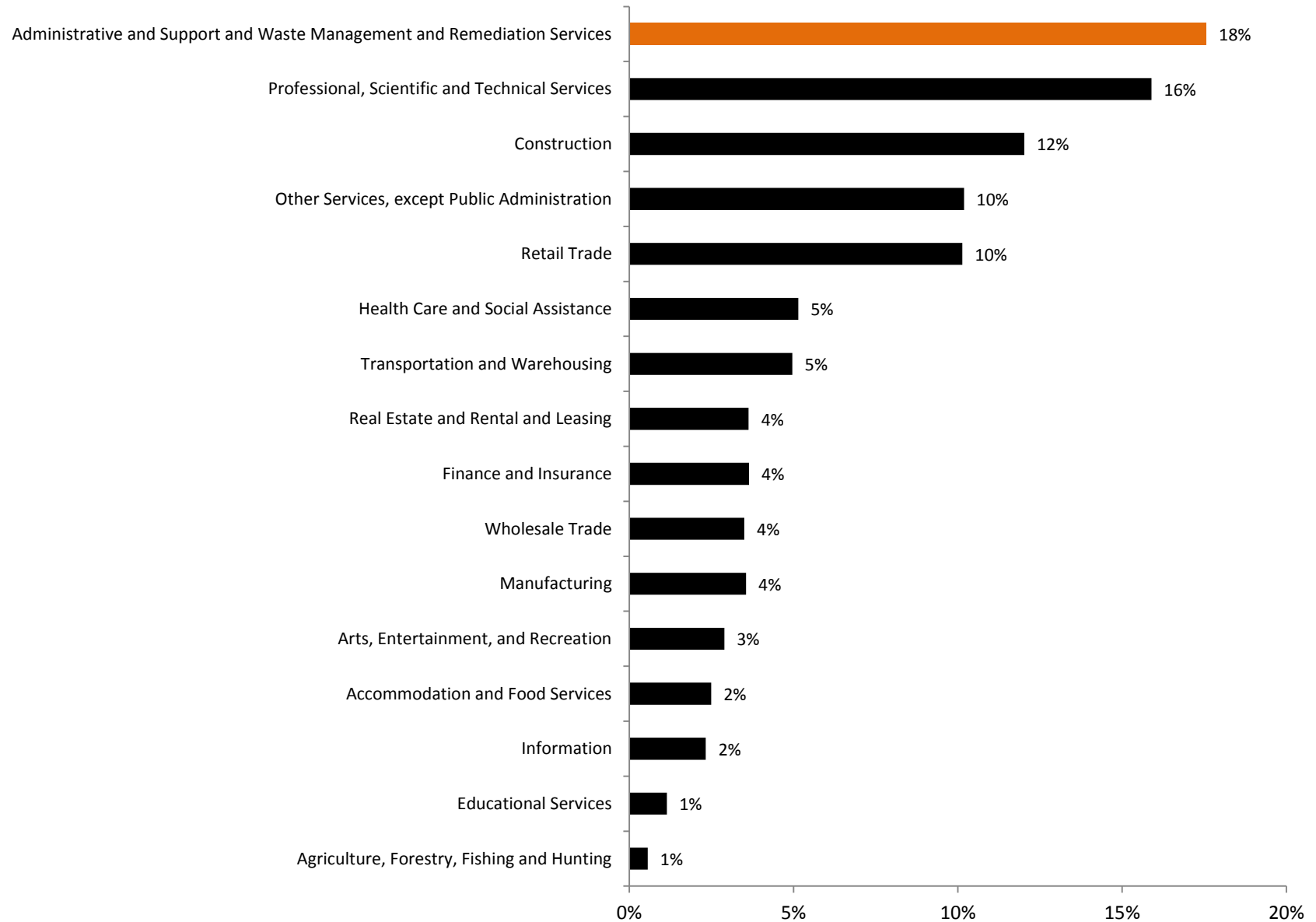
Source: GAHCC Hispanic Business Portal
figure 17.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Caldwell County - 2013

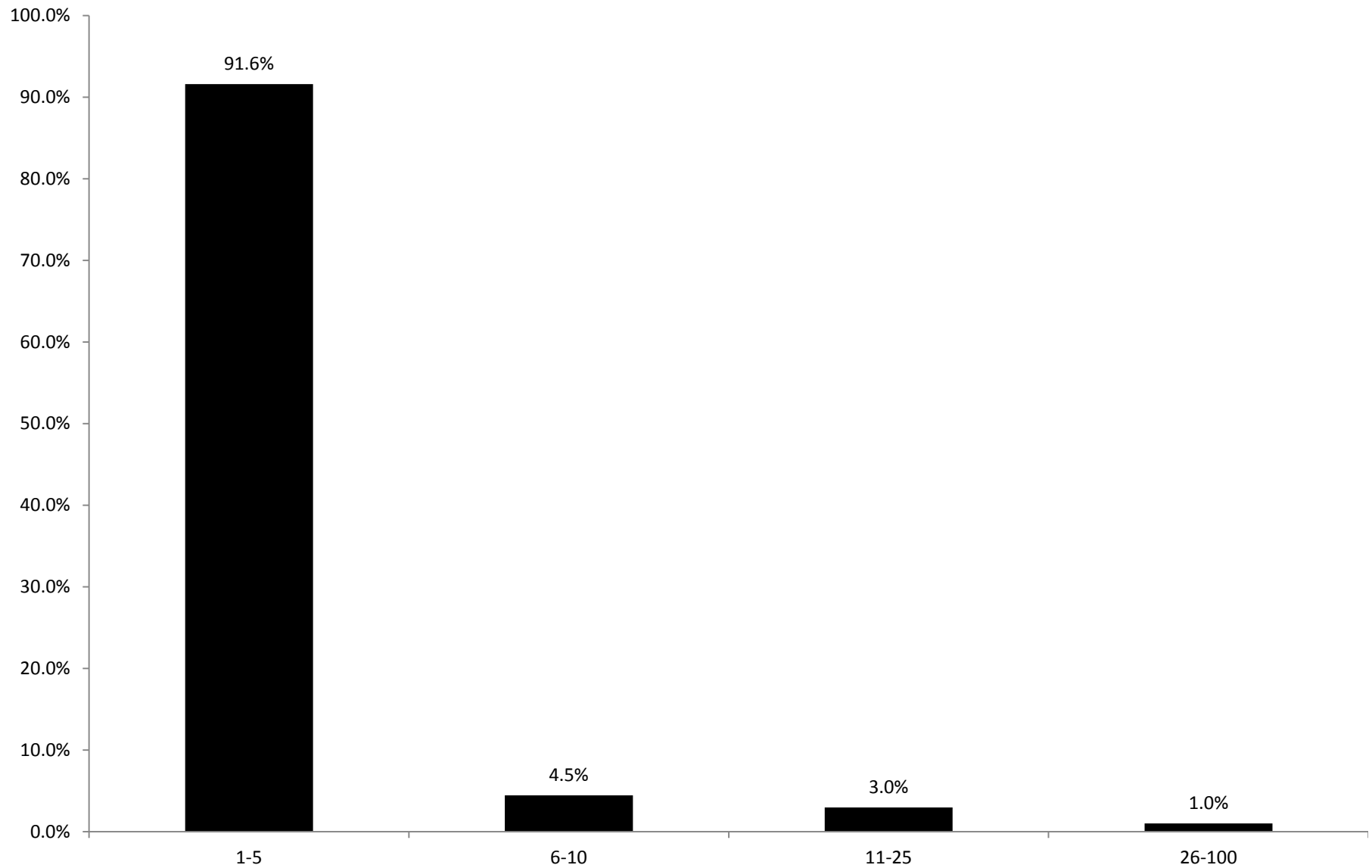
Source: GAHCC Hispanic Business Portal
figure 18.



