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THE LAWRENCE N. FIELD
CENTER FOR ENTREPRENEURSHIP

Center for an
Urban
Future

**TRANSCRIPT OF A WORLD OF OPPORTUNITY:
Should New York and Other Cities Look to Immigrant Entrepreneurs
as a New Engine for Economic Growth?**

Tuesday, November 18, 2008 8:00 am to 2:00 pm

Welcoming remarks

Orson Watson, Community Revitalization Program Advisor, The Garfield Foundation

Presentation of findings from *A World of Opportunity Study*

Jonathan Bowles, Director, Center for an Urban Future

Opening Keynote

Maria De Lourdes Sobrino, founder of Los Angeles-based Lulu's Desserts and author of *Thriving Latina Entrepreneurs in America*

Panel 1: Can Immigrant Entrepreneurs Help Reignite the Economies of U.S. Cities?

- **Fatimah Muhammad**, Manager, Welcoming Center for New Pennsylvanians
- **Paul Quintero**, Chief Operating Officer, ACCION New York and New Jersey
- **Maria De Lourdes Sobrino**, founder of Los Angeles-based Lulu's Desserts and author of *Thriving Latina Entrepreneurs in America*
- **Audrey Singer**, Senior Fellow, Metropolitan Policy Program, The Brookings Institution
- **Vivek Wadhwa**, Fellow, Labor & Worklife Program, Harvard Law School; Columnist, *Business Week*
- **Jonathan Bowles** (moderator), Director, Center for an Urban Future

Introduction of second panel

Daniel Delehanty, Vice President, Community Development Banking, Capitol One Bank

Panel 2: Tapping the Potential of Immigrant Entrepreneurs in New York City

- **Manuel Miranda**, President, Delicias Andinas
- **Ann Li**, Vice President, International & Financial Services, NYC Economic Development Corporation
- **Joyce Moy**, Executive Director, Asian American/Asian Research Institute, CUNY
- **Yanki Tshering**, Director, Business Center for New Americans
- **Victor Ashok Vora**, Brooklyn-based entrepreneur
- **Sewell Chan** (moderator), Metro Reporter, *The New York Times*

Introduction of second presentation

Dr. Edward Rogoff, Director, Lawrence N. Field Center for Entrepreneurship, Baruch College

Presentation of findings from Global Entrepreneurship Monitor (GEM) Study

Dr. Elaine Allen, Research Director, the Arthur M. Blank Center for Entrepreneurship at Babson College

Closing Remarks

Hon. Christine C. Quinn, Speaker, New York City Council

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Orson Watson, Community Revitalization Program Advisor, The Garfield Foundation:

This is a particularly relevant topic, as the economy of the United States is entering a phase of crisis. This topic is one that is near and dear to me, not only as a former New Yorker, but the child of two immigrant entrepreneurs, my father, who was a small business owner, and a mother who was willing to seize every opportunity that the American dream had to offer.

My name is Orson Watson, and I run the Community Revitalization portfolio for the Garfield Foundation. The Garfield Foundation is based in New Bedford, Massachusetts, and our particular interest is in the commercial revitalization of economically distressed urban communities, and we particularly have an interest in the commercial revitalization of older industrial cities, such as Newark, Buffalo, Detroit, and interestingly enough, what we're finding in data that's coming out of those cities is that although these cities have been in decline for the last several decades, the only economic expansion that's occurring in these cities is coming from the immigrant entrepreneurs.

The Garfield Foundation is a sponsor of this conference, and the other sponsors of this conference who I would like to thank, are Capital One, and the Unitarian Universalist Veatch Program. We are also delighted and grateful today to our co-host for this conference, which is the Lawrence N. Field Center for Entrepreneurship at Baruch. The Field Center's ongoing work is contributing to our overall understanding of entrepreneurship. Toward that end, the Field Center's director, professor Ed Rogoff, and his colleague Elaine Allen of Babson College, will present some of the findings from their new study, "The Global Entrepreneurship Monitor," which they have both been working on.

Our engagement in this project came from some support that we gave to the Center for an Urban Future, to write a report called "A World of Opportunity." We had the pleasure of supporting this report, and the report itself was one of the very few in-depth examinations of the contributions of immigrant entrepreneurs, to cities like New York and other major cities across the country, particularly Los Angeles and Houston. The importance of "A World of Opportunity" has grown in recent years. When the report first came out, we were really excited.

