

OC LEADER BOARD

Opinion, Analysis, Insight



Liliana Pena, owner of Santa Ana's Mia's Catering & Events



Rosalía Piñon representing her jewelry business at the CIELO Summer Showcase

Minority-Owned Businesses Help OC Thrive

By Shelley Hoss

Small businesses are the foundation of our national and local economies. Though considered small individually, their aggregate economic impact is enormous. According to **Harvard Business Review**, small businesses, or firms with fewer than 500 employees, account for nearly half of U.S. jobs and 43.5% of national GDP.

While the pandemic caused widespread economic hardship and forced many businesses to shutter, it also brought a surge of new business formations. According to the **Census Bureau**, nearly 4.3 million business applications were filed in 2020, up 24% from 2019.

But while passion, talent and creativity are equitably distributed, economic opportunity is not. According to the **Census Current Population Survey**, the pandemic disproportionately impacted non-white owned businesses: the number of active companies owned by Black Americans dropped by 41%, Latinos by 32%, Asians by 25%, and immigrants by 36%, compared to 17% for white-owned businesses.

These losses exacerbated longstanding disparities facing minority-owned businesses. Large banks approve 29% of Black-owned business applications compared to 60% of white-owned businesses. About 72% of venture capital investments are directed to white-owned businesses compared to 3% for Hispanic and Black-owned businesses. Women receive only 2% of small business loan dollars.

Yet minority-owned businesses continue to create millions of essential U.S. jobs. These businesses are fast-growing, innovative, and represented in every industry sector. According to the U.S. **Department of Commerce**, minority-owned businesses employ more than 8.5 million workers and generate more than \$1.6 trillion in annual revenue.

Here in Orange County, diverse communities are a significant asset to our region's economy. According to the **OC Indicators Report**, the number of minority-owned businesses in Orange County increased from 3,000 in 2020 to 3,500 in 2021, and women minority-owned enterprises grew from 1,300 to nearly 1,500.

Nonetheless, much remains to be done to ensure that these passionate and dedicated entrepreneurs can fully participate in the economic, social and civic vitality of our region.

Fueling Opportunity

Building on our Workforce Development Initiative of the past three years, the **Orange County Community Foundation (OCCF)** has added an effort to bolster minority-owned small business in partnership with **CIELO** (Community for Innovation, Entrepreneurship, Leadership and Opportunity).

Based in Huntington Beach, nonprofit CIELO is an incubation hub for underrepresented entrepreneurs that has helped launch 300 small businesses since 2016 and reached a total of 2,700 individuals through their educational courses, workshops, coaching, case management and networking programs. CIELO's clients are resilient, hard-working and determined, but prior to participating in CIELO's programs lacked the resources, connections and opportunity to pursue their business dreams.

CIELO's plans for 2022 include launching **The Source**, a technology platform to expand the impact and accessibility of their programs, and the **OC MicroFund**, a loan and grant program for minority entrepreneurs with an initial funding target of \$500,000. CIELO estimates that over the next three to five years, their efforts will result in 450 new businesses and 2,200 jobs, generating nearly \$250 million in income and \$75 million in tax revenue.

Pandemic Drives Innovation

One business sector that was disproportionately affected by the pan-



demic exacerbated the hardships facing working parents. Childcare services were already in short supply in Orange County prior to the pandemic, with enough licensed capacity for only 1 in 7 children. Between March 2020 and July 2021, more than 120 licensed OC childcare centers closed, forcing thousands of parents out of employment to care for their children.

Enter two innovative efforts aimed at bridging the gap. **Access California Services** has launched a program to equip unemployed and underemployed women as licensed home-based childcare providers, expanding safe and high-quality childcare options for local parents.

For existing childcare businesses, CIELO is joining **First 5 OC** and the **Small Business Development Center at California State University, Fullerton** in the **Grow Your Childcare Business** collaborative, where participants will receive two months of training and consultation to expand their licensed childcare businesses, including planning for additional staff, scaling their business, or opening a second location.



Vicky Bravo being celebrated by Assemblyman Steven Choi and the Orange Chamber community at the CIELO-organized ribbon-cutting ceremony for Vicky's Barber & Hair Salon in Orange

Prosperity for All

A robust small-business ecosystem is essential to a thriving regional economy. "Minority-owned small businesses, especially immigrant-owned small businesses, are a crucial part of Orange County's economy," says **Wallace Walrod**, chief economic adviser for the **Orange County Business Council**.

"**Linksys**, for example, was founded by Taiwanese immigrants **Victor** and **Janie Tsao** during the late 1980s. The Tsaos started Linksys in the garage of their Irvine home, a perfect illustration of how small businesses can grow to have global impact. Immigrant- and minority-owned small businesses are an indispensable part of the Orange County landscape, helping drive employment and prosperity for all. They will play a major role in the county's return to prosperity post-COVID-19."

In addition to the many benefits to our local economy and workforce, the transformative impact of financial stability for minority entrepreneurs and their families will strengthen our community now and for generations to come. What better investment could we make in a future where all OC residents have the opportunity to thrive.

Editor's Note: Shelley Hoss is president and CEO of the Orange County Community Foundation, the largest nonprofit in OC with \$198.3 million in revenue for the 12-month period ended June 30. To learn more about how you can help, contact the author at shoss@occf.org. The Business Journal this week includes the Celebrating Black Business Special Report, starting on page 31.

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