Hays County Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Number of Employees Hays County - 2013

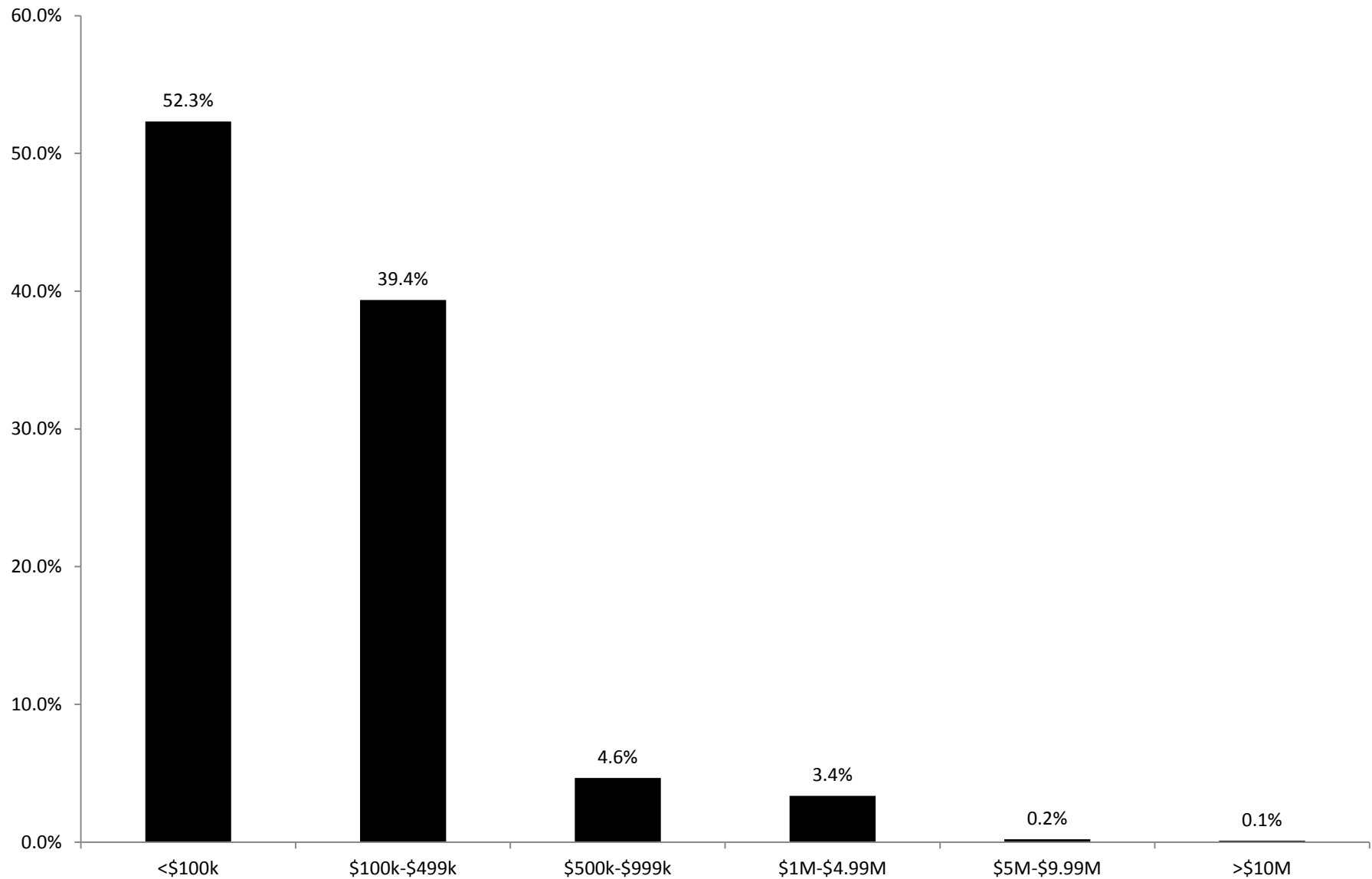
Source: GAHCC Hispanic Business Portal
figure 19.



