

# Neighborhood Development Center

*Outcomes evaluation*

**A P R I L 2 0 1 3**

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# Evaluation summary

## *Assistance received from NDC*

Of the 198 business owners surveyed in 2012 (out of the 410 in business at the time of this study), 56 percent participated in NDC's 16 week entrepreneur training, 43 percent received financing (up from 35% in 2010), 34 percent attended a workshop, 33 percent obtained assistance from a business resource center (up from 22% in 2010), and 23 percent had a location in an NDC incubator. (Two percent of owners did not provide this information.)

## *Profile of surveyed business owners*

Almost 60 percent of surveyed business owners are men. The average and median age are 47. The race/ethnicity of owners varies, with the majority of owners identifying as African American or Black (28%); Latino, Hispanic, or Chicano (22%), and/or Caucasian or European American (not-Hispanic, 20%).

In terms of employment, income, and health insurance coverage:

- 65 percent of owners have prior experience trying to run a business.
- 78 percent work at their business full-time, 19 percent part-time, and 3 percent seasonally. Thirty-one percent of owners also have another job.
- For about half of owners, their primary source of income is their business. On average, 53 percent of household income is brought in by the business.
- 23 percent of owners have a monthly household income of \$2,500 or less, 16 percent between \$2,501 and \$3,500, and 44 percent more than \$3,500 monthly. Seventeen percent of owners did not provide their monthly household income.
- 66 percent of owners have health insurance. Since opening their business, 11 percent of owners report that their family's level of coverage has improved, 63 percent report it has stayed the same, and 22 percent report that it has worsened (4% did not provide this information).

## *Profile of businesses*

With NDC assistance, 46 percent of surveyed owners started a new business, and 51 percent sustained or expanded a pre-existing business (3% did not provide this

information).<sup>1</sup> The typical NDC-assisted business has one location in a leased, commercial space and provides a service to customers within and outside of its immediate neighborhood. Surveyed businesses are on average 9 years old, and in median 7 years old.

Of the 198 surveyed business owners:

- 80 percent estimate they have at least some customers from within one mile of their location.
- Almost half of owners (49%) report gross monthly revenues of more than \$5,000 (\$60,000 a year), including 22 percent with gross monthly revenues over \$16,600 (about \$200,000 a year).
- 19 percent have not yet made a profit. Forty percent did so in a year or less, 19 percent in about one to two years, and 17 percent in more than two years. Five percent did not provide this information.
- 23 percent of owners have no debt currently. Fifteen percent owe something, but less than \$5,000. The average debt is about \$128,600; the median \$7,000, with a range of \$0 to \$1 million. The total amount of business debt is about \$9.8 million.

### ***Business expansion since NDC assistance***

Of the 101 owners of pre-existing businesses (i.e., businesses that existed prior to NDC's involvement)<sup>2</sup>, since NDC assistance:

- 63 percent have increased their gross monthly revenues. The average increase is about \$14,000 and the median \$2,000.
- 39 percent have increased their number of employees (up from 31% in 2010). The average increase is eight employees, the median two.
- 37 percent increased their monthly personal income. The average increase is about \$1,200, the median about \$1,000.
- 18 percent increased their number of locations by at least one.
- 15 percent moved from a home-based business to a commercial space.

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<sup>1</sup> Businesses were considered to be “pre-existing” (in contrast to “new”) if they met all of the following criteria: during the interview the owner said they used NDC services to maintain or grow a current business, the business was registered with the State prior to NDC assistance, and the owner worked at the business more than 10 hours per week at the time of NDC assistance.

<sup>2</sup> See Footnote 1 for definition of pre-existing businesses.

## ***Goals of NDC-assisted business owners***

- 80 percent of owners have at least one goal for expanding their business.
- The most common goal, endorsed by 77 percent of owners, is to increase gross monthly revenues.
- 68 percent want to expand their advertising and/or marketing.
- Other common goals include: increasing the number of employees (68%), purchasing additional stock or equipment (64%), and providing a new product or service (58%).
- According to the owners, the average amount of additional capital needed to achieve these goals is about \$561,000 (up from \$146,000 in 2010); the median \$40,000 (up from \$30,000 in 2010). The total amount of capital needed is \$82 million.
- The top three ways owners believe NDC can help their businesses grow are: providing funds or helping to identify sources of funding (83%), providing technical assistance or training around marketing and advertising (72%), and providing legal counseling or services (69%).

## ***Impacts on neighborhoods***

NDC-assisted businesses contribute substantially to their communities through rent, property taxes, employment/payroll, payroll taxes, business expenses, and tangible support for neighborhood activities and events. The 198 surveyed owners report the following impacts in regard to their business space:

- Owners who lease their business location report paying \$2.3 million in rent annually.
- Respondents who own their business location report paying a total of about \$403,000 in property taxes annually.
- 60 percent of businesses occupy a building that was formerly vacant, and 57 percent are in spaces that were rehabbed for the business.<sup>3</sup>
- In regard to employment:
- 51 percent of the surveyed business owners had employees.

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<sup>3</sup> In previous years, whether the space was rehabbed was only asked of business owners who moved into a vacant commercial space. In 2012, owners were asked whether or not the commercial space had been vacant. As a result, the 2012 figure is not comparable to data in previous reports.

- 82 percent of the 101 owners with employees provide employee training.
- 9 percent offer partially and/or fully paid health insurance coverage (down from 16% in 2010). The most common reason given for not providing health insurance is that the owner can't afford the cost.
- 82 percent of the owners with employees hire neighborhood residents (up from 73% in 2010).
- About three-fourths of the owners with employees provided the amount of their monthly payroll. For these 73 owners, the total of their monthly payrolls is \$891,600, equivalent to \$10.7 million annually.
- About half reported the amount of payroll taxes they pay monthly. For these 48 owners, the total amount per month is \$122,800 or about \$1.5 million annually.
- In regard to the employees:
- A total of 797 individuals were employed by the business owners surveyed in 2012.
- The average wage for employees is about \$12.14 an hour (up from \$11.10 an hour in 2010), the median \$12.00 (up from \$11.40 an hour in 2010).
- 42 percent of the 797 employees work full-time (down from 53% in 2010), an additional 27 percent work 30 to 39 hours per week.
- 53 percent of employees are neighborhood residents.
- 74 percent of employees are people of color.

Other financial impacts of NDC-assisted business owners include:

- 50 percent of owners have hired subcontractors or cash workers in the past year, for a total expenditure of about \$1.2 million.
- Owners report spending a total of \$1.1 million a month on business expenses (not including rent and payroll), or \$13.6 million annually. Of this amount, approximately \$369,400 a month, or \$4.4 million annually, is spent within one to two miles of the businesses.
- 71 percent 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 \$308,200.

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 space.

- 90 percent of owners say they serve as role models for youth and/or young adults in their communities (up from 83% in 2010).
- 39 percent report that they serve as leaders in groups or organizations in their neighborhood or ethnic community (up from 31% in 2010).
- 51 percent of owners say their business serves as a gathering place for their community (up from 38% in 2010).

### ***Status of additional businesses***

Fifteen percent of the owners surveyed have more than one business.

- These 29 owners have a total of 47 additional businesses, beyond the businesses that were the primary focus of data collection.
- 31 percent of these owners report that their additional businesses have gross monthly revenues over \$5,000 (60,000 a year). This includes 28 percent who report gross monthly revenues over \$16,600 (about \$200,000 a year).
- Almost 60 percent of these owners have paid employees at their additional businesses. Not counting the business owners, 178 people are employed at these additional businesses.

### ***Owners' views of NDC***

- In general, surveyed owners have positive views of NDC assistance.
- Slightly over three-fourths of owners say that their business is as successful as it is today largely (24%) or somewhat (54%) because of NDC.
- Owners most commonly cite entrepreneur training (42%) as the most beneficial service they received from NDC, followed by financing (32%), and technical assistance (25%). For those who cited entrepreneur training and/or technical assistance, information related to business plan development (40%) and finances (including bookkeeping and accounting; 27%) were most helpful.

# Introduction

## *Background*

Established in 1993, Neighborhood Development Center (NDC) is a community-based non-profit organization whose mission is to “Empower entrepreneurs and community partners to transform their low-income neighborhood economies from within.” NDC believes that residents, small businesses, and neighborhood groups in all communities have the talent, energy and ideas to engage and revitalize their own neighborhoods. NDC works primarily with entrepreneurs of color with low incomes who reside in or want to open/expand businesses in low-income communities in Saint Paul or Minneapolis, giving them access to business knowledge, financing, and professional support.

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 entrepreneur trainings are 20 weeks long. Classroom sessions (2 hours long) are followed by one-on-one training (one hour long), leading to a written business plan. NDC provides culturally-sensitive ethnic-based entrepreneur training to Hmong, Latino, Somali, East African, and American Indian entrepreneurs in their own languages and peer groups.

Following graduation from micro-entrepreneur training, and after an entrepreneur opens a business or expands an existing one, NDC offers business technical assistance. This is often when these entrepreneurs need NDC’s support the most – for this reason, in a typical year, NDC provides 4,000 to 5,000 hours of one-on-one technical assistance. Examples of this support include financial management, restaurant management, graphic design and branding, web-based and traditional marketing, business plan revisions, as well as many other areas of focus. NDC seldom charges for this service, and utilizes its own staff and paid professional consultants for most of this work.

NDC also provides its alumni business owners the following: access to pro bono legal services, free listings in the annual business directory, networking opportunities, and opportunities to participate in joint marketing initiatives.

In addition, 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. These sessions also provide business owners the opportunity to network with and learn from each other.

Financial services are available to NDC clients as well. The NDC Micro Loan Program mostly lends up to \$50,000, with loans above that considered NDC Small Business

Loans. NDC focuses its lending on low-income neighborhoods and low-income entrepreneurs in the Twin Cities. NDC also offers Islamically-acceptable business financing. The cost of these funds is the same to the business, but it is in the form of profit rather than interest, as the latter is forbidden by Islamic law.

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

Since 1993, NDC has assisted over 4,200 entrepreneurs. At the time of this evaluation, these entrepreneurs had approximately 457 businesses up and running across the Twin Cities.

In 2012, as in 2010, total number of businesses includes second businesses of business owners who were interviewed. (Prior to 2010, the total number of businesses was counted as one business per business owner.) As has been done in all previous reports, businesses with multiple locations are counted as one business.

# Purposes of the evaluation

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

The key evaluation questions are:

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

## *Evaluation methods*

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

The surveys were conducted from May to October 2012. Wilder Research began with a list of 492 potential business owners identified by NDC. Each potential owner was mailed a letter from NDC describing the purpose of the evaluation and asking for his or her cooperation. Wilder Research made attempts to contact 464 of the 492 business owners. Names of owners who could not be reached were returned to NDC. NDC, in turn, looked for additional contact information for the business and, if none could be found, sought to determine whether or not the business was still operational.

