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# Hispanic Business Owners in Chicago Optimistic, Seek Long-Term Growth Amid Uncertain Economy

Hispanic business owners in Chicago are optimistic about their companies' prospects and hope to grow their businesses over the next two years, but doubts about the economy and cutbacks in spending could stall any attempts at future expansion.

The findings from the first-ever PNC Hispanic Business Owners Outlook show that although Latino owners are mostly satisfied with their companies' performance and prospects, they are hunkering down in the face of a stubborn U.S. economic environment. Across-the-board, owners plan to save more and spend less, which could serve as a stumbling block for growth.

PNC has a longstanding tradition of offering financial advice and solutions to Hispanic-owned businesses. This month, PNC commemorates Hispanic Heritage Month throughout its footprint, with educational and informational programs that honor and engage customers, communities, employees and suppliers.

## **Key Findings**

# **Outlook is Bright**

**Full of Optimism**: Nearly nine out of 10 (87%) owners are optimistic about their own company's prospects. This comes despite elevated concerns over the national and local economy.

**Sky's the Limit:** 88% of Hispanic business owners in Chicago hope to grow their business over the next two years. Only 3% hope to sell the business, and none said they expect to close the business.

**Great Expectations:** 65% feel their business is meeting or exceeding their expectations.

#### Where's the Growth?

**Save More, Spend Less:** Seven out of 10 (73%) definitely or probably will conserve cash in the next six months, and 67% will reduce capital spending.

**Cutting Costs:** Nearly two-thirds (65%) will reduce or eliminate expenses in the business. On the bright side, only 22% plan to reduce staffing.

**Avoiding Risk:** Just over one fourth (27%) plan to take out a new loan or line of credit. 64% will pay down debt.

## **Business is Personal**

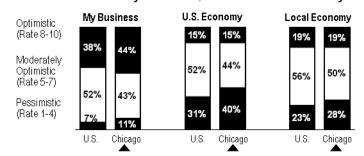
**My Own Two Cents:** Over one-third (35%) use personal savings or personal credit cards as the primary funding sources for their business. Another 3% rely on family money.

**Moral Support:** When starting their businesses, encouragement from friends and family (45%) was nearly as important as having a strong group of customers (52%). Only 16% relied on advice from a financial advisor when getting their business off the ground.

**Following a Dream:** The top two drivers for staying in business were "passion for the business" (53%) and "personal satisfaction from the business" (38%). Obligation to family ranked third (34%), followed by the notion that it would be too much effort to give it up (26%).

**Family Affair:** 63% currently have family involved in their business, and half (51%) intend to keep the business in the family when they retire.

#### Six-Month Outlook: My Business, U.S. and Local Economy



# Growth Strategies: Growing Your Business with The Five C's of Credit

There are many different ways to grow and advance a small business. Whether it's investing in training or new technology, or purchasing a new facility to expand your inventory, establishing separate business credit and using it wisely is critical to growing any business. With that in mind, consider the five C's of credit to help you grow and expand your business:

- 1. Know Your CAPACITY: There are numerous financial benchmarks such as debt and liquidity ratios that banks use before providing a loan or line of credit. What is your company's borrowing history and track record of repayment? How much debt can your company handle?
- 2. Personal CAPITAL: It's best not to put all of your personal assets on the line, but if you have invested in your company, it demonstrates to the bank a personal commitment, and could make the banker more inclined to lend to you.
- 3. Monitor Economic CONDITIONS: One constant with the economy is change. If your business is sensitive to economic downturns, the bank wants to know that you are adept at managing productivity and expenses through good and bad cycles.
- 4. Make Use of Business COLLATERAL: Unless you are a business with a proven payments track record, you will almost always be required to pledge collateral. While cash flow is usually the primary source of repayment of a loan, bankers also look at secondary sources of repayment such as real estate, inventory or accounts receivable.
- 5. Your Good CHARACTER: Simply put, banks want to put their money with business owners who have the best credentials and references.

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