We sort of seemed to enter an election cycle where issues around immigrants essentially became a third rail. Well, now it's back. It's back for two very important reasons. One, of which, as we all watch our 401(k)s go down the drain, our economy is sliding. And what you're hearing out of Washington is this desperate search to find some new source of growth. So if anything, we can say oh, paraphrasing from Dorothy and The Wizard of Oz, if it fits right in your own backyard, as many of us who live in cities like New York, have seen. The other issue that brings this up is the complexion of American business, and America itself is changing, and if you don't believe that, go take a look at the White House in a couple of years. There's a really very deep need to come up with a new understanding of the inter-relationships of language, the inter-relationships of culture, the notion of how micro-enterprises work. And what are the kinds of systems that policymakers of the state, city, and local levels can build to actually foster the expansion of these kinds of businesses? So, you picked up some folders when you came in, and the folders have today's agendas, as well as the bios of the various speakers. Our speakers today cover the range from entrepreneurs to policymakers, to academics and think tankers, and people who are providing technical assistance to immigrant entrepreneurs on the ground.

Our first panel will tackle the national reach and impact of immigrant entrepreneurs, and our second panel will take a closer look at the New York experience. We are fortunate for our keynote speaker, we will have Maria De Lourdes Sobrino, the founder of Los Angeles-based Lulu's Desserts, and the author of *Thriving Latina Experience In America*. She will tell us about her experience building and growing a growth-oriented business on the West Coast, and I hope she will share with us some of her challenges that she's facing in this economy. Our lunchtime speaker will actually be New York's most second-powerful public servant, New York City Council Speaker Christine Quinn. I think we have a full day and a great opportunity to exchange ideas on a very important topic, and so now I'm going to turn the podium back over to Jonathan Bowles, the director for the Center for an Urban Future, who will give you some of the highlights of the World of Opportunity report that they wrote in 2007. Thank you.

Jonathan Bowles, Director, Center for an Urban Future: Thank you so much, Orson, and thanks to the Garfield Foundation for all their support, not only for our research in this conference, but for this important issue. Thank you also to Dan Delehanty and Capital One bank for supporting this conference, the Veatch program as well, and I know one of our long-time funders, John Weiler is also in the audience, who supported our initial research on immigrant entrepreneurs, and has been a long-time supporter of the Center. And as Orson mentioned, thank you to Baruch College and the Field Center for Entrepreneurship for co-sponsoring and hosting this important event. As Orson mentioned, the backdrop for this event is a dismal, national economy that seems to be getting worse by the day. Cities big and small around the country are entering a real economic downturn, and many believe that it's only going to get worse and it's going to be long and painful. Key industries like the finance sector in New York are bleeding jobs and some believe may never fully recover. As Orson said, cities need to identify new sources of growth, and I think today's event is really going to be looking at the question of could immigrant entrepreneurs become a powerful, or more powerful, engine of economic growth for our cities.

Now in 2007, last year, the Center for an Urban Future published a 60-page report called "A World of Opportunity," about these very questions, about the role that immigrant entrepreneurs are having in cities, about the obstacles and challenges they face as they try to start and grow businesses, in places like New York, L.A., Houston, and Boston, and try to discern strategies that local officials might pursue to not only tap this amazing potential of immigrant entrepreneurs, but really look at how to ensure that more of these immigrant entrepreneurs that start up around the country and grow to the next level, that get beyond the mom and pop stage where they actually provide a lot more jobs and better-paying jobs. So I just briefly wanted to go through this report and some of the findings. You know, this is not the first time that our research has shown that immigrants have been starting businesses, and in every U.S. Census since 1880, the foreign-born have been more likely to be self-employed than native-born populations in this country. What's different now is that we've seen this incredible wave of prolonged immigration, that has really changed the face of so many cities across the country, and I'm delighted that we have Audrey Singer here from the Brookings Institution, who's going to be on the first panel, and she's really documented so much of this and I'm looking forward to hearing more of what she says today.

Some of the findings of our study: in 2000, foreign-born individuals comprised about 36 percent of New York City's population, yet they accounted for about half of all the self-employed in New York City. As you can see here, it shows the increase of in the number of self-employed over the decade of the '90s, a really stunning development. The '90s were the decade that New York really turned around in a lot of ways, and I think that as TV shows like *Friends* and *Seinfeld* and so many others were shot in New York, I think there was a sense that all sorts of people were flooding back into New York. But it was really immigrants who were providing the biggest boost, and certainly to the economy, you could see that as far as the self-employed, there was an increase of 46 percent in the foreign-born self-employed and a decline actually in the native-born starting businesses.

