



Closing the Capital Gap

Fueling the Promise of
Latino-owned Businesses

APPENDIX

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Appendix

Appendix—Table 1: Latino-owned businesses vs. white-owned businesses by revenue size and profitability

Latino-owned businesses (LOBs)

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Profits	2.95%	5.42%	18.73%	8.34%	8.44%	0.96%	0.50%	45.34%
Breakeven	2.48%	3.50%	9.36%	5.20%	3.19%	1.31%	0.19%	25.22%
Losses	2.86%	4.83%	12.65%	4.02%	4.35%	0.70%	0.03%	29.44%
Grand total	8.28%	13.75%	40.74%	17.56%	15.98%	2.96%	0.72%	100.00%

53% of LOBs from **\$1 million to \$5 million** are profitable, compared with **63%** of WOBs

White-owned businesses (WOBs)

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Profits	2.09%	3.93%	21.46%	9.92%	10.21%	1.87%	0.64%	50.12%
Breakeven	1.96%	2.92%	10.39%	3.59%	3.60%	1.02%	0.45%	23.92%
Losses	2.38%	3.82%	12.06%	4.19%	2.52%	0.78%	0.21%	25.96%
Grand total	6.43%	10.68%	43.91%	17.70%	16.33%	3.67%	1.29%	100.00%

Note: Data incorporates weighting for industry, region, and revenue size
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=7,016; WOB N=7,550)

Appendix—Table 2: Latino-owned businesses vs. white-owned businesses by revenue size and revenue growth rate

Latino-owned businesses (LOBs)

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Less than –26%	0.19%	0.62%	1.76%	0.97%	1.35%	0.01%	0.13%	5.08%
–25%–0	1.12%	3.14%	8.98%	2.15%	3.21%	0.43%	0.02%	19.05%
0	0.16%	0.29%	1.19%	0.19%	0.38%	0.04%	0.01%	2.26%
0–10%	0.68%	1.38%	5.19%	3.38%	2.94%	0.20%	0.10%	13.86%
11%–25%	0.34%	1.06%	5.10%	4.36%	2.64%	1.13%	0.07%	14.69%
26%–50%	0.36%	0.61%	3.12%	1.22%	1.91%	0.63%	0.23%	8.09%
50%–100%	0.14%	0.31%	0.96%	0.95%	0.48%	0.26%	0	3.11%
More than 100%	0.02%	0.15%	0.43%	0.50%	0.17%	0.03%	0.16%	1.45%
Grand total	8.28%	13.75%	40.74%	17.56%	15.98%	2.96%	0.72%	100.00%

Only **around 3% of LOBs** cross the \$5 million threshold, compared with **around 5% of WOBs**

White-owned businesses (WOBs)

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Less than –26%	0.27%	0.45%	2.38%	1.00%	0.69%	0.28%	0.02%	5.03%
–25%–0	1.42%	2.81%	11.65%	4.76%	3.61%	1.03%	0.36%	25.65%
0	0.17%	0.13%	1.68%	0.93%	0.64%	0.21%	0.05%	3.79%
0–10%	0.48%	1.43%	6.69%	3.45%	4.00%	0.72%	0.30%	17.06%
11%–25%	0.50%	1.04%	5.12%	2.65%	3.08%	0.78%	0.27%	13.43%
26%–50%	0.17%	0.45%	1.93%	1.00%	1.23%	0.36%	0.13%	5.27%
50%–100%	0.07%	0.16%	0.65%	0.75%	0.38%	0.06%	0.00%	2.07%
More than 100%	0.02%	0.06%	0.21%	0.07%	0.23%	0.01%	0.05%	0.65%
Grand total	6.43%	10.68%	43.91%	17.70%	16.33%	3.67%	1.29%	100.00%

Notes: Select businesses not represented in growth rate categories because of unavailability of revenue growth data; columns and totals do not sum to 100%; businesses that do not report a five-year revenue are excluded from CAGR analysis; growth rate calculated using 2016 reported revenue and 2021 reported revenue; based on LOB and WOB survey responses, data incorporates weighting for industry, region, and revenue size
Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=7,016; WOB N=7,550)