Through this process, 198 interviews were completed and 361 of the sampled NDC-assisted business owners were determined to be definitely or likely in business. Thus, the response rate for the survey was 55 percent. As to the remainder, 11 percent expressly refused to participate and 24 percent were not able to or interested in completing the survey within

the timeframe of the study. In addition, Wilder was unable to make contact with 9 percent of the owners during the period of data collection.

The 198 business owners surveyed have a total of 245 businesses. Survey respondents are representative of all potential owners initially identified by NDC in regard to gender and race/ethnicity.

# Overview of NDC program performance

Figure 1 outlines the scale and cost efficiency of NDC including estimates of the program costs per entrepreneur, per business started or expanded, and per job created or retained. The estimated financial return of NDC-assisted business to their neighborhoods and to the Twin Cities is also provided. NDC program inputs and outputs are based on figures from 2002 through 2011. Outcomes are based on the data collected at one point in time (2012) from owners who received assistance between 1993 and 2011.

## 1. Overview of NDC program performance\*

### NDC program inputs (2002 to 2011)

Total program expenses	\$11,290,598
Average NDC staff FTE per year	20
Average number of trainers per year	12
Average number of partners per year	15

### NDC program outputs (2002-2011)

Total number entrepreneurs assisted	2,669
Average number of entrepreneurs assisted per year	267

### NDC program outcomes (from entrepreneurs assisted between 1993-2012)

Estimated number of open businesses in 2012	457**
Estimated number of business owners in 2012	410
Estimated number of full-time and part-time jobs in NDC assisted businesses in 2012	2,285
Average number of employees per business (not including owner) in 2012	4

### NDC program effectiveness and efficiency (2002-2011 unless otherwise noted)

Cost per entrepreneur served	\$4,230
Cost (2002-2011) per current business (2012)	\$24,706
Cost (2002-2011) per current job (2012)	\$4,941
Entrepreneur (2002-2011) to business owner (2012) ratio	7:1
Average annual entrepreneur to staff FTE ratio***	13:1
Average annual entrepreneur to staff FTE/trainer ratio***	8:1
Average annual entrepreneur to staff FTE/trainer/partner ratio***	6:1
Estimated dollars returned to neighborhood per dollar of NDC spending ratio	\$28:\$1
Estimated dollars of NDC spending per year of employment ratio	\$690:1

\* Figures are for all 457 businesses based on responses from the 198 surveyed business owners.

\*\* Since 2010, total number of businesses includes second businesses owned by business owners who were interviewed. This number and other calculations based on this number are not comparable to years prior to 2010. Businesses with multiple locations are counted as one business.

\*\*\* Figure is calculated based on the average number of clients served per year.

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## 1. Overview of NDC program performance\* continued

### Neighborhood impact

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Estimated dollars returned October 2011 to September 2012 to **neighborhoods** for **all** businesses based on survey responses:

Rent	\$5,288,819
Business expenses (excluding rent and payroll)—in neighborhood	\$10,230,651
Cash/in-kind contributions—in neighborhood	\$711,270
Payroll of business owners <i>who employ neighborhood residents</i>	\$22,922,483
Payroll taxes of owners <i>who employ neighborhood residents</i> **	\$3,134,798
Property taxes**	\$929,810
Payments to subcontractors and cash workers	\$2,813,797
<b>Total annual return to neighborhoods</b>	<b>\$46,031,628</b>
Average per business per year	\$100,726
Number of months to pay back NDC program costs from 2002-2011	3 months

### Regional impact

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Estimated dollars returned October 2011 to September 2012 to the **Twin Cities area** for **all** businesses based on survey responses:

Rent	\$5,288,819
Business expenses (excluding rent and payroll)	\$31,475,169
Cash/in-kind contributions (in neighborhood)	\$711,270
Payroll of all business owners	\$24,693,427
Payroll taxes of all business owners***	\$3,400,698
Payments to subcontractors and cash workers	\$2,813,797
Property taxes***	\$929,810
Sales Tax***	\$4,009,219
<b>Total annual return to Twin Cities area</b>	<b>\$73,322,209</b>
Average annual return per business per year	\$160,442
Number of months to pay back NDC program costs from 2002-2011	2 months

\* Figures are for all 457 businesses based on responses from the 198 surveyed business owners.

\*\* For the neighborhood-level analysis, total taxes contributed between October 2011 and September 2012 = \$4,064,600.

\*\*\* For the region-level analysis, total taxes contributed between October 2011 and September 2012 = \$8,339,700.

# Profile of NDC-assisted business owners

## *Demographics (Figure 2)*

### **Respondent's gender, age and race/ethnicity**

The 198 NDC-assisted business owners surveyed are 60 percent men and 40 percent women. Respondents range in age from 26 years old to 68 years old, with an average and median age of 47.

In regard to the race/ethnicity of the interviewed business owners, 28 percent are African American or Black; 22 percent Latino, Hispanic, or Chicano; and 20 percent Caucasian or White (not Hispanic). Five percent on the business owners are Hmong and 5 percent from another Asian descent (not Hmong). Four percent of the owners are Somali, 3 percent Oromo, and 4 percent of another African descent (neither Somali nor Oromo). One percent of the owners are Native American. Three percent identified as “other” (a race or ethnicity not listed). Information on race/ethnicity was not available for 6 percent of respondents.

### **Number in household**

Almost half of the business owners live in a household of four or more people. Thirteen percent live alone, 19 percent with one other person, and 17 percent in a three-person household. The household size of these business owners ranges from 1 to 10, with an average household size of three or four people and a median of three.

## *Education, experience, and income at onset of NDC assistance (Figure 3)*

### **Education level prior to NDC assistance**

About 55 percent of the business owners have at least high school diploma or GED (97% of those for whom there is information). Thirty-two percent have some education beyond high school (66% of those for whom there is information), including 6 percent who have graduate training (10% of those for whom there is information). The education level is unknown for 40 percent of owners and doesn't apply for 4 percent.

## **Financial status of business owners prior to NDC assistance**

At the beginning of assistance, NDC asks its owners their annual income. Five percent of business owners reported an income of up to \$10,000, 9 percent \$10,000 to \$19,999, 14 percent \$20,000 to \$29,999, 14 percent \$30,000 to \$39,999, 8 percent \$40,000 to \$49,999, and 8 percent \$50,000 or more. Information was unavailable for 42 percent of respondents.

## **Business experience prior to NDC assistance**

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

## ***Current employment and financial status (Figure 4)***

### **Employment status of NDC-assisted business owners**

Seventy-eight percent of surveyed owners work at their own business full-time, 19 percent part-time, and 3 percent seasonally. Fifteen percent of owners have more than one business.

In addition to their own businesses, 31 percent of owners work at another job. For about half, the other job is full-time, and for about half it is part-time or seasonal.

### **Primary income source**

For about half of the owners surveyed, their primary source of income is their business. The next most common primary income sources are a spouse or partner's job (27%), and another job held by the business owner (16%). Six percent of the owners receive their primary income from other sources, such as disability-related payments, Social Security, retirement/pension funds, support from someone other than a spouse or partner, and public assistance. Three percent did not provide this information.

At both the onset of NDC assistance and the time of this survey, 4 percent of the business owners were receiving MFIP and/or General Assistance.

### **Household income**

Owners were asked their current monthly household income. Nine percent have an income of \$1,500 a month or less, 14 percent between \$1,501 and \$2,500, 16 percent between \$2,501 and \$3,500, and 44 percent more than \$3,500 monthly. Seventeen percent of owners did not provide their monthly household income.

## **Household income brought in by business**

For 15 percent of the owners surveyed, their business provides none of their household income. The business provides from 1 to 50 percent of the household income for 25 percent of owners, 51 percent to 90 percent of the household income for 13 percent of owners, and more than 90 percent of the household income for 28 percent of the owners. (Information is unavailable for 10 percent of owners.) On average, 53 percent of household income is brought in by the NDC-assisted business, with a median of 50 percent.

## **Business, commercial, and personal insurance**

Seventy-five percent of owners have general liability or umbrella coverage, 59 percent have commercial property insurance (an increase from 51% in 2010), and 50 percent have workers' compensation (an increase from 40% in 2010).

Sixty-three percent of owners have health insurance. Since starting their business, most owners say their family's level of health insurance coverage has stayed the same, while 22 percent say it has worsened and 11 percent say it improved. Four percent did not provide this information.

## ***Assistance received from NDC (Figure 5)***

Of the 198 surveyed business owners, 56 percent participated in NDC's 16-week entrepreneur training, 43 percent received financing (up from 35% in 2010), 34 percent attended a workshop, 33 percent obtained assistance from a business resource center (up from 22% in 2010), and 23 percent had a location in an NDC incubator. In sum, 32 percent of respondents received entrepreneur training only, 23 percent incubator space and additional services, 22 percent financing only, and 13 percent entrepreneur training and financing. In addition, 8 percent of respondents only participated in less intensive services, such as attending a workshop and/or receiving assistance from a business resource center.

# NDC-assisted businesses

## *Current status of NDC-assisted businesses (Figure 6)*

### **Type, age, and number of locations of NDC-assisted businesses**

Based on information gathered during the evaluation process, 457 NDC alumni currently operate their own businesses. This section describes the businesses of the 198 owners who participated in this evaluation.

Owners were asked whether they started a new business or sustained/expanded a current business with NDC assistance. Thirty-four percent of owners said they started a new business, and 63 percent said they received assistance with a pre-existing business (3% did not provide this information). Because owners' definition of being in business varies, two questions were added to the 2012 interview to distinguish between established businesses and those more akin to a hobby. Specifically, owners who said they had a pre-existing business were asked if the business was registered with the State at the onset of NDC assistance and if they worked at the business over 10 hours a week. A business was considered pre-existing if it was registered and the owner worked at it over 10 hours a week. Based on these criteria, 23 businesses classified as pre-existing by their owners were reclassified as new businesses, resulting in 46 percent of owners having started a new business and 51 percent receiving assistance with a pre-existing business.

Forty-four percent of the businesses are service-oriented, 25 percent retail (excluding restaurants), 18 percent restaurant or catering, 6 percent manufacturing, 5 percent construction, 1 percent specialty food production, and less than 1 percent wholesale. In addition, one respondent (<1%) characterized his/her business type as "art."

Ten percent of the businesses have been operating for two years or less, 17 percent three to four years, 32 percent five to nine years, and 40 percent 10 or more years. The average length of time in business is nine years (up from 8 years in 2010); the median seven, with a range of 1 to 32 years.

Eighty-six percent of the businesses have one location, 11 percent two, and 3 percent three or more. Number of locations range from one to four, with an average and median of one. In total, the 198 businesses consist of 233 locations.

## **Business space**

Twenty-nine percent of the businesses are home-based; 58 percent are located in leased commercial space; and 13 percent are in commercial space owned by the respondent.

Fifty-eight percent of owners live in the same neighborhood as their business.

## **Percentage of business from within one mile**

Owners were asked to estimate the amount of business that comes from within one mile of their business location. Seventy-eight percent of owners surveyed said at least some of their customers come from within one mile of their business location, including 23 percent who said over half of their customers does. On average, respondents estimate that 33 percent of their business comes from within one mile of their location. The median is 28 percent.