Hispanic Owned Businesses by Revenue Level

Hays County - 2013

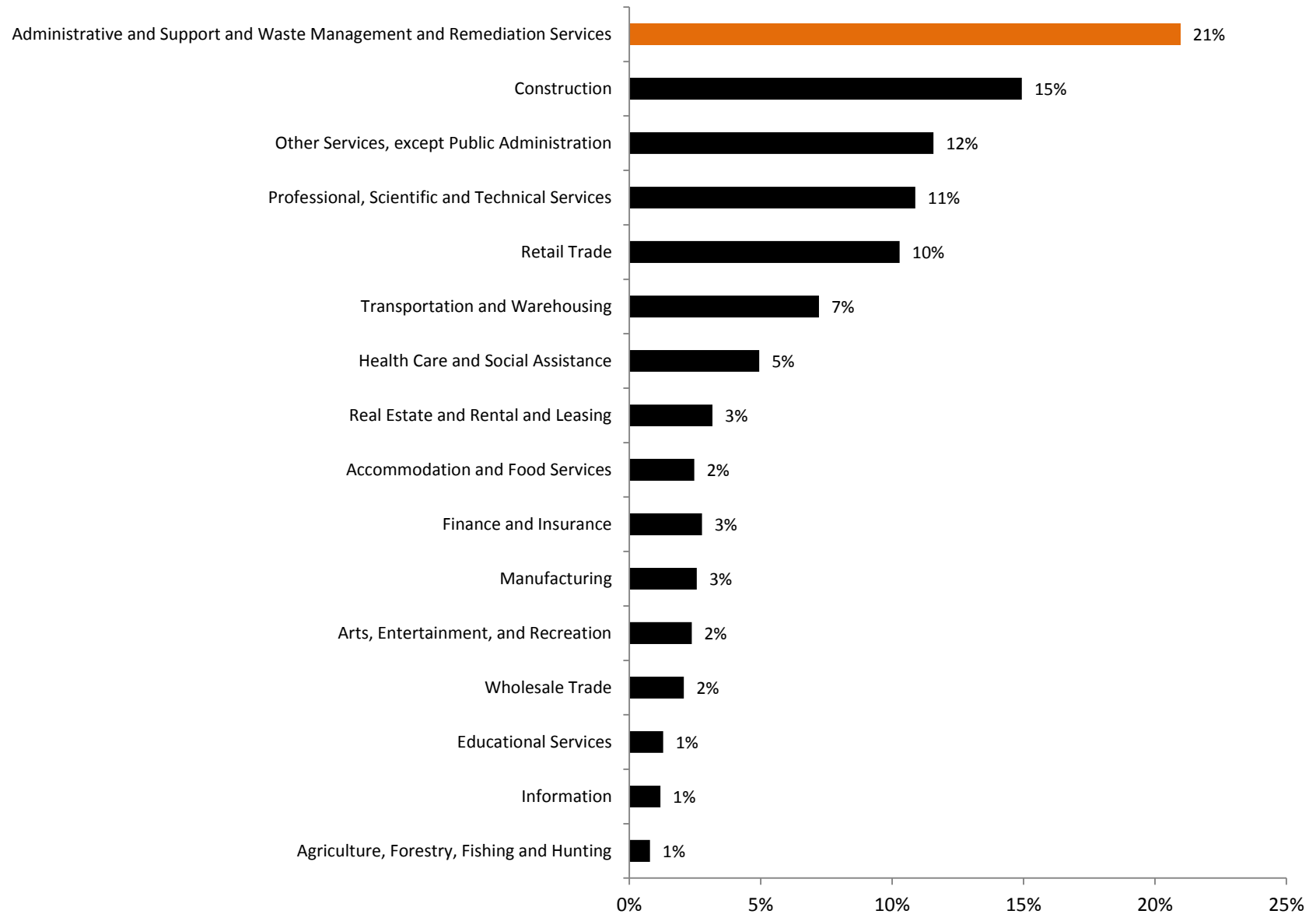
Source: GAHCC Hispanic Business Portal
figure 20.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Hays County - 2013

Source: GAHCC Hispanic Business Portal
figure 21.