Appendix—Table 3: Latino-owned businesses vs. white-owned businesses by business age and revenue size

Latino-owned businesses

	1–5	6–10	11–20	21–40	41 or more	Grand total
\$10,000–\$49,999	5.24%	0.93%	1.20%	0.49%	0.06%	8.28%
\$50,000–\$99,999	6.84%	2.05%	3.02%	1.50%	0.15%	13.75%
\$100,000–\$499,999	15.01%	11.48%	7.68%	5.12%	0.72%	40.74%
\$500,000–\$999,999	5.27%	6.79%	3.16%	1.81%	0.39%	17.56%
\$1 million–\$4,999,999	3.62%	5.31%	4.41%	2.14%	0.50%	15.98%
\$5 million–\$9,999,999	0.35%	1.26%	0.73%	0.43%	0.18%	2.96%
\$10 million or above	0.01%	0.41%	0.04%	0.18%	0.08%	0.72%
Grand total	36.34%	28.22%	20.23%	11.67%	2.08%	100.00%

White-owned businesses

	1–5	6–10	11–20	21–40	41 or more	Grand total
\$10,000–\$49,999	3.23%	1.04%	0.95%	0.75%	0.13%	6.43%
\$50,000–\$99,999	4.47%	2.00%	1.73%	1.94%	0.27%	10.68%
\$100,000–\$499,999	14.71%	7.97%	8.86%	9.93%	2.12%	43.91%
\$500,000–\$999,999	3.91%	3.64%	4.44%	4.67%	1.04%	17.70%
\$1 million–\$4,999,999	2.77%	3.59%	4.51%	4.08%	1.31%	16.33%
\$5 million–\$9,999,999	0.17%	0.91%	1.07%	1.08%	0.44%	3.67%
\$10 million or above	0.12%	0.17%	0.59%	0.33%	0.07%	1.29%
Grand total	29.38%	19.33%	22.14%	22.78%	5.38%	100.00%

Notes: Select businesses not represented in age categories because of unavailability of business age data; columns and totals do not sum to 100%; data incorporates weighting for industry, region, and revenue size
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (Latino-owned business N=7,016; white-owned business N=7,550)

Appendix—Table 4: Latino-owned businesses vs. white-owned businesses by business age and profitability

Latino-owned businesses (LOBs)

	1–5	6–10	11–20	21–40	41 or more	Grand total
Profits	16.82%	13.09%	9.30%	4.84%	0.89%	45.34%
Breakeven	9.23%	7.76%	4.51%	2.67%	0.29%	25.22%
Losses	10.29%	7.37%	6.42%	4.16%	0.91%	29.44%
Grand total	36.34%	28.22%	20.23%	11.67%	2.08%	100.00%

Only about **41% of LOBs** aged 21–40 are profitable, compared with **52% of WOBs**

White-owned businesses (WOBs)

	1–5	6–10	11–20	21–40	41 or more	Grand total
Profits	14.20%	9.41%	11.55%	11.86%	2.74%	50.12%
Breakeven	7.48%	4.82%	4.66%	5.24%	1.24%	23.92%
Losses	7.70%	5.10%	5.94%	5.68%	1.39%	25.96%
Grand total	29.38%	19.33%	22.14%	22.78%	5.38%	100.00%

Notes: Select businesses not represented in age categories because of unavailability of business age data; columns and totals do not sum to 100%; data incorporates weighting for industry, region, and revenue size
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=7,016; WOB N=7,550)

Appendix—Table 5: Latino-owned businesses vs. white-owned businesses by industry and revenue size