## **Monthly bookkeeping service**

Sixty-one percent of business owners use some kind of monthly bookkeeping service.

## **Current level of gross monthly revenues**

Four percent of respondents report no sales to date. Nineteen percent report monthly gross revenues between \$1 and \$2,000, 15 percent from \$2,001 to \$5,000, and 16 percent from \$5,001 to \$10,000. Thirty-three percent have monthly gross revenues of more than \$10,000, including 22 percent whose revenues exceed \$16,600 a month (about \$200,000 a year). Thirteen percent of business owners did not provide their gross monthly revenue.

## **Months to profitability**

Nineteen percent of owners have not made a profit from their businesses yet. Forty percent made a profit in less than one year, 19 percent in between one and two years, and 17 percent in over two years. Five percent didn't know or didn't respond to the question.

## **Whether business has come close to closure**

Fifty-nine percent of owners said they have come close to going out of business at least once.

## **Loan sources and debt levels**

Business owners were asked if they had ever received loans to finance their business from any of a number of specified sources. Seventy-nine percent of business owners

report having had at least one loan. The most common sources of these loans are NDC (43%), credit cards (42%), family or friends (32%), and banks (31%). In addition, 16 percent of owners have had a loan from a city program and 15 percent from another non-profit agency (other than NDC).

Twenty-three percent of the owners report having no business debt currently. Fifteen percent owe \$200 to \$5,000, 22 percent \$5,001 to \$20,000, 15 percent \$20,001 to \$50,000, and 18 percent more than \$50,000. Seven percent did not provide the amount owed. The mean amount of reported debt is \$53,300, and the median is \$7,000. The maximum amount of debt owed by any one individual is \$1,000,000. The total amount of business debt of all respondents is \$9.8 million.

# Business expansion since NDC assistance

## (Figure 7)

Of the 198 surveyed owners, 101 (51%) already owned their own business when they sought NDC assistance. In 2012, businesses were classified as pre-existing if owners identified them as such; the business was registered at the onset of NDC assistance; and the owner worked at the business over 10 hours a week at the onset of assistance. Because this criteria differs from previous reports when only owner self-identification was used, percentages in this section are not comparable to previous years.

### *Expansion of gross monthly revenues*

Sixty-three percent of pre-existing business owners report increasing their gross monthly revenues. Specifically, 19 percent increased their gross monthly revenue \$1,000 or less, 21 percent \$1,001 to \$5,000, and 11 percent more than \$5,000. Thirteen percent report that they have increased revenues but did not know, or refused to say, by how much. Of those who report the amount of increase, the average is about \$14,000 and the median \$2,000, with a range of \$50 to \$250,000.

### *Expansion of staff*

Thirty-nine percent of the pre-existing business owners have hired more employees since NDC assistance (up from 31% in 2010). Specifically, 32 percent added one to five employees (up from 24% in 2010) and 7 percent six or more. Of those businesses who increased their number of employees, the average increase is eight employees; the median is two. The range is from 1 to 150 employees.

### *Expansion of personal income*

Thirty-seven percent of pre-existing business owners report increasing their monthly personal income from their business. Specifically, 12 percent increased their income by less than \$500 per month, 12 percent by \$501 to \$1,500, and 9 percent by more than \$1,500. Four percent of owners say they increased their income but did not know or would not say by how much. Of those who report the amount of increase, the average is \$1,200; the median is \$1,000. The range is from \$25 to \$4,000.

### ***Expansion of number of locations***

Eighteen percent of the pre-existing business owners expanded their businesses to at least one additional location. In total, 21 new locations were created, of which 52 percent are in Minneapolis, 29 percent in Saint Paul, 14 percent in a Twin Cities suburb, and 6 percent out of state. In comparison, in 2010, 70 percent of the new locations were in Minneapolis, 20 percent in Saint Paul, and 10 percent in a Twin Cities suburb.

### ***Change from home-based to commercial space***

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

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

## *Personal goals (Figure 8)*

Forty-six percent of the business owners report that being in business is meeting their personal goals “quite a bit,” 29 percent “somewhat,” 15 percent “a little,” and 6 percent “not at all” (5% did not provide this information).

## *Future business goals (Figure 8)*

NDC-assisted business owners were asked about their future business goals and the amount of capital it would require to meet all of their goals. Overall, 80 percent of surveyed owners identified at least one area in which they plan to grow. Owners’ most common goals follow.

- 77 percent of owners plan to increase their gross monthly revenues.
- 68 percent plan to expand their advertising or marketing.
- 64 percent plan to add more employees.
- 64 percent plan to purchase additional stock or equipment.
- 58 percent have as a goal providing a new product or service.
- In addition, between 20 and 35 percent of owners plan to add a new location (34%), renovate their current location (31%), start a new business (27%), and/or relocate their current business (20%). Eight percent of owners had a goal not listed in the interview. These goals included building more working capital, offering more education opportunities for staff, creating standards for each business location to follow, and hiring more contractors or subcontractors.

## *Capital needed to achieve business goals (Figure 8)*

Four percent of respondents say they would not need additional capital to achieve their goals. Sixteen percent would need between \$100 and \$10,000, 41 percent \$10,001 to \$50,000, and 32 percent more than \$50,000. Seven percent didn’t know or didn’t respond. Of those who provided an amount, the average capital needed is about

\$561,000 (up from about \$146,000 in 2010); the median is \$40,000 (up from \$30,000 in 2010). In total, respondents need about \$82.5 million in capital to achieve their goals.

### ***Ways NDC can help business grow (Figure 9)***

NDC-assisted business owners were asked if they are interested in receiving specific types of assistance from NDC to help their businesses grow. Over 90 percent of respondents would like some assistance. The most common types of assistance desired are help obtaining funding (83%), training or technical assistance around marketing and advertising (72%), and legal counseling or services (69%). In addition, over half of respondents would like training or technical assistance about financial management, accounting, and taxes (58%); assistance developing a business plan (56%); and information about city regulations, zoning, and/or licensing (55%). Thirty-seven percent would like NDC's help to find or rehab a new space.

# Neighborhood impacts of NDC-assisted businesses

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

In 2012, owners whose businesses were in leased or purchased commercial space were asked if the space was vacant prior to their taking it and if the space was rehabbed for them. Sixty percent of NDC-assisted businesses occupy a building that was formerly vacant (up from 41% in 2010). Fifty-seven percent of businesses are in spaces that were rehabbed for their businesses, including 20 percent that were substantially rebuilt in order for the business to move in, resulting in neighborhood blight removal (percentages are not comparable to previous years).<sup>4</sup>

Nineteen percent of business owners report paying property taxes. Of those who pay property taxes, 4 percent pay less than \$5,000 annually, 19 percent pay \$5,001 to \$10,000, and 69 percent pay more than \$10,000. (Eight percent of respondents who paid property taxes did not provide the amount.) For those who pay property tax, the average amount is about \$17,000 annually (up from \$9,000 in 2010), the median \$14,000 (up from \$5,600 in 2010). The total amount of property taxes paid annually by respondents is about \$403,000.

Fifty-eight percent of the surveyed business owners report paying rent. Of those who pay rent, 32 percent pay less than \$1,000 a month, 30 percent pay between \$1,000 and \$1,999, and 32 percent pay \$2,000 or more. Five percent did not know or did not report their monthly rent. For those who provided the amount of their monthly rent, the average is about \$1,800; the median is \$1,500. In total, these owners pay \$191,000 monthly or approximately \$2.3 million annually.

## *Employment impacts of businesses (Figure 11)*

### **Number and profile of persons employed by NDC-assisted businesses**

About half of surveyed business owners have paid employees. These 101 business owners employ from 1 to 185 individuals, with an average of eight employees per business, and a median of four employees. In total, these businesses employ 797 individuals.

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<sup>4</sup> Percentage of owners for whom commercial space was rehabbed and for whom the space was substantially rebuilt is not comparable to previous years. In previous years, only entrepreneurs who moved into vacant commercial space were asked these questions. In 2012, questions were asked of all owners in commercial space, regardless of whether the space was vacant or occupied when they moved in.

Forty-two percent of employees work full-time (down from 53% in 2010). Twenty-seven percent work 30 to 39 hours per week, 19 percent 20 to 29 hours, and 8 percent less than 20 hours. Information was unavailable for four percent of employees.

Eighty-two percent of businesses with employees (or 41% of all businesses) employ neighborhood residents (up from 73% of businesses with employees or 33% of all businesses in 2010). On average, 59 percent of a business' employees are neighborhood residents, and in median, 57 percent are. In total, slightly over half of all employees are neighborhood residents.

Fifty-four percent of businesses with employees (or 28% of all businesses) have at least one employee who holds an assistant manager or manager level position (up from 46% of businesses with employees or 21% of all businesses in 2010). On average and in median, businesses with employees have one employee with a position at this level. Of all employees, 12 percent hold an assistant manager or manager level position.

Employers were asked to record the ethnicity/race of their employees, with the option of selecting multiple ethnic/racial categories for each employee. According to employers, 25 percent of employees are Latino or Hispanic (down from 36% in 2010), 22 percent European American or Caucasian (not Hispanic), 18 percent Hmong, and 18 percent African American or Black (up from 9% in 2010). Other ethnic backgrounds representing five percent or less of employees include: "other Asian" (not Hmong, 5%), African (5%, including 1% Somali) and Native American (2%). In addition, 1 percent of employees were identified as "other" (i.e., a race or ethnicity not listed).

## **Wages and payroll**

Owners with paid employees were asked for the hourly wages of their employees. Twenty-eight percent of employees earn less than \$10 an hour, 62 percent \$10 to \$20 an hour, and 6 percent more than \$20 an hour. Wages were not provided for 4 percent of employees. On average, employees earn about \$12 an hour; the median is \$11 an hour. The range is from \$6.50 to \$50.00 an hour.

Owners with paid employees were also asked for the amount of their monthly payroll. Twelve percent of businesses with employees have monthly payrolls of less than \$1,000, 10 percent have payrolls between \$1,001 and \$2,500 per month, 13 percent have monthly payrolls between \$2,501 and \$5,000, and 38 percent have monthly payrolls over \$5,000. Twenty-eight percent didn't know or didn't respond to the question. The range of monthly payrolls is \$100 to \$150,000. The average is about \$12,000 (up from \$10,000 in 2010) and the median \$5,600 (up from \$4,000 in 2010). The total monthly payroll of these business owners is about \$891,600 or about \$10.7 million annually.

Of the business owners with employees, 17 percent report paying \$500 a month or less in payroll taxes, 7 percent \$501 to \$1,000 a month, and 24 percent more than \$1,000 a month. Slightly over half either didn't know what they paid or didn't provide the amount. For those who report their monthly payroll taxes, amounts range from \$42 to \$20,000 a month, with an average of \$2,700 and a median of \$1,500. The payroll taxes for these business owners totaled \$123,000 a month, or more than \$1.5 million annually.