We broke it down by each borough in New York City, the rate of self-employment for foreign-born versus native-born. In every borough except Manhattan, the foreign-born had a much higher rate of being self-employed, and in some of the boroughs, there's an amazing difference. Look at the Bronx, almost double the rate of self-employment for the foreign born, the same with Staten Island. There's not a lot of great statistics out there about the impact that immigrant entrepreneurs are having, and you can imagine that when it comes to labor information the people have to provide, you don't always have to list your immigrant status when you're starting a business. So it was somewhat difficult to get data on this, so one of the things that we did was try to look at the rate of business formation and job growth in so many neighborhoods across the city that have become almost kind of overwhelmingly immigrant, where we know that a vast majority of the businesses being started are being started by immigrants. And if you know New York City, some of these largely immigrant neighborhoods, Flushing, Sunset Park, the rate of increase in the number of businesses during this 10-year period, 55 percent, 47 percent, 34 percent in Brighton Beach, the citywide average during this same period was just under 10 percent. So we're really seeing a growth in businesses.

Before I get into Los Angeles, we crunched the numbers also for the number of jobs being created during that 10-year period and in so many of the same neighborhoods, we saw significantly more jobs being created than the citywide average. In Los Angeles, I brought an amazing statistic. We found that at least 22 of the 100 fastest-growing businesses in Los Angeles were started by foreign-born individuals in 2005. There's a perception that a lot of immigrant-owned businesses are very small and never get to that next level, but in Los Angeles, clearly, this is not entirely the case. In 2006, 36 of the 500-largest Hispanic-owned businesses in the U.S. were based in L.A. County. I also crunched some numbers about Hispanic-owned businesses and this does not necessarily include just the foreign-born, it's a little broader definition from the Small Business Administration, and you can see just the significant increase in each borough of New York City for Hispanic businesses. And this was the last year that data was available, 2002, but just a significant increase in the number of Hispanic businesses, in every borough except Staten Island.

If you look at the four cities that we studied in "A World of Opportunity," the same thing is really true. Over 66 percent growth in Hispanic businesses during this five-year period, in all four of the cities, with a 97 percent increase in Boston. We're not the only organization or group that's been studying this issue and just this month, the Small Business Administration published a study that really supported a lot of the work that we've done on this, showing that immigrants

are nearly 30 percent more likely to start a business in the United States than non-immigrants. Some really amazing numbers. In California, immigrants account for 34 percent of the new business owners every month and in New York, Florida and Texas, they account for about 30 percent of small businesses each month. So clearly, they are becoming real spark plugs, entrepreneurial spark plugs, for cities. The Kauffman Foundation a couple years ago published a study which had similar numbers, about 350 out of every 100,000 foreign-born adults are starting businesses each month; in contrast, only about 289 of every 100,000 native-born individuals are starting businesses each month.

Just the last couple of slides, what we've been documenting here has been what's happened already. Immigrant entrepreneurs are clearly already having a major impact in the economy of cities. But with immigrants continuing to fuel the population growth of so many cities, and actually more cities than ever before, foreign-born entrepreneurs, we believe, have the potential to be an even more dynamic engine of growth in the years ahead, but there are a number of challenges. Cities have barely begun to tap the potential of this part of the economy. In fact, as we studied this issue, we found no mayor that's really integrated or incorporated immigrant entrepreneurs into their overall economic strategy. Yet it's happening anyway. And immigrants really do encounter some formidable obstacles as they try to start and grow businesses, hampering many from getting to that next stage and causing many to close their businesses in failure. That's it, and the full report, "A World of Opportunity," I believe is in the packets that you all have here today. You can certainly go to our website to download the report, and I'm really pleased to be getting into a lot of the questions that our report raised but so many others today to really ask beyond the impact and challenges that immigrant entrepreneurs are making, to really ask the question of: are immigrant entrepreneurs a future source of growth, especially in these hard economic times, can cities look to immigrant entrepreneurs as an engine of growth going forward, and what can local policymakers and federal policymakers do to support this type of growth?