Latino-owned businesses

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Construction	1.07%	1.99%	6.25%	2.46%	2.77%	0.40%	0.05%	15.00%
Education/ health services	0.80%	1.30%	2.72%	1.53%	1.45%	0.54%	0.21%	8.55%
Financial activities	0.30%	0.78%	4.40%	1.31%	1.94%	0.20%	0.14%	9.05%
Information	0.07%	0.18%	0.49%	0.33%	0.15%	0.01%	0	1.23%
Leisure/ hospitality	1.85%	2.62%	7.80%	2.30%	1.61%	0.12%	0	16.30%
Manufacturing	0.22%	0.63%	0.94%	0.49%	0.82%	0.35%	0.07%	3.52%
Natural resources and mining	0.01%	0.01%	0.16%	0.02%	0.02%	0.03%	0	0.27%
Other services	1.04%	1.87%	3.71%	0.69%	0.44%	0.08%	0	7.83%
Professional/ business services	1.32%	2.34%	5.01%	3.30%	3.21%	0.54%	0.15%	15.87%
Trade/transpor- tation/utilities	1.61%	2.02%	9.26%	5.12%	3.56%	0.70%	0.09%	22.37%
Grand total	8.28%	13.75%	40.74%	17.56%	15.98%	2.96%	0.72%	100.00%

White-owned businesses

	\$10,000– \$49,999	\$50,000– \$99,999	\$100,000– \$499,999	\$500,000– \$999,999	\$1 million– \$4,999,999	\$5 million– \$9,999,999	\$10 million or above	Grand total
Construction	0.82%	1.42%	7.46%	3.73%	2.28%	0.59%	0.18%	16.48%
Education/ health services	0.77%	1.18%	4.16%	1.74%	1.43%	0.34%	0.01%	9.62%
Financial activities	0.16%	0.45%	2.71%	1.55%	2.01%	0.55%	0.36%	7.79%
Information	0.02%	0.07%	0.49%	0.19%	0.23%	0.06%	0.04%	1.10%
Leisure/ hospitality	1.38%	2.37%	6.14%	2.02%	1.44%	0.39%	0	13.75%
Manufacturing	0.13%	0.11%	0.96%	0.69%	0.71%	0.18%	0.11%	2.89%
Natural resources and mining	0.01%	0.02%	0.10%	0.03%	0.03%	0.01%	0	0.21%
Other services	0.78%	1.18%	4.35%	1.51%	0.55%	0.22%	0.03%	8.62%
Professional/ business services	0.93%	2.00%	7.67%	3.15%	4.21%	0.75%	0.40%	19.13%
Trade/transpor- tation/utilities	1.42%	1.87%	9.87%	3.09%	3.42%	0.59%	0.16%	20.42%
Grand total	6.43%	10.68%	43.91%	17.70%	16.33%	3.67%	1.29%	100.00%

Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (Latino-owned business N=7,016; white-owned business N=7,550)

Appendix—Table 6: Latino-owned businesses vs. white-owned businesses by region and industry

Latino-owned businesses

	East north central	East south central	Mid-Atlantic	Mountain	Northeast	Pacific	South Atlantic	West north central	West south central	Grand total
Construction	0.85%	0.40%	0.98%	1.27%	0.46%	3.78%	3.64%	0.25%	3.36%	15.00%
Education/health services	0.30%	0.02%	1.08%	0.93%	0.21%	2.51%	2.37%	0.10%	1.03%	8.55%
Financial activities	0.75%	0.11%	0.43%	1.02%	0.42%	2.80%	2.08%	0.20%	1.25%	9.05%
Information	0.01%	0.01%	0.29%	0.19%	0.01%	0.11%	0.43%	0.01%	0.17%	1.23%
Leisure/hospitality	0.97%	0.19%	2.05%	1.95%	0.22%	3.99%	3.66%	0.39%	2.88%	16.30%
Manufacturing	0.35%	0.04%	0.26%	0.42%	0.18%	1.05%	0.60%	0.08%	0.53%	3.52%
Natural resources and mining	0.02%	0.01%	0.01%	0	0	0.08%	0.08%	0.00%	0.06%	0.27%
Other services	0.16%	0.24%	0.72%	0.88%	0.19%	2.01%	2.21%	0.08%	1.33%	7.83%
Professional/business services	1.19%	0.34%	2.06%	1.50%	0.34%	3.50%	3.64%	0.27%	3.03%	15.87%
Trade/transportation/utilities	1.96%	0.17%	2.61%	2.14%	0.47%	4.89%	6.24%	0.35%	3.53%	22.37%
Grand total	6.56%	1.53%	10.52%	10.31%	2.50%	24.71%	24.96%	1.74%	17.17%	100.00%