Half of owners have hired subcontractors or cash workers in the past year. For those owners who hire subcontractors, the average amount spent annually is \$14,000 and the median \$3,000, with a range of \$20 to \$20,000. The total amount spent is over \$1.2 million.

### **Health-related benefits**

In terms of health insurance, 9 percent of business owners with employees offer partially and/or fully paid health insurance coverage (down from 16% in 2010). Specifically, 4 percent offer partially-paid coverage to their employees, including 2 percent who partially pay for health insurance coverage for the employee's family as well. Six percent offer fully-paid health insurance to their employees, with 2 percent also offering this benefit for the employee's family.

The 91 owners who do not offer health insurance to their employees were asked why they don't. The vast majority of these owners (90%) say they can't afford to do so. In addition, around 40 percent say employees would not be able to afford their portion of the cost (44%), employees have health insurance from other sources (41%), and/or they have too few consistent, full-time employees to offer insurance (38%). Almost 25 percent of owners say they don't think the benefits from offering health insurance are worth the cost of doing so.

Owners with employees were asked if there were other ways, besides the provision of health insurance, they support employee's health. Individual responses were grouped into categories. Sixty percent of owners say they do not support their employees' health in any other way. Of those who did provide a response, the most common is they provide a safe working environment (e.g., providing safe equipment or conducting safety trainings; 15%). Other themes include: providing information on health and wellness to employees, offering flexible work hours, offering health-related products or services free or at a discount, and providing a "healthy work environment" (3% to 6% each).

When asked what services or assistance they would like to offer employees to encourage healthier lifestyles, owners' most common response is health insurance (42%). About 14 percent of respondents say they would like to offer employees free or discounted access to a gym or health club membership. In addition, several owners say they would like to offer paid sick days, paid vacation days, dental insurance, retirement benefits, recreational opportunities (e.g., football or horseback riding), and/or retirement benefits (4% to 6% each).

Owners were also asked if working at their business helps employees connect to other resources and support in their community. Fifty-five percent of respondents believe it does, 29 percent did not think so, and 15 percent say they do not know.

### **Other benefits**

Of the 101 business owners with employees, 82 percent report providing some form of employee training. Forty-two percent provide paid holidays, 38 percent provide paid vacation, and 31 percent paid sick days (up from 23% in 2007). Nine percent offer a retirement plan.

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

### **Estimated total monthly business expenses**

Owners were asked to estimate their total monthly business expenses, not including rent and payroll. One percent of business owners say they have none. Twenty-two percent have monthly business expenses of \$20 to \$500 each month, 11 percent \$500 to \$999, 26 percent \$1,000 to \$4,999, and 25 percent \$5,000 or more. Fifteen percent did not provide this information. The average amount spent on monthly business expenses, excluding rent and payroll, is \$6,800 (up from \$5,000 in 2010), and the median is about \$1,000 (up from \$600 in 2010). The largest amount reported is \$150,000. The total amount spent per month is about \$1.1 million or about \$13.6 million annually.

Owners were asked what percentage of their monthly business expenses, excluding rent and payroll, is spent within one to two miles of their business (i.e., in the business's neighborhood). Thirteen percent say none, 24 percent one-fourth or less, 20 percent over one-fourth to one-half, and 31 percent over half, including 15 percent who say all or almost all of their business expenses are spent in their neighborhood. Twelve percent of respondents did not provide this information. On average, 45 percent of monthly business expenses are spent in the neighborhood, with a median of 50 percent (up from 30% in 2010).

In terms of dollar amounts, 11 percent of business owners say none of their monthly business expenses, excluding rent and payroll, are spent in their neighborhood. Nine percent spend \$1 to \$100 each month, 24 percent \$100 to \$499, 10 percent \$500 to \$999, and 28 percent \$1,000 or more. This information could not be calculated for 18 percent of respondents. The average amount spent monthly on business expenses in the neighborhood, excluding rent and payroll is about \$1,000 (up from \$1,000 in 2010), the median \$400 (up from \$200 in 2010). The largest amount is \$369,000. The total amount spent per month is \$176,000 or about \$4.4 million annually.

## **Sales tax**

Business owners were asked to estimate the amount of sales tax they pay monthly. Twenty-three percent say they do not pay sales tax. Seventeen percent pay \$100 to \$250 a month, 19 percent between \$250 and \$999, and 17 percent \$1,000 or more. Twenty-four percent did not know how much they pay or chose not to answer the question. The average amount of sales tax paid monthly is about \$1,000, the median \$200. The range is from \$0 to \$16,000. The total amount spent per month is about \$145,000 or about \$1.7 million annually.

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

Seventy-one percent of business owners report contributing some time, money, or in-kind support to neighborhood events or activities in the past 12 months. Specifically, 44 percent donated money, 44 percent provided in-kind support, and 43 percent donated their time.<sup>5</sup>

Owners were asked to assign a dollar value to their contributions. As mentioned, 29 percent did not provide a contribution. Less than one percent made a contribution but said it had not monetary value. Thirteen percent made contributions valued at \$1 to \$200, 25 percent between \$201 and \$1,000, 17 percent between \$1,001 and \$5,000, and 7 percent over \$5,000. Nine percent did not know or did not answer the question. For those who estimated an amount, responses ranged from \$0 to \$24,000, with an average of about \$2,500 and a median of \$600. In sum, respondents estimate that they made approximately \$308,000 worth of contributions to neighborhood events and activities during the past year.

## **Business owners as role models**

Business owners were asked if they serve as role models for youth or young adults. Ninety percent say they do (up from 83% in 2010).

## **Business owners as leaders**

Business owners were asked if they serve as leaders for groups or organizations in their neighborhood or ethnic community. Thirty-nine percent report they do (up from 31% in 2010). Owners serve as leaders for a variety of organizations including ones related to: the arts, careers and employment, culture, health, neighborhoods, people with disabilities, politics, religion, and youth.

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<sup>5</sup> These percentages are not comparable to previous years. In previous reports, the percentages were calculated from only respondents who provided a contribution. In this report, figures are lower because they are calculated out of all respondents.

## **Gathering place for the community**

Fifty-one percent of business owners say their business serves as a gathering place for the community (up from 38% in 2010).

## **Health and safety of the community**

Respondents were asked about ways that their business contributes to the health and/or safety of neighborhood residents. About 40 percent of respondents say their business does not contribute to the community in this way (31%) or did not answer the question (8%). Of those who cited a contribution, the most common are the business provides community members with health-related goods and services (e.g., offering healthy food on their menu, selling over-the-counter medicines, or providing classes with a health focus; 33%) and the neighborhood is safer because the business is located in it (17%). Other themes include: using products in the business that are good for the environment, providing support and advice to customers, working with youth, engaging in community service projects, keeping the area around the business clean, and providing informal opportunities for community members to gather (2%-7% each).

## **Other contributions**

Owners were asked if they contributed anything to their community that was not already mentioned. Individual responses were grouped into categories. The most common contributions cited are providing needed and affordable goods and services (39%) and promoting/supporting cultural diversity within the community (25%). Some respondents also report providing a positive example of how to be a small business owner (10%).

## ***Status of additional businesses (Figure 13)***

Fifteen percent of the owners surveyed have more than one business. These 29 owners have a total of 47 businesses in addition to the businesses that were the primary focus of data collection. To get a sense of the size and impact of these additional businesses, owners were asked for their gross monthly revenues and number of employees.

In terms of gross monthly revenues, 31 percent of owners with two or more businesses report that their additional businesses have revenues over \$5,000 (60,000 a year). This includes 28 percent who report gross monthly revenues over \$16,600 (about \$200,000 a year).

- In regard to employment, almost 60 percent of these owners have employees at their additional businesses. Not counting the business owners, in total, 178 people are employed at these additional businesses.

## 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. The most common responses are the entrepreneur training (42%; down from 50% in 2010) and financing (32%, up from 27% in 2010). In addition, 25 percent say the technical assistance (up from 17% in 2010), 8 percent support and encouragement (down from 15% in 2010), 6 percent contacts and networking, and 4 percent a location in an NDC incubator.

The 116 owners who said that entrepreneur training and/or technical assistance was most beneficial were asked what topic was most helpful to them. Multiple responses were allowed. Forty percent say developing a business plan; 27 percent bookkeeping, accounting, or financial advice; 19 percent marketing or advertising; 10 percent legal issues; 9 percent general business management skills; and 2 percent restaurant management skills.

### *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-four percent of owners say their business is as successful as it is today largely because of NDC's assistance, and 54 percent say their success is somewhat due to NDC's assistance. Seventeen percent report their business is neither better nor worse off due to NDC, and 1 percent report it is worse off. Four percent of respondents did not provide a rating.

All respondents were then asked to explain their rating. Individual responses were grouped by themes. The most common responses are highlighted below. (All categories of response can be found in Table 13.)

The 48 owners who say their business is successful largely due to NDC most commonly attribute their success to general help they have received from NDC (without specifying a specific type of assistance; 38%) and/or to the financial assistance from NDC (33%). Owners also say that NDC contributed to their success through assistance with legal issues, assistance starting a business, and business management advice and skill development (17% each).

The 106 owners who say they are successful *somewhat* due to NDC most commonly cite the following as having contributed to their success: financial help (24%), general help (without specifying a specific type of help; 23%), and education and training (19%).

Some of these owners also cite reasons why NDC did not contribute more to their success. The most common reason being that NDC helped initially but then stopped providing them assistance over time (5%) and that the economy and/or the light rail has negatively impacted the business (4%)

Of the 34 owners who say their business is no better or worse off due to NDC assistance, about 30 percent say that NDC's help wasn't bad or good, describing their experience as neutral. Twenty-four percent say that either NDC did not provide any help or it did not provide any assistance that was useful to them. Eighteen percent believe NDC did not contribute to their businesses' success because their business was already established when they received NDC services. Nonetheless, some respondents did cite the education and training, financial assistance, and/or general help NDC provided as a factor in their success (9% each).

Two owners describe their businesses as worse off due to NDC assistance. Individual comments are not reported here to protect their confidentiality.

# Comparisons by type of NDC assistance

## (Figure 15)

Based on the type(s) of assistance they received from NDC, business owners were compared on a range of measures. Specifically, owners who received entrepreneur training only (N=64), those who received entrepreneur training and financing (N=26), those who are in an incubator as well as having received other services (N=45), and those who only received financing<sup>6</sup> (N=44) were compared on the characteristics of their businesses, their experience with NDC, the impact of NDC on their businesses, and their future business goals. Respondents who only used a business resource center and/or attended a workshop or who did not provide the type of assistance they received were excluded from these analyses. The following section highlights differences and similarities among the four groups (more information can be found in Figure 14).

### *Business status*

Of the four groups, the training and financing group is the most likely to have started a new business (65%) using NDC assistance and the financing group is the most likely to have maintained or expanded a pre-existing business (69%).