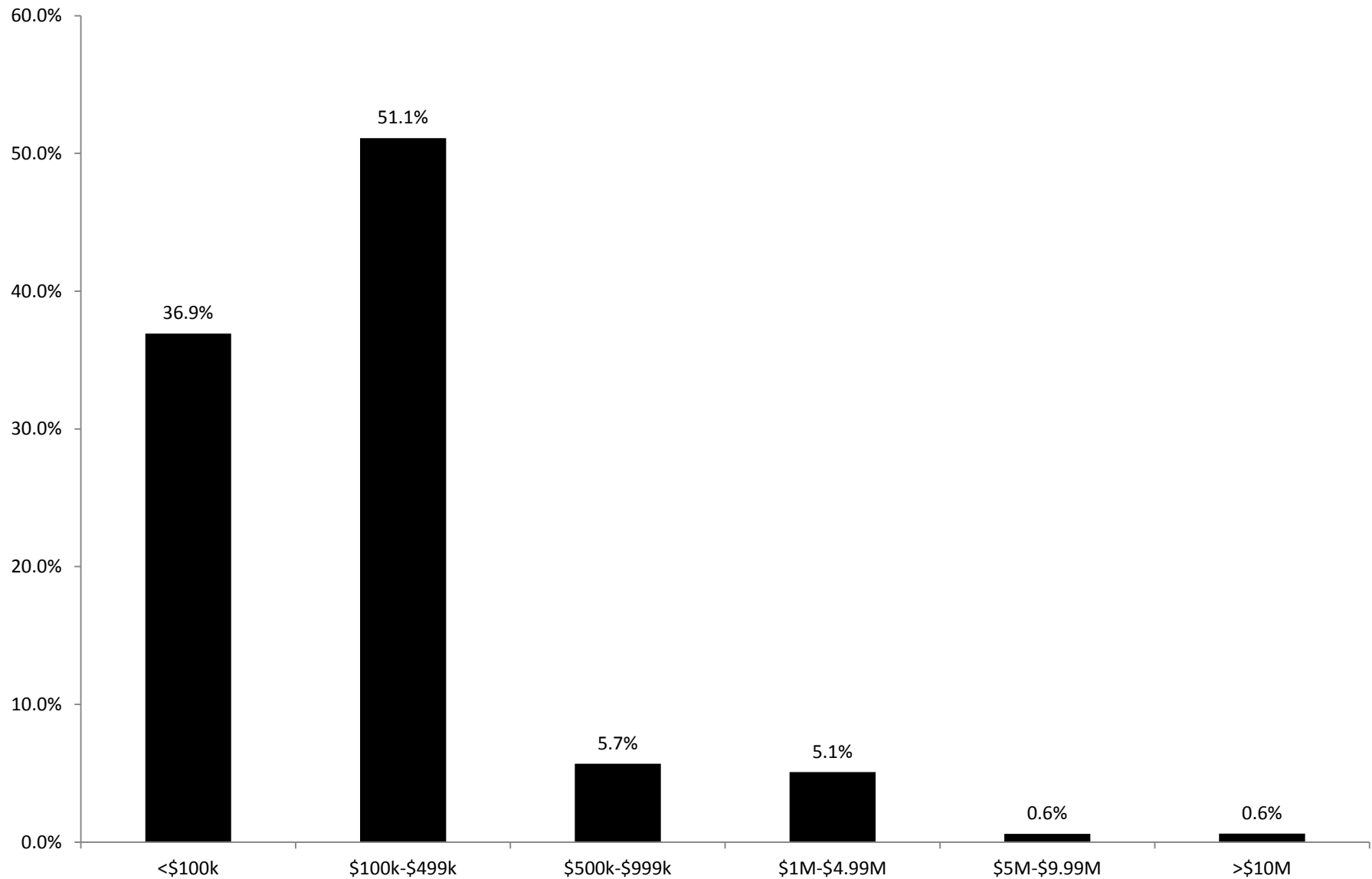


Travis County Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Revenue Level

Travis County - 2013

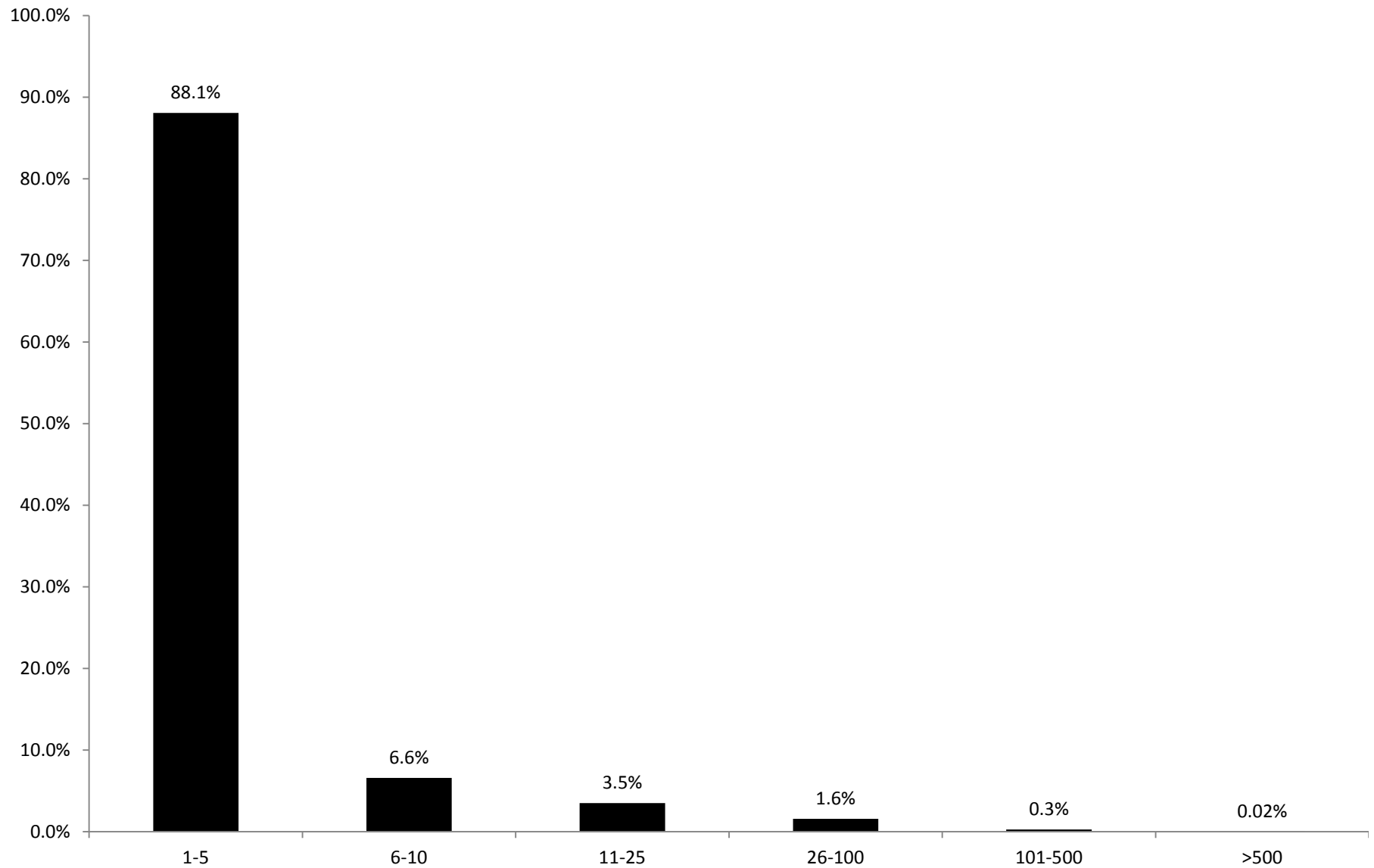
Source: GAHCC Hispanic Business Portal
figure 22.



