

# Hispanic business leaders gather for Austin convention

## Access to capital a top concern for Latino chief executives, survey finds

By Claudio Grisales

AMERICAN-STATESMAN STAFF

It was 1984, and Juan Portillo couldn't catch a break on a loan or a line of credit.

The former California airline executive had plenty of experience and a business plan to start his travel agency, Tramex Travel.

"They told me, 'That all sounds great, but what about collateral?'" he said. "It was a big mistake (to buy the furniture). We could have leased the furniture and used the cash as collateral."

So he cobbled together \$125,000 from savings, investments and a small loan from relatives, ultimately getting a line of credit from a bank. Access to capital is expected to be a hot topic among business leaders gathering for the 25th annual U.S. Hispanic Chamber of Commerce Conference and Business Expo, which is expected to draw thousands to the Austin Convention Center starting today.

The conference – which runs through Saturday – has attracted several high-profile political leaders, including Hector Barreto, the head of the U.S. Small Business Administration, Asa Hutchinson, undersecretary for the U.S. Department of Homeland Security, U.S. Sen. Kay Bailey Hutchison, R-Texas, and local and state leaders, including Austin Mayor Will Wynn and Gov. Rick Perry.

It's a sign of the growing influence of Hispanics as an economic force. The number of Latino-owned businesses is expected to grow nationally from 1.7 million in 2004 to 6.3 million in 2030, according to HispanTelligence, which is affiliated with Hispanic Business magazine.

The convention also signals Austin's Rising Prominence among the nation's Hispanics. Last year, Austin hosted the National Council of La Raza, a Washington-based research group that has become one of the leading Latino advocacy groups in the country. And Austin was named the top U.S. city for Latinos by Hispanic magazine. Latinos make up 28 percent of the local population, according to census figures, and that number is expected to increase.

But the city has a much lower profile as an agent for Hispanic businesses. Only one Austin company, Portillo's Tramex Travel, has made Hispanic Business magazine's annual list of the 500 biggest Latino-owned businesses – the other 64 Texas companies listed came from Dallas, Houston and San Antonio. Overall, Texas claimed the second-largest share of U.S. Hispanic businesses, with nearly 300,000 firms, a 15 percent share of the country's Latino-owned Hispanic businesses.

Austin is "a young, growing Hispanic population that traditionally has not taken root here like they have in San Antonio or Los Angeles or Chicago," said Manny Flores, a San Antonio native and co-founder of Latin-Works, and Austin-based advertising agency that helps companies tailor campaigns to reach Hispanics along with other projects. "But it is growing now, and growing considerably." But money remains a hurdle. A survey by Hispanic Business magazine said that "access to capital" was a top concern for Latino chief executives.

"Banks are low-risk lenders," said Margo Weisz, executive director of the Austin Community Development Corp., which connects businesses with loans of \$200,000 or less. "Unless you have collateral, capital, years of professional experience and credit, you are just not appealing to banks."

There are signs of improvement, however, as new generations of Hispanic entrepreneurs look beyond banks for capital.

Sebastian Puente lined up outside investors to help launch Austin-based Avenida Am rica Inc., which publishes a Spanish-language yellow pages called P ginas Amarillas. In 2003, the company printed its first yellow pages in Spanish following an online component.

Puente, a Mexican immigrant, founded the business with his brother, Jos Ingacio, a former high-tech executive from Atlanta. They tapped an investor who backed Ignacio's former employer, an Atlanta-based firm, to join them in a venture to list Hispanic businesses in Spanish online. The backers committed \$500,000 to the business, which operates out of Austin and Atlanta. "We really focused our attention on the business model and generation of revenue. Without that, we were selling hot air," Puente said.

Still, he adds: "I definitely think that there is a lack of available capital for Hispanic-owned businesses."

Even savvy Hispanic executives sometimes have to bootstrap. When Flores, a San Antonio native of Mexican descent, started LatiWorks with partner Alex Ruelas in 1998, the two men cashed in their stock options from Anhueser Busch Companies Inc. The agency now has annual billings of \$43 million and a client list that includes Budweiser, ESPN Deportes (the new Spanish-language arm of ESPN), Gillette Co., and BeechNut baby food.

Latino business groups are devoting resources to elevating Hispanic-owned businesses, in part through education efforts that focus on financial literacy. The national convention will host a free expo at the Austin Convention Center featuring companies from all over the country that are hungry to capture a share of this growing population as new customers or employees or both.

"They say once you make it two to three years, you are on your way," said Mary Martinez, director of economic development for the Greater Austin Hispanic Chamber of Commerce. But before that happens, "it usually, always, comes back to access to capital."

The chamber is diving into such concerns through several programs, including a lender's day program in which it walks prospective business owners through a business plan, loan application and interview with local bankers. For those who need to brush up on business management skills, the chamber offers a three-week, three-course program that covers starting a business, basic financial management and understanding the financial process. The next courses start in October.

"We already have a waiting list," Martinez said. Flores said huge opportunity will continue to attract entrepreneurs, despite capital challenges.

"I think you'll see the growth of the Hispanic market over the next 10 to 15 years, and I think you will see a whole host of Hispanic entrepreneurs reflecting the national trends," he said.

Sylvia Acevedo, a former Dell Inc. engineer, found opportunity in a language barrier. Her year-old business, Communicard Inc., publishes pocket guides and cards that help non-Spanish-speaking workers in fields from housekeeping to police work communicate through pictures. Austin police officers are using the cards in a trial phase to communicate with non-English speakers.

Acevedo, who dabbled in home renovation, developed the idea after taking a course on construction and hearing workers explain their struggles to communicate with someone who doesn't speak the same language.

"It's not just a regional issue; it's turned out to be a national opportunity," said Acevedo, who will receive an award as the Hispanic businesswoman of the year for a six-state region that includes Texas.