

U.S. Hispanic Business Owners: Cut Back Now, Grow Later

New PNC Bank survey finds family essential for support, but not financing

CHICAGO, Sept. 10, 2012 /PRNewswire/ -- Nine out of 10 Hispanic business owners are optimistic about their prospects over the next two years but concerns about the U.S. economy have led the majority to focus on conserving cash and managing expenses more carefully.

(Photo: <http://photos.prnewswire.com/prnh/20120910/NE66652-INFO-a>)

Results of the first-ever PNC Hispanic Business Owners Outlook, which sought business insights from America's largest and fastest-growing ethnic group, also found that most of these owners often employ family members, but not their family's financial resources, in their operations.

"Hispanic business owners are taking a conservative approach to managing their business as they hunker down in the current economy," said Jesus Munoz, vice president of Business Banking. "Small businesses are sensitive to economic cycles so it is important for them to manage productivity, expenses and cash flow through the inevitable up and down cycles."

PNC Bank announced these findings as part of Hispanic Heritage Month celebration (Sept. 15 - Oct. 15) across the markets it serves.

Other key findings of the survey include:

Short-Term Worries, Long-Term Optimism

- Concerns about U.S. and local economies: Hispanic business owners say their business is meeting or exceeding their expectations for sales and financial performance (69 percent), despite a significant number expressing pessimism about the national economy (31 percent) or local economy (23 percent).
- Sky's the Limit: More than three in four (77 percent) hope to grow their business over the next two years.

Where's the Growth?

- Save More, Spend Less: Seven of 10 (71 percent) "definitely" or "probably" will conserve cash in the next six months, and 59 percent say they plan to reduce capital spending.
- Cutting Back: More than two-thirds (68 percent) will reduce or eliminate expenses in the business while 15 percent intend to reduce staffing.
- Avoiding Risk: Fewer than one in four (24 percent) plan to take out a new loan or line of credit, while 62 percent will trim debt.

Family is Key to Success

- Family Affair: the majority of Hispanic Business owners have their family involved in business operations (60 percent), and nearly half (45 percent) intend to keep the business in the family when they retire.
- Moral Support: When starting their businesses, owners considered encouragement from friends and family (46 percent) as important as having a strong group of customers (45 percent).
- My Own Two Cents: Nearly three in 10 (28 percent) use personal savings or personal credit cards as their primary funding sources for their business. Only four percent rely on family money.
- Following a Dream: "Passion for the business" (48 percent) is the top driver for staying in business followed by "personal satisfaction from the business" (33 percent). Financial success ranks third (29

percent), followed by obligation to family (28 percent).

Hispanic Owners are Highly Acculturated

Much like other ethnic groups, Hispanic business owners are increasingly acculturated to the U.S. way of life, especially as it pertains to success. Among other findings, the study revealed that:

- **Most are U.S.-born:** More than half of Hispanic business owners (55 percent) were born in the U.S., and for those business owners born outside the U.S., they have lived in the country for an average of 35.4 years.
- **English is Important:** Most Hispanic owners are seeking to hire English-speaking employees, with 85 percent saying speaking English is important, compared to only about one-third (36 percent) who feel it is important to speak Spanish.
- **Politically Astute:** Hispanic business owners have concerns over key public policy issues, with the majority saying they expect a negative impact on their business in the next year from taxes (60 percent) and the federal deficit (52 percent), followed by four in 10 focused on healthcare changes (42 percent).

PNC's Munoz, who has worked extensively with Hispanic business owners over two decades, cites the advantages of acculturation and the importance of business education.

"For Hispanic business owners, adapting to the U.S. business climate is an important first step toward success," Munoz said. "However, it is often the education and insight gained from banks and other business partners that enable an owner to continue making the right decisions to help grow their business going forward."

An online media kit containing national and regional survey results is available on PNC's website at www.pnc.com/pncpresskits.

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Methodology

Artemis Strategy Group conducted a telephone survey among 523 Hispanic or Latino business owners or senior decision makers of Hispanic-owned small and middle-market businesses (annual revenue \$100K to less than \$10 million) from May 18 to June 12, 2012. The survey was offered in both Spanish and English. The national results are based on 402 qualifying interviews conducted across the continental U.S. Sample was drawn from Dun & Bradstreet files to include a representative sampling of businesses by region and industry. Public administration, governmental agencies, schools, hospitals and non-classified establishments were excluded. Due to rounding and don't know/refused responses, percentages may not add to 100 percent. The margin of error for a sample of 402 respondents is plus or minus 4.9 percent at the 95 percent confidence level.

CONTACTS:

Zoraya Suarez
(407) 440-2613
zoraya.suarez@pnc.com

Saul R. Boscan
(312) 384-4639
saul.boscan@pnc.com

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