Service-related businesses are the most common type of business owned by the training only (56%), financing only (59%), and training and financing (39%) groups. Respondents in the incubator group most commonly own a retail business (40%).

Training only and financing only respondents, on average, have operated their businesses the longest (10 years) and incubator respondents the shortest (8 years). Median number of years in business for all groups ranges from six (incubator) to eight (training and financing and training only).

The incubator group has the highest percentage of owners with more than one business (33%), followed by the training and financing group (15% each), and the financing only and training only groups (9% and 8%).

In terms of gross monthly revenue, 64 percent of financing only respondents report revenues of over \$5,000, compared to 49 percent of incubator respondents, 47 percent of training and financing respondents, and 37 percent of training only respondents.

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<sup>6</sup> Owners in the “financing” group may have used a business resource center or attended a workshop, but did not participate in any extensive training.

Similarly, financing only respondents have the highest proportion of owners reporting monthly revenues over \$16,600 a month (about \$200,000 a year; 32%), followed by training and financing respondents (23%), incubator respondents (20%), and training only respondents (11%).

Respondents who only received financing have the highest average debt (\$132,300), followed by training only respondents (\$39,400), training and financing respondents (\$29,500), and incubator respondents (\$25,900). At \$40,000, financing only respondents also have the highest median debt; the medians for the other three groups range from \$2,000 (training only) to \$6,500 (incubator).

Almost half of training only respondents report making a profit within one year, compared to between 35 percent and 38 percent of the other three groups.

Financing only respondents are most likely to have paid employees (70%), followed by incubator respondents (56%), training and financing respondents (54%), and training only respondents (36%). Of the businesses with paid employees, those in the training and financing group have the most on average (19). For the other three groups, businesses with employees have an average of five to seven employees. For all four groups, the median number of employees ranges from three (training only) to five (training and financing and incubator groups).

The average and median percentage of staff who are neighborhood residents is highest for the training only group (71% and 100%, respectively) and lowest for the financing only respondents (49% and 50%).

The majority of the training and financing group's employees and training only group's employees work full-time (78% and 65%). Incubator employees and financing only employees are slightly more likely to work part-time (52% and 55%).

The race/ethnicity of employees varies across the four groups, and overall is more diverse than in 2010. Training only employees are most commonly Latino, Hispanic, or Chicano (48%) or African American or Black (23%). Training and financing employees are most commonly Hmong (50%) or Latino, Hispanic, or Chicano (11%). Incubator employees are comprised primarily of Latino, Hispanic, or Chicano individuals (58%) and White or Caucasian individuals (non-Hispanic; 24%). Financing only employees are most commonly Caucasian or White (43%) or African American or Black (35%). In each of the four groups, Native American employees and Somali employees each make up 3 percent of staff or less.

## ***Growth of pre-existing businesses***

Data was examined on training only, training and financing, incubator, and financing only respondents who maintained or expanded an already-existing business with the help of NDC. For pre-existing business owners in the training and financing, incubator, and financing only groups, an increase in gross monthly revenues is the most common type of growth, either matched or followed by an increase in the number of employees. Increasing one's gross monthly revenues was also the most frequent form of expansion for the training only group, with increasing one's monthly personal income from the business coming in second. Sample sizes are too small to make meaningful comparisons across groups (see Figure 14 for additional data).

## ***Goals***

Owners were asked their interest in several goals. Between 71 percent (incubator) and 85 percent (training and financing) of owners in each group have one or more goals for growing their business. About 80 percent of the training only, training and financing, and financing only groups and about 70 percent of the incubator group plan to increase their gross monthly revenues, the most common goal for each group. For the financing only group, adding more employees is the second most common goal (71%). Adding more employees and expanding marketing and advertising tie for second for the training and financing group owners (77% each). For the training only group, expanding marketing and advertising and purchasing additional stock and equipment (72% and 73%) are the next most common goals. For the incubator group, expanding marketing and advertising, adding new employees, and providing a new product or service are all goals of about 57 percent of owners, making them the second most common goals for this group.

The incubator owners, on average, say they need the most capital to realize their goals (2.3 million) and, in median, say they need the least (\$22,500). For the remainder of the groups, the average amount of capital needed ranges from \$86,000 (training only) to \$205,800 (training and financing) and the median ranges from \$30,000 (training only) to \$60,000 (financing only).

## ***Impact of businesses***

Businesses contribute to the community in a variety of ways, including: rent, payroll, sales tax, business expenses, serving as role models, providing leadership, contributing to neighborhood activities, and offering a safe and comfortable gathering place.

Average monthly rent ranges from \$1,300 for the training only group to \$2,300 for the financing only group. Median monthly rent is similar, but somewhat lower, from \$800 for the training only group to \$1,900 for the financing only group.

Average monthly payroll amounts are the highest on average and in median for the training and financing group, \$29,400 and \$11,500, respectively). For the other groups, average monthly payroll ranges from \$8,100 (training only) to \$12,600 (financing only), and median monthly payroll from \$3,000 (incubator) to \$7,000 (financing only).

Average amount of monthly business expenses (excluding rent and payroll) is highest for the financing group at \$3,100. For the remaining groups, the average is about \$1,500. The median for all four groups is between \$300 (training only group) and \$500 (incubator and financing only groups).

Average monthly sales tax is about \$1,100 for the incubator and financing only groups and about \$700 for the training only and the training and financing groups. The medians range from \$30 for the training only group to \$430 for the financing only group.

NDC-business owners also give money back to the community through the hiring of subcontractors. For the financing only group, the average amount spent annually on subcontractors is \$24,000 and the median \$14,000. For the other three groups, the average annual amount spent on subcontractors is between \$10,000 and \$15,000 and the median about \$3,000.

The proportion of respondents that consider themselves role models ranges from 84 percent of the financing only group to 100 percent of the training and financing group. The training only group is most likely to say they provide leadership to a community group or association (48%), followed by the training and financing group (42%), the incubator group (36%), and the financing only group (32%). Between 63 percent (training only) and 75 percent (financing only) of owners in each group say they contribute time, money, and/or in-kind support to neighborhood activities. The incubator group is most likely to consider their business a gathering space for the community (76%) and the training only group the least likely (33%).

## *Views on NDC*

Slightly over half of the training and financing respondents say that their business is as successful as it is today largely due to NDC's assistance. Financing only, training only, and incubator respondents most commonly say that their business's success is somewhat related to NDC assistance (57%, 56%, and 49% respectively).

## **Second stage businesses (Figure 16)**

One of the goals of the study is to understand the specific goals and experiences of second stage businesses. A business is considered “second stage” if it has two or more locations, five or more employees, and/or gross annual revenues of \$200,000 or more. Second stage business owners comprise 39 percent of all business owners surveyed (up from 29% in 2010).

Of the 78 second stage business owners, 55 percent received financing from NDC, 49 percent attended the 16-week entrepreneur training, 31 percent have used a business resource center, 28 percent have attended a workshop, and 24 percent have an incubator location. Second stage business owners most commonly say that financing (47%), entrepreneur training (33%), and technical assistance (23%) are the most beneficial services they have received from NDC.

Slightly over half of second stage business owners say they have come very close to going out of business (up from 40% in 2010).

### **Comparisons of first stage and second stage business owners (Figure 17)**

First stage and second stage businesses were compared regarding satisfaction with NDC services and the extent to which being in business is meeting owners’ personal goals. No significant differences were found.

Similarly, both first stage and second stage business owners most commonly say that NDC can help their business grow through financing (92%-93%). In regard to other types of assistance, second stage business owners are slightly more likely to want assistance developing a business plan (62% vs. 52%), and slightly less likely to want technical assistance or training around marketing and advertising (64% vs. 78%) and around management, accounting and taxes (50% vs. 63%).

# Figures of results

## 2. Demographic profile of business owners (N=198)

<b>Gender</b>	
Male	59%
Female	41%
Missing	0%
<b>Age</b>	
24 – 29	5%
30 – 39	21%
40 – 49	28%
50 – 59	31%
60- 69	12%
Refused/Missing	3%
Mean	47
Median	47
Range	26-68
<b>Race/ethnicity</b>	
African American/Black	28%
Latino/Hispanic/Chicano	22%
Caucasian/White (non Hispanic)	20%
Hmong	5%
Other Asian	5%
Somali	4%
Oromo	3%
Other African	4%
Native American/American Indian	1%
Other	3%
Missing	6%

*Note: Total for each category may vary from 100 percent due to rounding.*

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## 2. Demographic profile of business owners continued (N=198)

<b>Number in household</b>	
Single person	13%
Two persons	19%
Three persons	17%
Four persons	18%
Five or more persons	30%
Refused/Missing	3%
Mean	3-4
Median	3
Range	1-10

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## 3. Education, business management experience, and income at onset of NDC assistance (N=198)

<b>Education level at onset of NDC assistance</b>	
Less than high school	2%
High school/GED	17%
Some college, but no degree	<1%
Two-year degree	14%
Four-year degree	17%
Graduate training	6%
Not applicable (Not educated in country with these categories)	4%
Missing/unknown	40%
<b>Annual income prior to NDC assistance</b>	
Less than \$10,000	5%
\$10,000 to \$19,999	9%
\$20,000 to \$29,999	14%
\$30,000 to \$39,999	14%
\$40,000 to \$49,999	8%
\$50,000 to \$59,999	4%
\$60,000 or greater	4%
Missing	42%
<b>Prior experience trying to run own business</b>	
Yes	65%
No	34%
Missing	1%

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#### 4. Current employment and financial status of NDC-assisted business owners (N=198)

<b>Employment at own business</b>	
Works full-time at own business	78%
Works part-time at own business	19%
Works seasonally at own business	3%
Missing	<1%
<b>Has another business</b>	<b>15%</b>
<b>Other employment</b>	
No other employment	69%
Works full-time at another job	15%
Works part-time at another job	14%
Works seasonally at another job	2%
<b>Primary income source</b>	
Your business	49%
Your spouse or partner's job	27%
Another job of yours	16%
Another source*	6%
Refused/don't know/missing	3%
<b>Percent of business owners surveyed on MFIP or GA</b>	
Previous to work with NDC	4%
At time of survey	4%

\* Other sources include: Another person's income (not including spouse/partner or R's own income), social security/SSI, pension/retirement, unemployment, public assistance/MFIP, disability/SSD. Category totals may vary from 100 percent due to rounding.