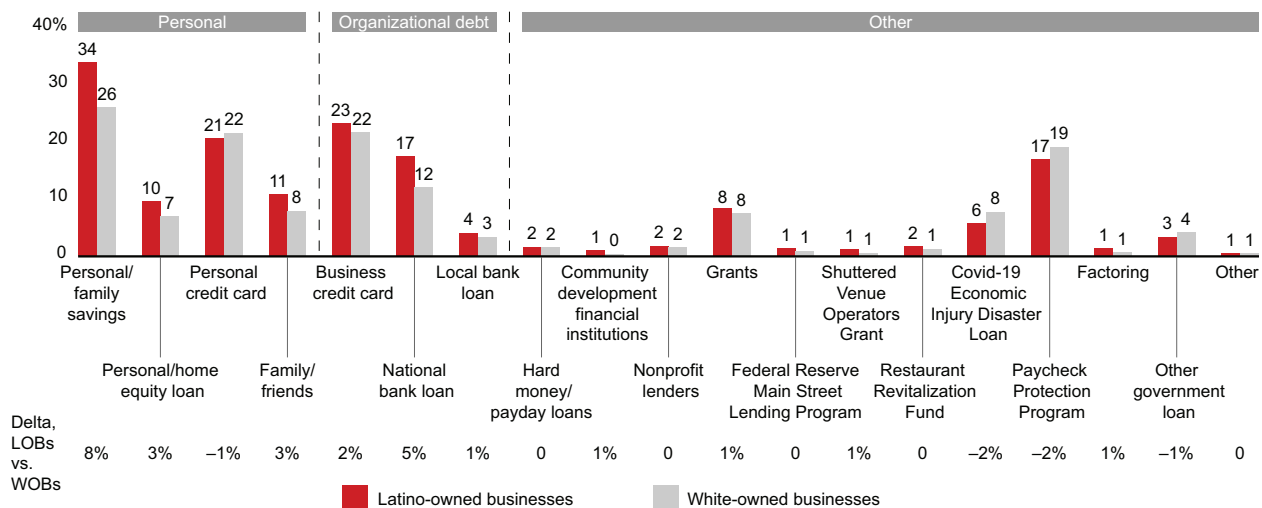
White-owned businesses

	East north central	East south central	Mid-Atlantic	Mountain	Northeast	Pacific	South Atlantic	West north central	West south central	Grand total
Construction	0.93%	0.35%	1.45%	1.72%	0.53%	2.15%	5.04%	0.35%	3.96%	16.48%
Education/health services	0.62%	0.12%	1.56%	1.45%	0.26%	1.80%	2.26%	0.14%	1.41%	9.62%
Financial activities	0.36%	0.06%	0.49%	0.65%	0.18%	2.03%	2.14%	0.07%	1.80%	7.79%
Information	0.03%	0	0.09%	0.18%	0.01%	0.39%	0.22%	0.01%	0.17%	1.10%
Leisure/hospitality	0.70%	0.20%	1.35%	1.22%	0.20%	4.18%	3.73%	0.22%	1.95%	13.75%
Manufacturing	0.15%	0.03%	0.34%	0.20%	0.04%	0.64%	0.67%	0.04%	0.78%	2.89%
Natural resources and mining	0.01%	0	0.02%	0.01%	0	0.04%	0.05%	0.01%	0.05%	0.21%
Other services	0.52%	0.11%	0.51%	0.76%	0.13%	2.65%	2.33%	0.11%	1.51%	8.62%
Professional/business services	2.18%	0.20%	3.48%	1.70%	0.39%	3.30%	5.44%	0.26%	2.17%	19.13%
Trade/transportation/utilities	1.39%	0.17%	2.18%	1.66%	0.47%	4.70%	5.95%	0.24%	3.66%	20.42%
Grand total	6.90%	1.25%	11.47%	9.56%	2.20%	21.87%	27.83%	1.45%	17.46%	100.00%

Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (Latino-owned business N=7,016; white-owned business N=7,550)

Appendix—Figure 1: Both Latino-owned and white-owned small businesses rely on personal sources for early funding

Percentage of total businesses with less than \$1 million in revenue that sought each funding source, 2021