Hispanic Owned Businesses by Number of Employees

Travis County - 2013

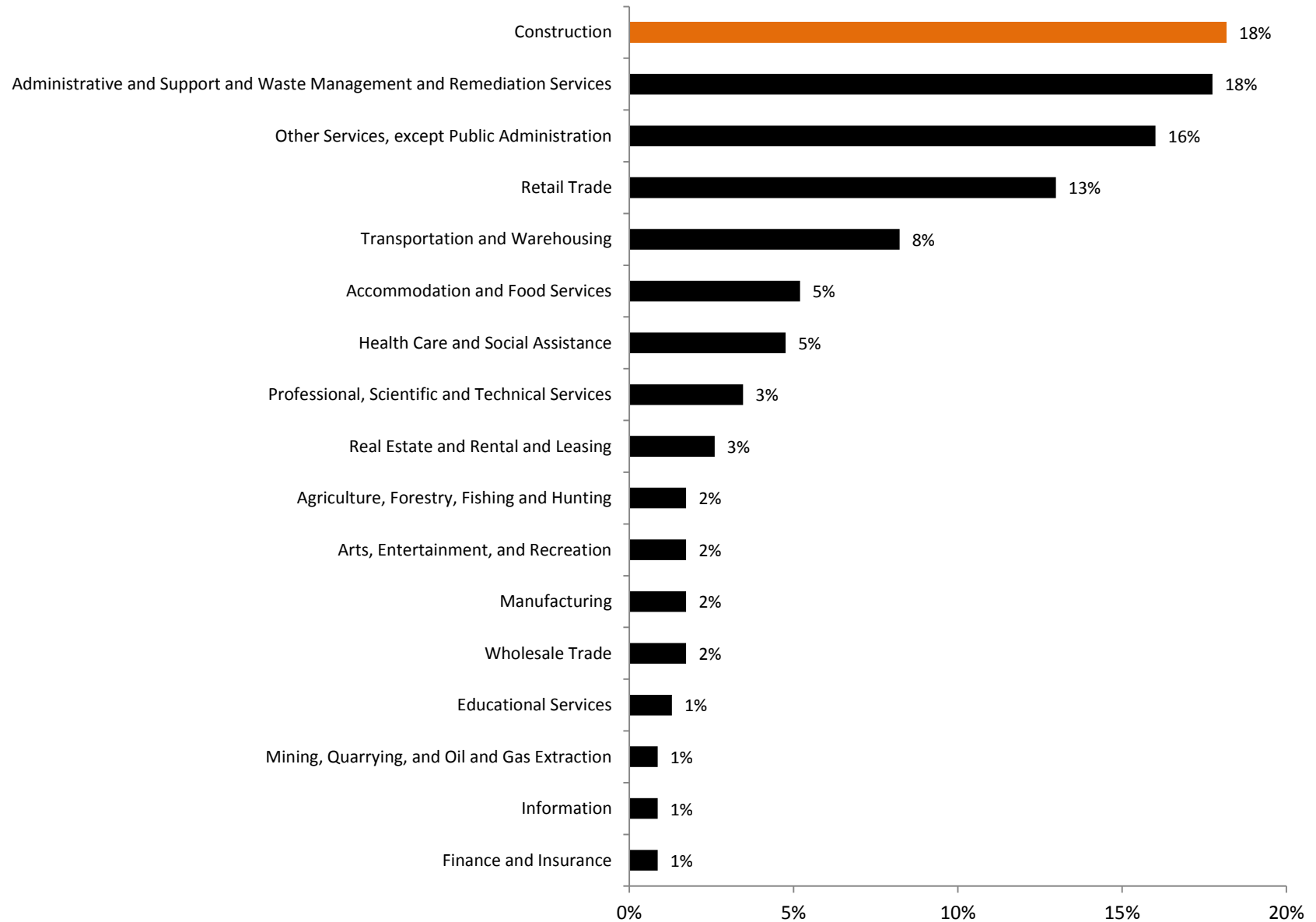
Source: GAHCC Hispanic Business Portal
figure 23.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Travis County - 2013

Source: GAHCC Hispanic Business Portal
figure 24.



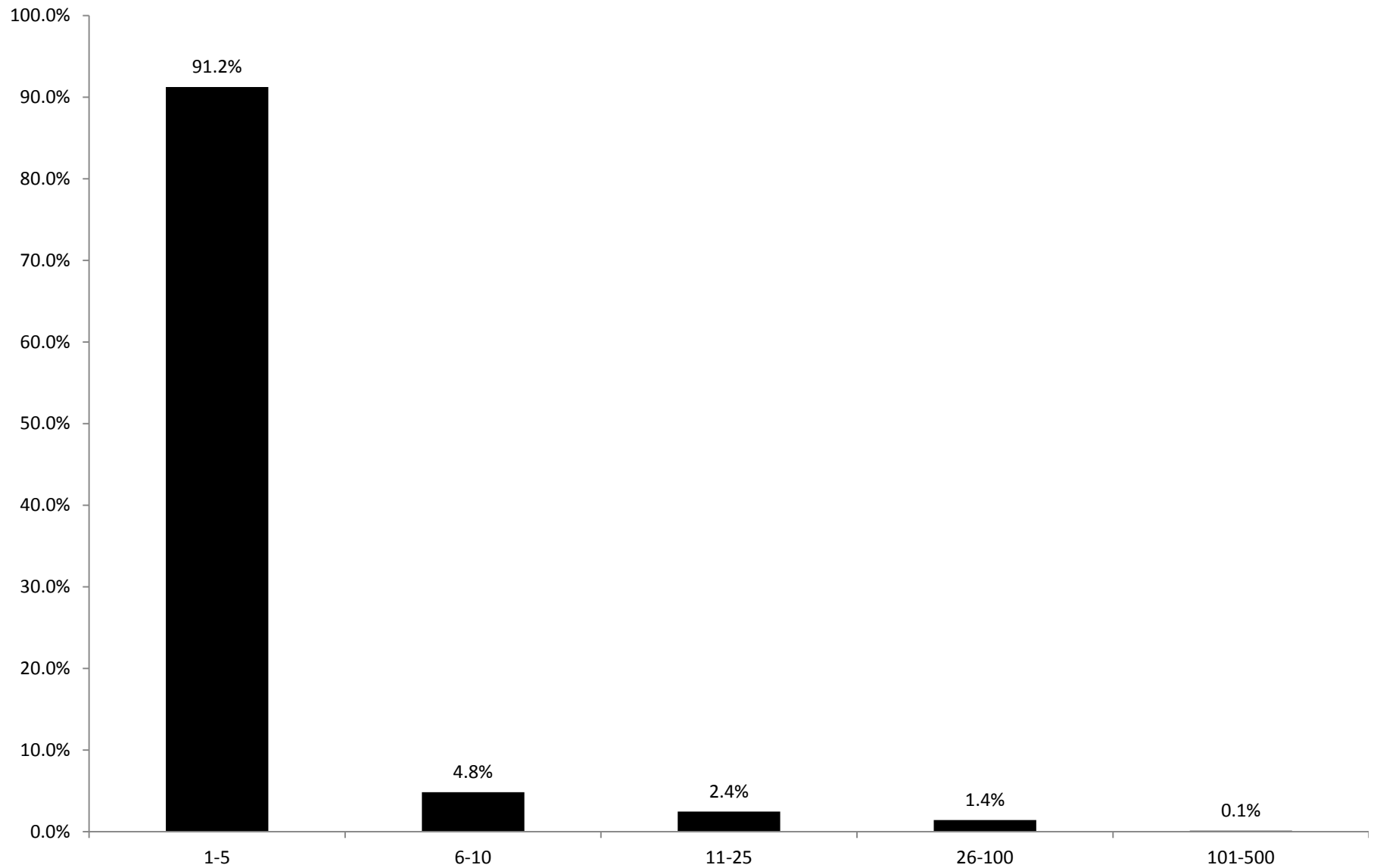
Williamson County Snapshot by Employees, Revenues, and Industry