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#### 4. Current employment and financial status of NDC-assisted business owners continued (N=198)

<b>Monthly household income</b>	
\$1,500 or less	9%
\$1,501 to \$2,500	14%
\$2,501 to \$3,500	16%
More than \$3,500	44%
Missing/don't know/refused	17%
<b>Percent of monthly household income brought home from business (includes reported and unreported income)</b>	
0%	15%
1% to 25%	13%
26% to 50%	23%
51% to 90%	13%
91% to 100%	28%
Don't know/refused/Missing	10%
Mean	53%
Median	50%
<b>Business and commercial insurance</b>	
Percentage who have:	
General liability or umbrella coverage	75%
Commercial property insurance	59%
Workers' compensation	50%
<b>Health insurance</b>	
Percent who have health insurance	66%
Since opening the business, family's level of health insurance coverage has:	
Improved	11%
Stayed the same	63%
Worsened	22%
Missing	4%

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## 5. Assistance received from NDC (N=198)

<b>Assistance received from NDC (multiple responses possible)</b>	
Entrepreneur training	56%
Financing	43%
Workshop attendance	34%
Assistance from a Business Resource Center	33%
Incubator location	23%
Midtown Global Market	9%
Mercado	8%
Frogtown Square	3%
Midtown Business Center	2%
Plaza Latina	1%
Frogtown Entrepreneur Center	1%
Plaza Verde	<1%
Missing	2%
<b>Total assistance received from NDC</b>	
16 week entrepreneur training only	32%
Entrepreneur training and financing	13%
Incubator location and additional services	23%
Financing only	22%
Business Resource Center assistance and/or workshop only	8%
Missing	2%

**Note:** Sum of individual incubators varies from total in an incubator due to rounding.

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## 6. Current status of business (N=198)

### **New or expanded business at onset of NDC assistance by owner self-report**

Existing businesses (supported or expanded)	63%
New businesses	34%
Missing/refused/don't know	3%

### **New or expanded business at onset of NDC assistance based on registration status of business and hours worked by owner\***

Existing businesses (supported or expanded)*	51%
New businesses	46%
Missing/refused/don't know	3%

### **Type of business**

Service	44%
Retail (excluding restaurants)	25%
Restaurant/catering	18%
Manufacturing	6%
Construction	5%
Specialty food production	1%
Media production	<1%
Other ("Art")	<1%
Wholesale	0%
Missing	0%

### **Age of business**

<1 year	0%
1-2 years	10%
3-4 years	17%
5-9 years	32%
10-19 years	32%
20 or more years	8%
Don't know/refused	0%
Mean	9
Median	7
Range	1-32

\* NDC criteria for being an existing business are the business is registered for tax purposes and the owner works at the business more than 10 hours per week. Based on these criteria, 23 businesses which were classified as existing businesses by their owners were reclassified as new businesses for the purpose of some analyses.

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**6. Current status of business continued (N=198)**

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<b>Number of locations</b>	
1	86%
2	11%
3 or 4	3%
Mean	1
Median	1
Range	1-4
Total locations	233
<b>Current business space</b>	
Home-based business	29%
Leased commercial space	58%
Owned commercial space	13%
Missing	<1%
<b>Owner lives in same neighborhood as business</b>	<b>58%</b>
<b>Percentage of business from within one mile</b>	
0%	16%
1% to 10%	22%
10.1% to 25%	10%
25.1% to 50%	25%
50.1% to 100%	23%
Don't know/refused/missing	5%
Mean	33%
Median	28%
<b>Monthly gross revenue from business</b>	
No sales to date/0\$	4%
\$1 to \$50	2%
\$50 to \$500	6%
\$501 to \$2,000	11%
\$2,001 to \$5,000	15%
\$5,001 to \$10,000	16%
\$10,001 to \$16,600	11%
More than \$16,600	22%
Don't know/refused/missing	13%

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**6. Current status of business continued (N=198)**

<b>Use monthly bookkeeping service</b>	<b>61%</b>
<b>How many months to make a profit</b>	
Have not yet made a profit	19%
Less than 6 months	24%
6 to 12 months	16%
About 12 to 18 months	11%
Around 2 years	8%
More than 2 years	17%
Don't know/missing	5%
<b>Had time when came close to going out of business</b>	<b>59%</b>
<b>Loans</b>	
Does not have loan	18%
Has loan (source listed below; multiple responses possible)	79%
NDC	43%
Credit Card	42%
Relative or Friend	32%
Bank	31%
City program	16%
Another non-profit agency	15%
Missing	4%
<b>Total amount of business debt</b>	
\$0	23%
\$200 to \$5,000	15%
\$5,001 to \$10,000	14%
\$10,001 to \$20,000	8%
\$20,001 to \$50,000	15%
More than \$50,000	18%
Missing/Don't know	7%
Mean	\$53,273
Median	\$7,000
Range	\$0-\$1,000,000
Total amount of business debt	\$9,802,150

## 7. Growth of pre-existing businesses\* since NDC assistance

Since receiving NDC assistance	Owners of pre-existing businesses
<b>Increased monthly gross revenues (N=101)</b>	<b>63%</b>
By \$500 or less	9%
By \$501 to \$1,000	10%
By \$1,001 to \$2,000	12%
By \$2,001 to \$5,000	9%
By more than \$5,000	11%
Don't know/refused	13%
Mean (N=51)	\$14,000
Median (N=51)	\$2,000
Range (N=51)	\$50-\$250,000
<b>Increased number of employees (N=101)</b>	<b>39%</b>
By up to 5 more	32%
By 6 to 10	3%
By 11 or more	4%
Mean (N=39)	8
Median (N=39)	2
Range (N=39)	1-150
<b>Increased personal monthly income (N=101)</b>	<b>37%</b>
By up to \$200	4%
By \$201 to \$500	8%
By \$501 to \$1,500	12%
By more than \$1,500	9%
Don't know/refused	4%
Mean (N=33)	\$1,200
Median (N=33)	\$1,000
Range (N=33)	\$25-\$4,000
<b>Expanded to additional location (N=101)</b>	<b>18%</b>
Total number of additional locations (N=101)	21
New locations in Minneapolis (N=21)	52%
New locations in St. Paul (N=21)	29%
New locations in Minnesota suburbs (N=21)	14%
New locations outside of Minnesota (N=21)	6%
<b>Moved from home-based to commercial business (N=101)</b>	<b>15%</b>

\* In 2012, NDC criteria for being an existing business are the business is registered for tax purposes and the owner works at the business more than 10 hours per week. Based on these criteria, 23 businesses which were classified as existing businesses by their owners were reclassified as new businesses and omitted from these analyses.

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## 8. Goals of NDC-assisted business owners (N=198)

<b>Extent that being in business is meeting personal goals</b>	
Quite a bit	46%
Somewhat	29%
A little	15%
Not at all	6%
Missing/Don't know	5%
<b>Plans/expectations for business growth (multiple responses possible)</b>	
Yes	80%
Increasing gross monthly revenues	77%
Expanding advertising or marketing	68%
Adding more employees	64%
Purchasing additional stock or equipment	64%
Providing a new product or service	58%
Adding a new location	34%
Renovating current location	31%
Starting a new business	27%
Relocating business	20%
Other*	8%
No	20%
Refused/Don't know/Missing	<1%
<b>Amount of capital needed to achieve business goals (N=158)</b>	
\$0	4%
\$100 to \$10,000	16%
\$10,001 to \$50,000	41%
More than \$50,000	32%
Missing/don't know/refused	7%
Mean	\$560,885
Median	\$40,000
Range	\$0-\$60,000,000
Total	\$82,450,100

\* "Other" includes working capital, get more education/training for self and/or workers, expand/increase client/customer base, get youth/community involved, create standards to be followed by each store/location, hire more contractors/sub-contractors, and non-specified.

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## 9. Ways NDC can help businesses grow (N=184)

<b>Ways NDC can help businesses grow</b>	
Percentage who want NDC's assistance to grow business (N=198)	93%
Type of assistance wanted (multiple responses possible)	
Provide or help identify sources of funding	83%
Provide training or technical assistance around marketing and/or advertising	72%
Provide legal counseling or services	69%
Provide training or technical assistance about financial management, accounting, and/or taxes	58%
Help with developing a business plan	56%
Provide information about city regulations, zoning, or licensing	55%
Help find or rehab new space	37%
Other*	11%

*\* Other responses included providing mentors/one-on-one help, general support (unspecified), networking, classes specific to owner's business (music production/artistic design etc.), provide technological assistance, more/better follow-up, subcontractors, provide insurance/insurance issues*

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**10. Building/property-related impacts of businesses (N=198 unless otherwise indicated)**

<b>Changes to building</b>	
Business occupied vacant building	60%
Building was rehabbed so that business could move in*	57%
Building was substantially rebuilt so that business could move in*	19%
<b>Property taxes</b>	
Percentage who pay property taxes on commercial property	19%
Annual property tax of those who provided an amount (N=26)	
Less than \$5,000	4%
\$5,001 to \$10,000	19%
Over \$10,000	69%
Missing/don't know	8%
Mean	\$16,785
Median	\$14,000
Range	\$2,000-\$48,000
Total annual property taxes	\$402,850
<b>Rent</b>	
Percentage who pay rent on commercial property	58%
Monthly rent of those who provided an amount (N=114)	
Less than \$1,000	32%
\$1,000-\$1,999	30%
\$2,000 or more	32%
Don't know/refused	5%
Mean	\$1,768
Median	\$1,463
Range	\$150-\$7,000
Total monthly rent	\$190,953
Estimated total annual rent	\$2,291,436

\* Percentage of owners for whom commercial space was rehabbed and for whom the space was substantially rebuilt is not comparable to previous years. In previous years, only entrepreneurs who moved into vacant commercial space were asked these questions. In 2012, questions were asked of all owners in commercial space, regardless of whether the space was vacant or occupied when they moved in.

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## 11. Employment impacts of businesses

### Employees (not counting owners)

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#### Does business have *paid* employees (N=198)

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Yes	51%
1 to 2 employees	14%
3 to 5 employees	17%
6 or more employees	21%
No, business has no paid employees	49%
Missing	0%
Mean number of employees for all businesses	4

#### Of business with paid employees (N=101)

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Mean number of paid employees	8
Median number of paid employees	4
Range	1-185
Total number of paid employees	797

#### Number of hours per week worked by paid employees (N=797)

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40 or more hours per week	42%
35 to 39 hours per week	16%
30 to 34 hours per week	11%
20 to 29 hours per week	19%
10 to 19 hours per week	6%
Fewer than 10 hours per week	2%
Missing	4%
Paid employees who are neighborhood residents	
Of all businesses, percentage employing neighborhood residents (N=198)	41%
Of businesses with paid employees: (N=101)	
Percentage employing neighborhood residents	82%
Average percent of employees who are neighborhood residents	59%
Median percent of employees who are neighborhood residents	57%
Range number of employees who are neighborhood residents	0-60
Of paid employees: (N=797)	
Total number who are neighborhood residents	419
Percentage who are neighborhood residents	53%

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## 11. Employment impacts of businesses (continued)

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<b>Paid employees who have assistant manager or manager level positions</b>	
Of all businesses with paid employees, percentage with employees who have assistant manager or manager level positions (N=198)	28%
Of businesses with employees (N=101)	
Percentage with assistant manager or manager positions	54%
Average number of filled assistant manager or manager level positions	1
Median number of filled assistant manager or manager level positions	1
Range	0-7
Of all employees: (N=797)	
Total number who have assistant manager or manager level positions	96
Percentage who have assistant manager or manager level positions	12%
<b>Ethnicity of paid employees (multiple responses possible; N=797)</b>	
Latino/Chicano/Hispanic	25%
White (non Hispanic)	22%
Hmong	18%
African American/Black	18%
Other Asian (not Hmong*)	5%
Other African (not Somali*)	4%
Native American/American Indian	2%
Somali	1%
Other**	2%
Missing	4%
<b>Hourly wage rates of paid employees (N=797)</b>	
Less than \$10 an hour	28%
\$10.00 - \$20.00 an hour	62%
More than \$20.00 an hour	6%
Unknown	4%
Mean	\$12
Median	\$11
Range	\$6.50-\$50