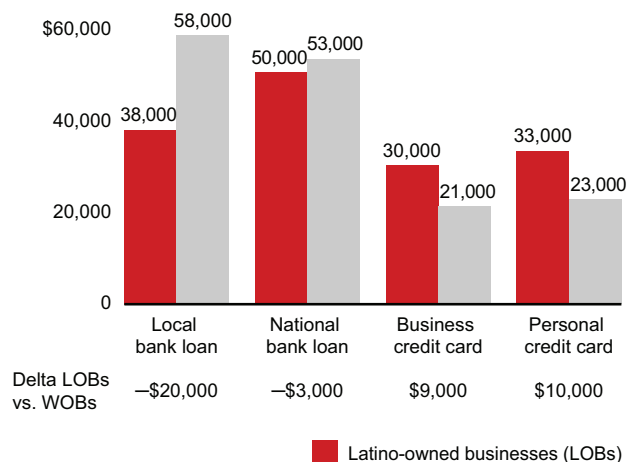


Notes: Sources of funding are not mutually exclusive; businesses have the option to select all sources of funding they apply to on the annual survey; sources of organizational equity funding removed because of low N and data weighting considerations across angel investors, private equity, and venture capital; delta totals have been rounded; unscaled businesses are businesses with less than \$1 million in annual revenue, 2020–2021
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=3,554; WOB N=4,688)

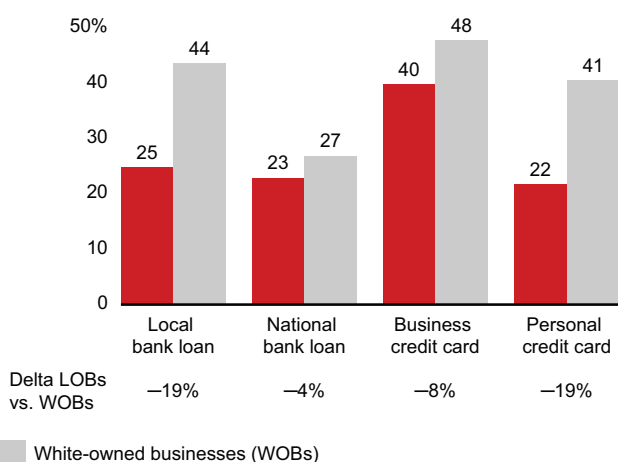
Appendix—Figure 2: Similar requests, but lower approval, from traditional funding sources for Latino-owned businesses vs. white-owned businesses

White-owned and Latino-owned businesses request similar amounts of funding in bank loans and credit card financing ... **... but small Latino-owned businesses get approved for small loans at much lower rates than white-owned businesses**

Average amount of funding requested by small businesses that requested each type of funding, 2021 (in US dollars)



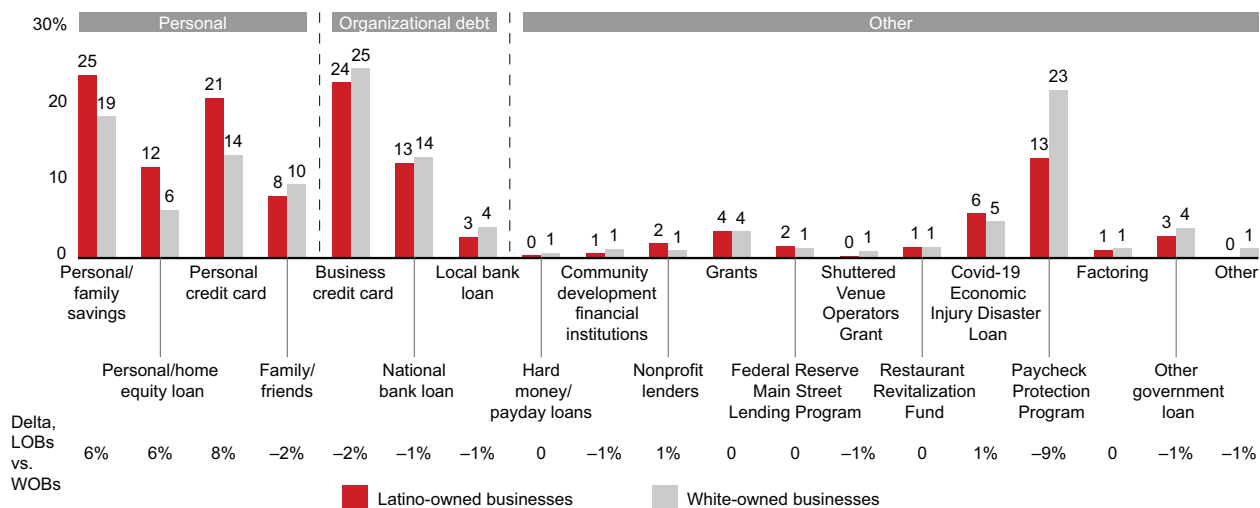
Percentage of small businesses that received all funding sought from capital sources for requests less than \$100,000, 2021