Hispanic Owned Businesses by Number of Employees

Williamson County - 2013

Source: GAHCC Hispanic Business Portal

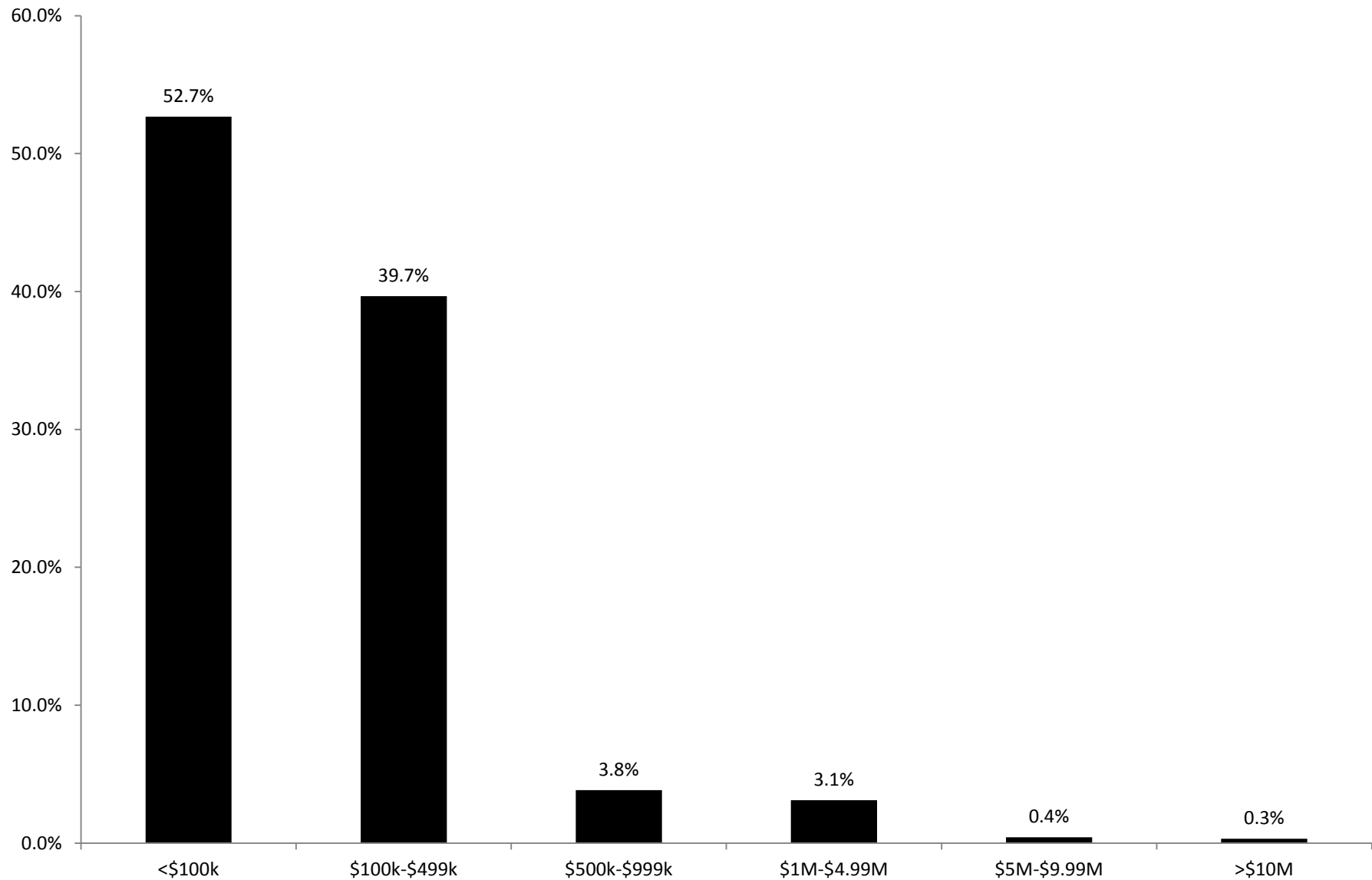
figure 25.