I'm really delighted to now introduce our keynote speaker this morning, Maria De Lourdes Sobrino, who has come all the way from Los Angeles to be here, and I'm really excited about hearing her talk. I've heard so much about her and it's been a delight to talk to her on the phone about this, and this is a topic she's so passionate about. As she's known as Lulu, Maria De Lourdes Sobrino is the founder and CEO of Lulu's Desserts Corporation. Established in 1982, Lulu's Desserts is ranked among the fastest-growing Hispanic-owned businesses in the United States. Born and raised in Mexico City, her first business was in the tourism industry, she later expanded her business to a travel agency, which grew so rapidly that she decided to open an office in Los Angeles, but had to close her Mexican travel business in 1982 due to unstable economic conditions in Mexico. She came up with the great idea of ready-to-eat gelatin when looking for the popular dessert while living in the U.S. It was a staple in her native Mexico, the concept was new in the U.S., and a novelty when she introduced it to American grocers in California. She created the first-ever ready-to-eat gelatin category, based on her own mother's recipe. From the initial production of 300 cups of gelatin a day, Lulu's Desserts has overcome many challenges and obstacles to become a leading maker of ready-to-eat desserts. We actually have a lot of those desserts here today so we can sample them, excited about that, and she recently published her first book, *Thriving Latina Entrepreneurs in America*. In it, she not only

shares her own story, but how seven other Latina women persevered to build their own successful businesses. Please join me in welcoming Maria De Lourdes Sobrino.

Maria De Lourdes Sobrino, author, *Thriving Latina Entrepreneurs in America*, founder,

Lulu's Desserts: Thank you, Jonathan for that introduction, and thank you to the Center for an Urban Future for this invitation. I'm really honored to be here, and I would like also to welcome Deputy Consul Ismael Naveja who has also come here from our consulate from Mexico. Deputy Consul Naveja, I'm honored to have you here. Good morning, all of you. Well, I'm going to share with you my story as an entrepreneur. As Jonathan said, yes, this is my passion, entrepreneurship. And because it was really very hard as an immigrant, starting a brand-new business, I'm sharing not only my work, but every time I have an opportunity to be invited to share the story, is just to motivate others, of course, to have their own business, but in this case, for you to understand what it is all about immigrants opening businesses, and what is happening in our culture, that I think we're very good at being entrepreneurs.

So I've just prepared a few pictures here for you to have an idea of what happened in my life, that I never thought it was going to change completely, with my gelatin dessert company. Why did I become an entrepreneur? It was natural for me. I was looking at my dad, as a lawyer, and my grandfather also, as a lawyer. My mom was dedicated to all of us, we're five, I have three more sisters and one brother. So my father wanted me to be a lawyer, but I said, you know dad, I think I want to be in business. Why? Because for some reason, something happened with the oldest is always in the family business, that we have this responsibility sometimes that we receive from our parents. So I wanted to really take care of my family that in the event if anything ever happened to my dad. So I wanted to just go and immediately study, I actually studied a short period as a bilingual secretary and a private accountant. My cousins at that time, that was a career for all of us. So I was 18 years old when I went out from school, and then I started my first business. And my mom was my first person, that I call her my first employee.

So what happened is that flowers are something that I love, I said women like flowers, and I started my first flower shop. From there I opened another one in another hotel, and I also looked for a job at the hotel, and that's how I learned the groups and the conventions and I started at one of the best hotels in Mexico City, Fiesta Palace Hotel. So I learned all the training in having conventions. And my customers were asking me, actually, why don't you take a convention to Cancun, or to Ixtapa? So that's how my businesses started growing. And this is what happens in business, it's your customers that ask you, demand more service. So that's how the travel continues. So I had at this time the Floradia, the flower shop and the travel company.

Then I started also into the United States. So what happened, this was exactly in 1982, when I came with my travel company. I mean, it was really part of my dream, that I had the curiosity of coming to the U.S., and understand what it is all about, the U.S., I would like to have a business there. So my travel business actually gave me legally also a way to transfer, open a branch here in Los Angeles. I chose Los Angeles because Disneyland, San Francisco, Las Vegas, all these tourist areas, and from there, a few months later, we had a devaluation of the peso, so my business collapsed. So what do you do, when it's not in your hands, really, the control of the economy. And I didn't want to give up and go back to Mexico. So my parents at that time also, they didn't like the idea of me moving the family, I was married by that time, going to the

United States. But everything for me, was like, I'll come back in a few months. That was really it. I didn't want to think about staying here. But then as I came, I was living close to the Los Angeles area, close to the airport. And immediately, I didn't want to give up, I wanted to find another business.