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## 11. Employment impacts of businesses (continued)

<b>Monthly payroll of owners with paid employees (N=101)</b>	
\$1,000 or less	12%
\$1,001 to \$2,500	10%
\$2,501 to \$5,000	13%
\$5,001 to \$10,000	19%
More than \$10,000	19%
Missing/DK/NA	28%
<b>Of owners who provided a payroll amount (N=73)</b>	
Mean monthly payroll	\$12,383
Median monthly payroll	\$5,600
Range of monthly payrolls	\$84-\$150,000
Total monthly payroll (N=73)	\$891,557
Estimated total <i>annual</i> payroll	\$10,698,684
<b>Monthly payroll taxes of owners with paid employees (N=101)</b>	
\$500 or less	17%
\$501 - \$1,000	7%
More than \$1,000	24%
Missing/DK/NA	53%
<b>Of owners who provided a payroll tax amount (N=48)</b>	
Mean	\$2,728
Median	\$1,500
Range	\$42-\$20,000
Total monthly payroll taxes	\$122,782
Estimated total <i>annual</i> payroll taxes	\$1,473,384
<b>Owner provides health insurance, type provided (multiple responses possible; N=101)</b>	
	<b>9%</b>
Partially-paid health insurance for the employee	4%
Partially-paid health insurance for the employee's family	2%
Fully-paid health insurance for the employee	6%
Fully-paid health insurance for the employee's family	2%

*Other Asian included: Cambodian, Vietnamese, Pakistani, Laotian. Other African included: African-Ethiopian, West African, East African, Nigeria, African-Kenyan. Other included: Greek, Caribbean/West Indies, Bi-racial*

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## 11. Employment impacts of businesses (continued)

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<b>Owner does not provide health insurance, reason (multiple responses possible; N=91)</b>	
Business cannot afford to offer health insurance	91%
Employees could not afford to pay their portion of cost	44%
Employees have health insurance from other sources	41%
Employee turnover is too high/too few full-time employees	38%
Don't think benefits are worth it, given the cost	24%
Not sure how to choose best plan	22%
Other*	2%
Missing	1%
<b>Other health benefits provided to employees by owners (themes from individual responses; multiple responses possible; N=101)</b>	
None	60%
Safe work environment	15%
Information on health and wellness	6%
Flexible work hours	6%
Health-related products or services free or at a discount	6%
Healthy work environment	3%
Missing	3%

\* Other included: Not required to offer health insurance by State/Federal law (because of size of business), other-not specified.

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## 11. Employment impacts of businesses (continued)

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<b>Health-related benefits owners would like to offer (themes from individual responses; multiple responses possible; N=101)</b>	
Health insurance	42%
Nothing	28%
Free or discounted access to a gym/health club	14%
Paid sick days	6%
Paid vacation days	6%
Dental insurance	5%
Retirement benefits	4%
Recreational opportunities (e.g., horseback riding, football)	4%
Increased wages	3%
Further safety training	1%
Life insurance	1%
Holiday pay	1%
Other	13%
Missing	22%
<b>Business helps employees to connect to community resources and supports (N=101)</b>	
Yes	55%
No	29%
Don't know	15%
Missing	2%
<b>Other benefits (N=101)</b>	
Training	82%
Paid holidays	42%
Paid vacation	38%
Paid sick days off	31%
Retirement plan	9%

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**11. Employment impacts of businesses (continued)**

<b>Subcontractors or contract/cash workers in past year</b>	
Used subcontractors/cash workers in past year (N=198)	50%
Amount paid to subcontractors/cash workers (N=98)	
Under \$1,000	11%
\$1,000 to \$9,999	49%
\$10,000 to \$24,999	13%
\$25,000 or more	15%
Don't know/refused	11%
<b>Of owners who provided an amount (N=88)</b>	
Mean	\$13,854
Median	\$3,000
Range	\$20-\$200,000
Total dollar value of subcontractors/cash workers	\$1,219,107

*Note: Total for each category may exceed 100% due to rounding or due to multiple responses when indicated.*

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## 12. Other contributions to neighborhood economy and quality of life

<b>Estimated monthly business expenses (excluding rent and payroll; N=198)</b>	
\$0	1%
\$20 to \$499	22%
\$500 to \$999	11%
\$1,000 to \$4,999	26%
\$5,000 to \$9,999	10%
\$10,000 or more	15%
Missing/don't know/refused	15%
Of owner's who provided an amount (N=168)	
Mean	\$6,764
Median	\$1,050
Range	\$0-\$150,000
Total spent per month	\$1,136,412
Estimated total amount spent <i>annually</i>	\$13,636,944
<b>Percent of monthly business expenses (excluding rent and payroll) spent within one or two miles of business (N=198)</b>	
0%	13%
1% to 25%	24%
26% to 50%	20%
51% to 90%	16%
91% to 100%	15%
Don't know/refused	12%
Of owner's who provided an amount (N=174)	
Mean	45%
Median	50%
<b>Estimated monthly business expenses (excluding rent and payroll) spent within one or two miles of business (N=198)</b>	
\$0	11%
\$3 to \$100	9%
\$100 to \$499	24%
\$500 to \$999	10%
\$1,000 or more	28%
Missing/don't know/refused	18%
Of owners with data (N=162)	
Mean	\$2,280
Median	\$410
Range	\$3-\$41,250
Total spent per month	\$369,378
Estimated total amount spent <i>annually</i>	\$4,432,536

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

<b>Estimated amount of sales taxes paid each month (N=198)</b>	
\$0	23%
\$100 to \$250	17%
\$250 to \$499	9%
\$500 to \$999	10%
\$1,000 or more	17%
Missing/don't know/refused	24%
Of owners who provided sales tax amount (N=143)	
Mean sales tax paid monthly	\$1,012
Median sales tax paid monthly	\$208
Range of sales tax paid monthly	\$0-\$16,000
Total spent per month	\$144,753
Estimated total amount spent <i>annually</i>	\$1,737,036
<b>Time, money, and in-kind contributions (N=198)</b>	
Percent of owners reporting contribution of any time, money, or in-kind support to neighborhood events or activities in past 12 months	71%
Type of contribution (multiple responses possible)*	
Time	43%
Money	44%
In-kind support	44%
<b>Dollar value of business contributions to neighborhood events/activities in past 12 months (N=198)</b>	
No contribution	29%
\$0	<1%
\$1-\$200	13%
\$201-\$1,000	25%
\$1,001-\$5,000	17%
Over \$5,000	7%
Don't know/refused/missing	9%
For those who provided an estimated amount (N=181)	
Mean estimated value of contributions	\$2,485
Median estimated value of contributions	\$600
Range	\$0-\$24,000
Total annual contributions	\$308,165

\*These percentages are not comparable to previous years. In previous reports, the percentages were calculated from only respondents who provided a contribution. In this report, figures are lower because they are calculated out of all respondents.

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

<b>Role models for communities (N=198)</b>	
Business owners who feel they serve as a role model for youth or young adults	90%
<b>Leadership (N=198)</b>	
Business owners who serve as a leader for groups or organizations in neighborhood or ethnic community	39%
<b>Space for the community (N=198)</b>	
Business serves as a community gathering place	51%

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## 13. Status of additional businesses

<b>Percent of owners with more than 1 business (N=198)</b>	<b>15%</b>
Has 1 additional business	11%
Has 2 or more additional businesses	4%
<b>Total number of additional businesses (N=198)</b>	<b>47</b>
<b>Monthly gross revenue from additional business(es) (N=29)</b>	
No sales to date/0\$	7%
\$1 to less than \$500	7%
\$501 to \$5,000	10%
\$5,001 to \$16,600	3%
More than \$16,600	28%
Don't know/refused/missing	45%
<b>Number of paid employees in additional business(es) (N=29)</b>	
0	38%
1 to 2 employees	17%
3 to 5 employees	14%
6 or more employees	28%
Missing	3%

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## 14. Views of NDC assistance

<b>Most beneficial help from NDC (multiple responses possible) (N=198)</b>	
Entrepreneur training	42%
Financing/loan	32%
Technical assistance	25%
Support and encouragement	8%
Contacts/networking	6%
Incubator space	4%
Other*	8%
<b>What specific training or technical assistance topic was most helpful to you (asked only of respondents who said training or technical assistance was most beneficial; multiple responses possible) (N=116)</b>	
Business plan	40%
Bookkeeping/accounting/financial	27%
Marketing/advertising	19%
Legal issues	10%
General business management skills	9%
Restaurant management skills	2%
Other**	3%
<b>Perceived influence of NDC on success of business (N=198)</b>	
My business is as successful as it is today largely because of the assistance I received from NDC	24%
My business is as successful as it is today somewhat because of the assistance I received from NDC	54%
My business is no better off or no worse off due to NDC	17%
My business would be doing much better today if it were not connected with NDC	1%
Don't know/refused	4%

\* Other types of help included mentorship, general knowledge, counseling to start up business, open door policy of being an alumnus of NDC, renovations/repairs/improvements made to property, relationships with instructors/staff/classmates, nothing/none, unspecified other assistance.

\*\* For "Other" topics, one respondent said website development and another respondent said pricing.