Hispanic Owned Businesses by Revenue Level

Williamson County- 2013

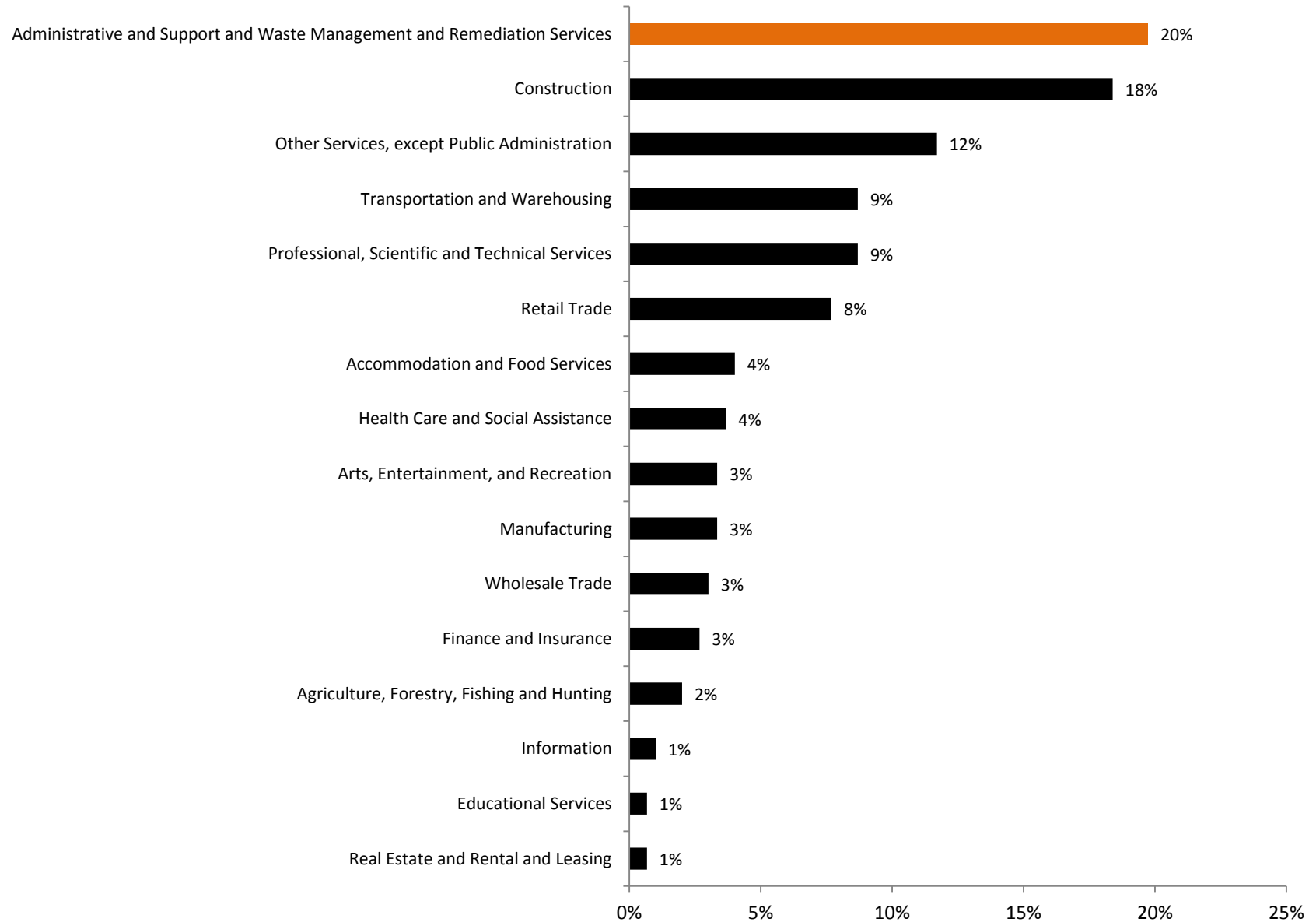
Source: GAHCC Hispanic Business Portal
figure 26.



Hispanic Owned Business Industry Analysis

Percent to Total Businesses in Williamson County - 2013

Source: GAHCC Hispanic Business Portal
figure 27.



Conclusions

1. HOBs generate \$4.83 in 2013 revenue in the Centex Region. This shows that HOBs are playing a more prominent role in the overall growth of the Central Texas economy.
2. The services area are strongholds for HOBs in the Centex Region, while manufacturing (at 3.2% of total) is small as an industrial area.
3. HOBs remain relatively small (four employees on average).
4. Travis County has the largest proportion of HOBs in the medium size range (in number of employees).
6. HOB growth is outpacing non-Hispanic-owned business growth in the U.S. HOB growth is outpacing non-Hispanic-owned business growth in the U.S. According to the U.S. Hispanic Chamber of Commerce, from 2007 to 2013, HOBs grew at an annual rate of 6.66% versus the general rate of 3.14%.¹³
5. Overall average revenue for HOBs shows an increasing trend. However, the medium revenue among HOBs shows that 50% only made \$110k or less in 2013.
6. Transportation and warehousing, information, administrative support, finance and insurance, and professional and technical services experienced the largest overall growth over the past five years.
7. The relative economic strength of Austin (Travis County) directly impacts the performance and growth of HOBs in the other five counties.

¹³ http://www.geoscape.com/HBR/pdf/Geoscape_HispanicBusinessOwners_FINAL.pdf

Recommendations

1. Develop industry specific training for fast growing industries to ensure these new businesses have the tools to make survive the first five years in business.
2. Develop networking opportunities to connect B2B related businesses with new markets and customers. This should be done based upon the industries with the largest group of HOBs.
3. Develop county level committees to develop outreach programs for each of the counties in the Centex region. This group should work closely with the major Chamber in each county.
4. Conduct virtual training seminars on marketing, social media, and financial management. These areas are consistently cited as high need areas among start-ups and would give businesses an opportunity to attend regardless of their location or time (assuming the seminar can be recorded and broadcast).
 - a. Members would have free access and non-members would pay a small fee after 2 sessions.
5. Conduct survey of random sample of HOBs in Centex Region for insights into training and other needs that the businesses need to grow and prosper.

Appendix A: Supporting Analysis Tables

HOB Snapshot by County and for Centex Region - 2013

Metric	Bastrop	Caldwell	Hays	Travis	Williamson	Centex Total
Total Number of HOBs	299	231	1,011	6,223	1,929	9,693
Total Employees	847	874	3,142	26,497	6,774	38,134
Average # of Employees	2.8	3.8	3.1	4.3	3.5	3.9
Total Revenues (in millions)	\$63	\$106	\$267	\$3,808	\$587	\$4,831
Average Revenue (in thousands)	\$212	\$459	\$264	\$612	\$304	\$498
Median Revenue (in thousands)	\$100	\$100	\$97	\$120	\$97	\$110
Average # of Years in Business	8.3	12.1	9.1	9.3	7.8	9.0

HOB Industry Analysis by County and for Centex Region - 2013

Major Industry	Bastrop	Caldwell	Hays	Travis	Williamson	Centex Total
Administrative and Support and Waste Management and Remediation Services	19.7%	17.7%	21.0%	17.6%	21.0%	18.7%
Professional, Scientific and Technical Services	8.7%	3.5%	10.9%	15.9%	15.1%	14.7%
Construction	18.4%	18.2%	14.9%	12.0%	12.8%	12.8%
Other Services, except Public Administration	11.7%	16.0%	11.6%	10.2%	8.7%	10.2%
Retail Trade	7.7%	13.0%	10.3%	10.1%	8.3%	9.8%
Transportation and Warehousing	8.7%	8.2%	7.2%	5.0%	6.6%	5.7%
Health Care and Social Assistance	3.7%	4.8%	4.9%	5.1%	4.9%	5.0%
Real Estate and Rental and Leasing	3.0%	1.7%	2.1%	3.5%	4.7%	3.5%
Wholesale Trade	0.7%	2.6%	3.2%	3.6%	3.3%	3.4%
Finance and Insurance	3.3%	1.7%	2.6%	3.6%	3.2%	3.3%
Manufacturing	2.7%	0.9%	2.8%	3.6%	2.9%	3.3%
Accommodation and Food Services	3.3%	1.7%	2.4%	2.9%	2.3%	2.7%
Arts, Entertainment, and Recreation	4.0%	5.2%	2.5%	2.5%	2.1%	2.5%
Information	1.0%	0.9%	1.2%	2.3%	1.7%	2.0%
Educational Services	0.7%	1.3%	1.3%	1.1%	1.4%	1.2%
Agriculture, Forestry, Fishing and Hunting	2.0%	1.7%	0.8%	0.6%	0.6%	0.7%
Management of Companies and Enterprises	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
Mining, Quarrying, and Oil and Gas Extraction	0.3%	0.9%	0.0%	0.1%	0.1%	0.1%
Utilities	0.3%	0.0%	0.3%	0.1%	0.1%	0.1%
Grand Total	100%	100%	100%	100%	100%	100%