And it was a Sunday morning, I remember, when I wanted to eat the gelatin dessert. It's our tradition, to eat gelatina in Mexico. My mom used to make it, this is a tradition, to have it at home, prepared, and from there, every day you have gelatina in your refrigerator. So I couldn't find it. And I did my small research, in the stores around my area, and I said, how funny, you don't find gelatina here, people didn't even know the word gelatina. And then I went to Tijuana, two and a half hours from my home, to buy food and all that, and I said why don't I buy ingredients from there? I brought them here and I prepared some samples. From those samples, I gave them to my neighbors, and my neighbors said what is this? Well, this is gelatin dessert, a three-layered gelatin. [My neighbors said] well, we just know the word Jello, this is very easy at home to prepare. Well, you know, this is really a tradition for us. So why don't you start a business?

And I said me, a business in the food industry? I don't know nothing about it. But, you know, I had my savings capital from Mexico that I brought, and I said okay, I'm going to start a business in the gelatin business. So as Latinas always would say, okay, I'll have this little tiendita, that we call it, it's a little store or shop. I put my savings in that store, and guess what? You know, actually, I didn't know anything about demographics, I just saw the place and said I liked it, I liked the rent, and this is it. I'm going to have that place. From there, you know, nobody understood actually my product. Because everybody said, well what is this? I said this is gelatin dessert. So I actually had very few sales. I couldn't survive probably for three months. And I was ready to close my business.

But then I said something, just using pure common sense. If the customer doesn't come to me, I will go and look for my customer. So how can I move my gelatin, from this little store out and take them in my car and just distribute it in the stores? How do you do that? Well, I started to put my gelatin in a little cup. I put a label on the top, and I was filling my 300 cups with a little jar, well, they were like 900 because each layer you have to jell, and so I went the next day, and looked for the little mom and pop stores. So this is how the gelatins were at the beginning, in the left side. And this is the little cup that I used, with the label. And this is the actual packaging that we have now. So as I said, as a consumer, I was looking for the dessert. Well, this is me, okay? When I was 29 years old. And this is my daughter, she's 32 now. So I have another daughter, and she's 21. So that's how I started, really. I discovered a new niche with a little bit of help from sugar, water, and a cup. The first year I had no salary or credit, and believing of course in myself and in my product. That's what's really kept me going. And especially my dad, because he said, oh, I know you're just going to come back and you're just going to say, you failed in your adventure, going to the United States and all this, and I didn't want to fail. That was really what kept me going. I didn't want to say, okay dad, you win. So that's the way it happened. So this was exactly my little store, my first one, then after a year and a half, or three years, I moved and then moved again to Huntington Beach, and then Venice.

So what happened all these years? First of all, the most important thing was getting acquainted

with the new culture. I think that's the part where I see a lot of people coming to the United States and sometimes they leave, because they don't get accustomed to the culture. They don't find themselves, they're not happy. They don't find the right groups, they don't network, it's very hard at first, especially the first five years. Then discovering and understanding a new industry – what am I doing in the food industry? Working with suppliers, business resources, sales and distribution, marketing. A lot of different challenges. But as you can see in this picture, you know, going to different food shows, and I started learning how business moves in the United States through food shows. So that's how I started getting food brokers a percent in my company, and started to produce more and more.

So from that little store, 700 square feet, we moved to a 65,000 square foot plant. That's where we are now. Well, the research in the area, and I think it's important to say to all of you, that at that time we didn't have the Internet, okay? It was really actually the library, the yellow pages, I went to church, trying to find people, it was really hard to find information. I even remember my cellar, my office, telephone, a fax, that's all I had. And driving the streets, actually I had my map in one side, the other side I was looking for a store, and stopped there, and then I was presenting my product. And they said to me, well what is this? Well, this is gelatin. Well, it's very easy and anybody can make it. Well, it's ready to eat. So that was the concept at that time, that it was ready to eat. So it was very, very hard, when you don't have competition also, to start a company. So I didn't have marketing knowledge, just, as I said, common sense.