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#### 14. Views of NDC assistance (continued)

**Explanation for largely successful business relationship with NDC (themes from individual responses; multiple responses possible; N=48)**

General help, unspecified	38%
Financial help	33%
Help with legal issues	17%
Help getting business started	17%
Business management advice and skill development	17%
Provide ongoing assistance	13%
Education/training/classes	13%
Help with business plan	10%
Support/encouragement/mentoring	8%
Help expanding business	6%
Technical assistance	6%
Marketing/advertising assistance	6%
Other, unspecified/none	6%
Help with contacts/referrals	4%
Help finding good business location	4%
Bookkeeping/accounting/financial/tax advice	4%
Provide quality services	4%
Help focusing ideas and giving business structure	2%
Incubator space	2%
Confidence	2%
Help with renovations or repairs	2%
Help increasing sales	2%

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#### 14. Views of NDC assistance (continued)

**Explanation for somewhat successful business relationship with NDC  
(themes from individual responses; multiple responses possible; N=106)**

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<b>Explanations of how NDC was helpful</b>	
Financial help	24%
General help, unspecified	23%
Education/training/classes	19%
Business management advice and skill development	14%
Help getting business started	9%
Marketing/advertising	7%
Support/encouragement/mentoring	6%
Help with business plan	5%
Bookkeeping/accounting/financial/tax advice	5%
Help with legal issues	4%
Technical assistance	4%
Other, unspecified/none	3%
Help focusing ideas and giving business structure	3%
Provide quality services	3%
Confidence	3%
Good to have what already knew confirmed	1%
Help with renovations or repairs	1%
Help acquiring a license	1%
Help expanding business	1%
Incubator space	1%
<b>Explanations/comments on why NDC was not helpful</b>	
Helped initially but then stopped providing services/responding	5%
Economy/light rail hurts business	4%
Business already established	3%
Owner did not/could not take advantage of help	2%
NDC did not provide any/useful help/not enough help	2%
Too early in business to tell	2%
Had problems getting loan from NDC	1%
NDC's services do not apply to the business	1%
Missing	5%

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#### 14. Views of NDC assistance (continued)

##### Explanations for no better or no worse because of business relationship with NDC (themes from individual responses; multiple responses possible; N=34)

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Explanations of how NDC was helpful	
Education/training/classes	9%
Financial help	9%
General help, unspecified	9%
Other, unspecified/none	6%
Incubator	6%
Help with business plan	3%
Help with legal issues	3%
Help starting a business	3%
Business management advice and skill development	3%
Explanations/comments on why NDC was not helpful	
Wasn't good or bad/was neutral	29%
NDC did not provide any/useful help/not enough help	24%
Business already established	18%
Staff not helpful or knowledgeable	12%
Helped initially but then stopped providing services/responding	9%
Business/marketing advice was not good	9%
Owner did not/could not take advantage of help	6%
Had problems getting loan from NDC	6%
Economy bad/light rail hurts business	6%

**Note:** *In order to protect the individuals' anonymity, the explanations provided by the two respondents who said their business was worse off because of their relationship with NDC are not included.*

## 15. Comparisons by type of assistance received

	16 week training only	16 week training and financing	Incubator	Financing only
<b>BUSINESS STATUS</b>	<b>(N=64)</b>	<b>(N=26)</b>	<b>(N=45)</b>	<b>(N=44)</b>
<b>New or expanded business</b>				
New	45%	65%	53%	30%
Expanded	52%	35%	40%	69%
Missing/Don't know	3%	0%	7%	1%
<b>Type of business (of businesses for which this information was provided)</b>				
Service	56%	39%	29%	50%
Retail (excluding restaurants)	14%	27%	40%	21%
Restaurant/catering	11%	23%	27%	14%
Specialty food production	2%	4%	0%	0%
Construction	9%	4%	2%	5%
Production/manufacturing	6%	4%	2%	11%
Media production	2%	0%	0%	0%
<b>Age of business in years (average/ median)</b>	10/8	9/8	8/6	10/7
<b>Has another business</b>	8%	15%	33%	9%
<b>Gross monthly revenue</b>				
No sales to date/0\$	6%	0%	0%	0%
\$1 to \$1,000	16%	15%	9%	7%
\$1,001 to \$2,000	11%	8%	7%	7%
\$2,001 to \$5,000	19%	12%	18%	9%
\$5,001 to \$10,000	17%	12%	20%	16%
\$10,001 to \$16,600	9%	12%	9%	16%
More than \$16,600	11%	23%	20%	32%
Unknown	11%	19%	18%	14%
<b>Debt (average/median)</b>	\$39,400/ \$2,000	\$29,500/ \$5,000	\$25,900/ \$6,500	\$132,300/ \$40,000
<b>Months to make a profit</b>				
Not yet made a profit	14%	23%	13%	14%
Less than 6 months	25%	23%	22%	27%
6 to 12 months	23%	12%	16%	9%
About 12 to 18 months	9%	12%	13%	11%
Around 2 years	9%	8%	7%	9%
More than 2 years	11%	23%	22%	16%
Missing/don't know	8%	0%	7%	14%

## 15. Comparisons by type of assistance received: Employees (continued)

	16 week training only	16 week training and financing	Incubator	Financing only
<b>EMPLOYMENT</b>				
<b>Of all businesses</b>	<b>(N=64)</b>	<b>(N=26)</b>	<b>(N=45)</b>	<b>(N=44)</b>
Businesses with paid employees	36%	54%	56%	70%
<b>Of businesses with employees</b>	<b>(N=23)</b>	<b>(N=14)</b>	<b>(N=25)</b>	<b>(N=31)</b>
Number of paid employees (average/median)	5/3	19/5	6/5	7/4
Percent of paid employees who are neighborhood residents (average/median)	71%/100%	59%/54%	65%/80%	49%/50%
<b>EMPLOYEES</b>	<b>(N=114)</b>	<b>(N=265)</b>	<b>(N=148)</b>	<b>(N=222)</b>
<b>Number of hours employees work</b>				
40 to 35 hours	65%	78%	48%	45%
Less than 35 hours	35%	22%	52%	55%
<b>Race/Ethnicity of employees</b>				
Latino/Hispanic/Chicano	48%	11%	58%	12%
Caucasian/White (non-Hispanic)	18%	10%	24%	43%
African American/Black	23%	10%	7%	35%
Native American	3%	2%	3%	2%
Somali	0%	1%	3%	2%
Other Asian	3%	7%	2%	1%
Hmong	1%	50%	0%	3%
Other	5%	9%	4%	2%
<b>Hourly wages of employees (average/median)</b>	<b>\$11.10/ \$10.00</b>	<b>\$12.90/ \$11.70</b>	<b>\$11.40/ \$9.00</b>	<b>\$12.20/ \$10.20</b>
<b>GROWTH and GOALS</b>				
<b>Growth of pre-existing businesses*</b>	<b>(N=33)</b>	<b>(N=9)</b>	<b>(N=18)</b>	<b>(N=30)</b>
Expanded number of employees	33%	7	44%	37%
Increased gross monthly revenues	79%	7	72%	50%
Increased monthly income from business	61%	4	33%	20%
Expanded to additional locations	21%	3	22%	7%
Moved from being home-based to commercial space	18%	3	22%	7%

Note: For cells with an N < 10, data are provided as numbers rather than percentages.

\* Percentages not comparable to previous years. In 2012, NDC criteria for being an existing business are the business is registered for tax purposes and the owner works at the business more than 10 hours per week.

## 15. Comparisons by type of assistance received (continued)

	Training only	Training and financing	Incubator	Financing only
<b>Goals</b>	<b>(N=64)</b>	<b>(N=26)</b>	<b>(N=45)</b>	<b>(N=44)</b>
Businesses with any goals	81%	85%	71%	80%
<b>Specific goals</b>				
Increasing gross monthly revenues	81%	81%	67%	77%
Renovating current location	30%	31%	33%	30%
Adding more employees	64%	77%	56%	71%
Expanding your marketing/advertising	72%	77%	58%	64%
Purchasing additional equipment or stock	73%	62%	51%	64%
Providing a new product or service	56%	54%	56%	57%
Adding a new location	34%	42%	36%	27%
Starting a new business	25%	38%	24%	25%
Relocating your business	23%	23%	11%	21%
Capital needed to achieve goals (average/median)	\$86,000/ \$30,000	\$205,800/ \$45,000	\$2,296,300 /\$22,500	\$188,200/ \$60,000
<b>IMPACT</b>	<b>(N=64)</b>	<b>(N=26)</b>	<b>(N=45)</b>	<b>(N=44)</b>
Monthly rent (average/median)	\$1,300/ \$800	\$1,700/ \$1,600	\$1,500/ \$1,000	\$2,300/ \$1,900
Monthly payroll (average/median)	\$8,100/ \$4,200	\$29,400/ \$11,500	\$8,900/ \$3,000	\$12,600/ \$7,000
Amount of business expenses (excluding rent and payroll) spent in neighborhood monthly	\$1,600/ \$300	\$1,500/ \$400	\$1,500/ \$500	\$3,100/ \$500
Serve as role model for youth/young adults	92%	100%	91%	84%
Monthly sales tax (average/median)	\$740/\$30	\$780/\$150	\$1,190/ \$370	\$1,100/ \$430
Annual amount paid to subcontractors (average/median)	\$14,700/ \$3,500	\$11,600/ \$2,500	\$10,300/ \$3,000	\$23,800/ \$14,000
Provide leadership to community groups or associations	48%	42%	36%	32%
Contribute time, money, or in-kind support to neighborhood activities	63%	69%	73%	75%
Provide gathering space	33%	50%	76%	52%
<b>IEWS on NDC</b>	<b>(N=64)</b>	<b>(N=26)</b>	<b>(N=45)</b>	<b>(N=44)</b>
<b>Business relationship with NDC</b>				
My business is as successful as it is today largely because of the assistance I received from NDC	16%	54%	24%	20%
My business is as successful as it is today somewhat because of the assistance I received from NDC	56%	31%	49%	57%
My business is no better off or no worse off due to NDC	22%	12%	16%	14%
My business would be doing much better today if it were not connected with NDC	2%	0%	2%	0%
Missing	5%	4%	9%	9%

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**16. Second stage businesses (N=78)**

<b>Assistance received from NDC (multiple responses possible)</b>	
Financing	55%
Entrepreneur training	49%
Assistance from a business resource center	31%
Attended workshop	28%
Incubator location (multiple responses possible)	24%
Midtown Global Market	13%
Mercado	5%
Plaza Latina	3%
Frogtown Square	3%
Frogtown Entrepreneur Center	1%
Midtown Business Center	0%
Plaza Verde	0%
Missing	4%
<b>Most beneficial help from NDC (multiple responses possible)</b>	
Financing	47%
Entrepreneur training	33%
Technical assistance	23%
Contacts/networking	6%
Incubator	4%
Support and encouragement	4%
Other*	14%
<b>Percentage who have come very close to going out of business</b>	<b>53%</b>

\*Other responses included access to legal help, mentoring, general knowledge, start-up counseling, ongoing relationships with staff/classmates, other unspecified and nothing/none.

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

**17. Second stage businesses' views of ND, goals, and service needs compared to other businesses**

	First stage businesses (N=120)	Second stage businesses (N=78)
<b>Business relationship with NDC</b>		
My business is as successful as it is today largely because of the assistance I received from NDC	21%	29%
My business is as successful as it is today somewhat because of the assistance I received from NDC	53%	55%
My business is no better off or no worse off due to NDC	20%	13%
My business would be doing much better today if it were not connected with NDC	2%	0%
Don't know/refused	5%	2%
<b>Extent that being in business is meeting <u>personal</u> goals</b>		
Quite a bit	48%	42%
Somewhat	29%	29%
A little	12%	19%
Not at all	8%	3%
Missing	3%	6%
<b>How NDC can help business grow (multiple responses possible)</b>		
At least one option checked	93%	92%
Provide financing or help find funding	82%	85%
Provide training or technical assistance around marketing or advertising	78%	64%
Provide legal counseling or services	69%	69%
Provide training or technical assistance about financial management, accounting or taxes	63%	50%
Provide information about city regulations, zoning or licensing	53%	58%
Help develop a business plan	52%	62%
Help find or rehab new space	37%	38%