HOB Employee Distribution by County and for Centex Region - 2013

Employee Range	Bastrop	Caldwell	Hays	Travis	Williamson	Centex Total
1-5	92.6%	87.4%	91.6%	88.1%	91.2%	89.2%
6-10	4.3%	4.8%	4.5%	6.6%	4.8%	5.9%
11-25	2.3%	6.5%	3.0%	3.5%	2.4%	3.3%
26-100	0.7%	1.3%	1.0%	1.6%	1.4%	1.4%
101-500	0.0%	0.0%	0.0%	0.3%	0.1%	0.2%
>500	0.0%	0.0%	0.0%	0.02%	0.0%	0.0%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HOB Revenue Distribution by County and for Centex Region - 2013

Revenue Range	Bastrop	Caldwell	Hays	Travis	Williamson	Centex Total
<\$100k	49.5%	49.8%	52.3%	36.9%	52.7%	42.4%
\$100k-\$499k	44.5%	38.5%	39.4%	51.1%	39.7%	47.1%
\$500k-\$999k	3.7%	6.5%	4.6%	5.7%	3.8%	5.2%
\$1M-\$4.99M	2.0%	4.3%	3.4%	5.1%	3.1%	4.4%
\$5M-\$9.99M	0.0%	0.4%	0.2%	0.6%	0.4%	0.5%
>\$10M	0.3%	0.4%	0.1%	0.6%	0.3%	0.5%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HOB Growth Over the Past Five Years for Centex Region by Industry

*Among Industries with 100 or More Businesses in Each Category

Industry	# Started in/or before 2007	# Started in/or after 2008	Total	% Growth from 2007
Transportation and Warehousing	162	393	555	71%
Information	67	122	189	65%
Administrative and Support and Waste Management and Remediation Services	645	1,164	1,809	64%
Finance and Insurance	128	192	320	60%
Professional, Scientific and Technical Services	570	848	1,418	60%
Construction	563	678	1,241	55%
Real Estate and Rental and Leasing	152	177	329	54%
Wholesale Trade	162	181	343	53%
Retail Trade	466	480	946	51%
Health Care and Social Assistance	247	239	486	49%
Other Services, except Public Administration	541	449	990	45%
Manufacturing	187	133	320	42%
Arts, Entertainment, and Recreation	159	103	262	39%
Educational Services	74	42	116	36%
Accommodation and Food Services	191	53	244	22%

Appendix B: Methodology

The analysis only included HOBs where complete business profile information existed. The complete profile includes a business name, owner contact first and last name, the year the business started, the revenue of the business, county of the business, the total employees of the business, and the NAICS (Industry) code for the business.

To develop the database of HOBs used in this report, the following key steps were taken.

- a. Secured/purchased all appropriate computerized lists of Hispanic owned Businesses (HOBs) in Bastrop, Caldwell, Hays, Travis, and Williamson Counties.
- b. Combined all data lists into one master list of all five county area business owners; remove duplicate entries
- c. Extract those who self-identified as HOBs; set aside as part of master HOB population for five county area.
- d. Used Hispanic surname list and match top 1,000 most common Hispanic names of listed contacts, business owners, and company names from all lists and build a secondary list after c. has been withdrawn. Accuracy of the list was tested to validate the surname match using random sample testing with a 97% accuracy threshold.
- e. Extracted surname matches from d. and build secondary master HOB list.
- f. Combined c. and e. for form master HOB list.

Study Limitations

- The businesses data in this study were in business as of calendar year 2013.
- The data and findings are a snapshot of the total population of HOBs in the Centex Region. Precaution should be taken when comparing the findings in this study to the overall population of HOBs in Centex.
- The study is subject to errors that occurred from data entry done by the original source list (dataset).
- The data are subject to change as the GAHCC business portal is consistently being updated and verified to ensure the validity of the data.

Projections

HOB total revenue and number of business projections from 2013 to 2020 were derived using data from the U.S. Bureau of Economic Analysis and the Census 2007 Survey of Hispanic Business Owners. Data for the Austin-Round Rock-TX MSA were used in both cases.

- Gross MSA Domestic Product from 2001 to 2012 was used to develop the growth rate for projections in HOB revenue.
- A five-year moving average was used as a benchmark for growth in HOB revenue.
- Business unit grows uses a simple assumption of 6.5% per year. This is the historical growth of Hispanic businesses in the MSA from 2002 to 2007.

- 33,000 HOBs in 2013 is a baseline projection by GAHCC from a 2012 internal study.
- Analyzing 2007 Hispanic business structure data, we derived that the GAHCC business portal captures approximately 75% of total revenues from the entire population of HOB in Centex. Thus we calculated that \$4.8 billion was 75% of \$6.4 billion.

Appendix C: Data Sources

The database was developed from the six sources listed below.

- a. State of Texas Historically Underutilized Business Database
- b. City of Austin Certified Vendor Directory of Minority Owned Businesses
- c. Hoovers (DNB) Database of Businesses
- d. InfoUSA list of Hispanic Owned Businesses
- e. Exactdata list of Hispanic Owned Businesses
- f. SBA 8 list of Hispanic Owned Businesses

Appendix D: About the GAHCC Hispanic Business Portal

The GAHCC Hispanic Business Portal is a proprietary database of Hispanic owned business developed and owned by the Greater Austin Hispanic Chamber of Commerce. The industry-first database is comprised of over 12,000 HOB's in the five-county Centex Region.

The database was developed in March 2014 and will continually be updated and improved to accurately analyze and track HOBs in the Centex Region.