Notes: Five-year annual growth rate calculated based on self-reported annual revenue, not included for all businesses included in survey because of lack of reported information; delta totals have been rounded; unscaled businesses are businesses with less than \$1 million in annual revenue, 2020–2021
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=3,554; WOB N=4,688)

Appendix—Figure 3: Mature Latino-owned businesses more likely to rely on personal financing sources

Percentage of total businesses with greater than \$1 million in revenue that sought each funding source, 2021

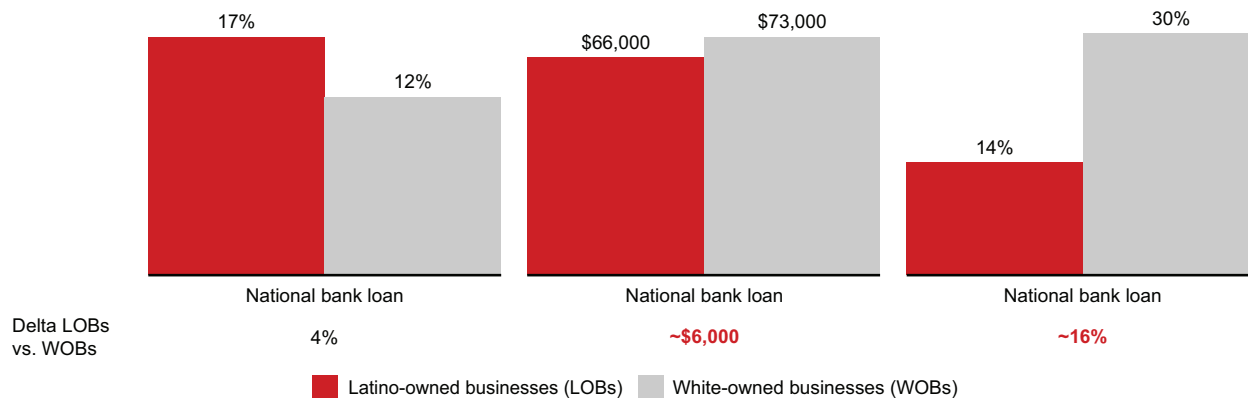


Notes: Sources of funding are not mutually exclusive; businesses have the option to select all sources of funding they apply to on the annual survey; sources of organizational equity funding removed because of low N and data weighting considerations across angel investors, private equity, and venture capital; delta totals have been rounded; scaled businesses are businesses with greater than \$1 million in annual revenue, 2020–2021
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=3,554; WOB N=4,688)

Appendix—Figure 4: Mature Latino-owned businesses ask for and get less funding from banks than white-owned businesses

Nearly 15% of both Latino-owned and white-owned mature businesses request national bank funding ...
... but Latino-owned businesses request funding at amounts around 50% less than white-owned businesses ...
... and are much less likely to be fully approved for larger loans

Percentage of all mature businesses that requested national bank funding, 2021
 Average amount of funding requested by mature businesses that requested national bank funding, 2021 (in US dollars)
 Percentage of mature businesses that received all funding sought from national banks for requests greater than \$100,000, 2021



Notes: Data calculated based on comparison of LOBs that received all of funding sought for requests greater than \$100,000; delta totals have been rounded; scaled businesses are businesses with greater than \$1 million in annual revenue, 2020–2021
 Source: Stanford Latino Entrepreneurship Initiative annual survey, 2021 (LOB N=3,554; WOB N=4,688)





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