So I asked the owner of the store, could you please put my product on the shelf, and let's see what happens? Well, I don't know, I was really looking for the third-generation Mexicans that understood my product, and then suddenly I don't know from somewhere, you know, they came, they bought my product, I had more orders, I had more orders, and the company started growing. Well, that was our production in 1986. And we started having little machines here and there, and we started to innovate premium machines, and try to understand more and more what is distribution, refrigeration, I didn't only have gelatin desserts at the beginning, I also started to market peanuts and coated with soy, and carrots with onions, some other Mexican products. But at the end, you have to concentrate on one line. And the line where I started to do that was the gelatin, so we can be more effective in production and distribution. So all these channels of distribution were very important to have, and focus in a line of about 45 different products, but all of them in gelatin. I hope you can see this picture well, this is right now the line of products that we have, with ring molds, 4-ounce gelatin, 9 ounces, we are in different supermarkets like WalMart Supercenter Stores, Food for Less, we have some distribution here in New York also, with rice pudding and flan, those are our products.

Well, how did I start doing business with the big companies? As I said, everything started on a consignment basis, and really, believe me, it worked for me. From there, word of mouth. Demos at the stores. It's amazing, the power that demos have. When you buy a product, you like it, you start buying it, you start recommending it. My brokers make two percent, they work on a commission basis, and that's how I started growing, networking of course, at different events, and visible customers. Up until now, I still go and visit my customers at least once a year, I just went to HEB last week in Texas, and it's very important to keep that contact personal with your customers. Well, as I said, staying focused. I also have a company making frozen fruit bars for about 10 years. And I thought that being in the food industry, that having frozen, a refrigerated

product would be the same thing, but it's completely opposite, it's a different distribution. But I learned a lot of extra business. Extra business I send my paletas, my frozen fruit even to Mexico, that is the land of paletas. There I had the opportunity to open a distribution center in Mexico.

But I also learned that you have to trademark and register your brands, especially when you're ready to export because there are other people that start taking your names and registering first. We had an experience when we shipped out to Europe, that someone else went and registered our brands. So all these experiences are things that happen because of a lack of knowledge. You know, you need to know, we need to be prepared in the business. And by the way, I never had a business plan. Everything really, as you can see, started growing slowly as I was thinking of new ideas. But that's not the way you should do it, okay? And know your numbers, another thing. That's our Mexican style, we have money in the bank, let's do it. That's the way, sometimes at the very beginning, I operated like that. And of course, I didn't have a salary for several years, you're the last one in the payroll. But that's how it was.

You need to also look at loans. I had an SBA loan that gave us the opportunity to grow, that was another success story, and when I learned that part of the financing, you know, it took me years to understand that you actually need to live with debt all the time, because that's the way it works. But once you know that and you're responsible to pay your debt, you always will be the guarantor, you always will have to sign these documents, that's the way it is; there's no other way. Okay. Well, how do you balance your business and your personal life? As a CEO and a mother, family and friends and author now and public speaker, and personal time. I took my baby to my office and I'm also divorced for many years now, almost 20 years. So it's hard in a way, but that's the way it is. And that's the way you keep going in your life and organizing yourself and balancing. This is a photo of my mom, my brothers and sisters, and coming to the plant and visiting me, and I have my time, also. Balancing our health, balancing our life is very important. In a way, please don't forget about yourself, okay? It's very important. If you're not right, your company suffers, your employees suffer, so you need to take care of yourself.

Well let me tell you something, it's been what, 11 years, 10 years now since 1998, when all this media started about Latinos, Hispanics, and what's happening with the numbers and with the demographics. And then I have lot of calls from the media, especially one local newspaper in Orange County. They came and said, we would like to know about you and your company. So the power of media is so important. Since that time, since 1998, I couldn't stop the media from writing articles about women entrepreneurs, Latinas, what's happening, where did you get this idea, how did you start the business, and this is true. Then up till then, a lot of recognition. A lot has also happened, so honestly, I've had a lot of fun with my company, too. And I have traveled all over the world. This is again the media, *Latina Style*, *USA Today*, *The Wall Street Journal*, and I've been hired also to work with Microsoft, and seminars this year, and "Enterprising Women Exceeded." Harvard University put together an exhibit in 2002, it was a travel exhibit, and I was very honored to be a part of the contemporary area with these women, as you know, very famous, and I was the person in the cooking industry as the innovator of a category that didn't exist in American groceries. So I went and spoke probably at five different events, here in the exhibit, and I was really honored to be a part of this. And this is about Microsoft, there's a big hub now, a lot of information for entrepreneurs, all live, all year long we had these events, and we had 200,000 people all over the world looking at these speakers. There were 50 speakers

in four days, and again some other articles that are very, very good for my company. At this point, we don't have the marketing budget to pay advertising. But this is the best advertising that you can have for your company. Well, as I said I have had a lot of fun meeting here in New York at the Waldorf-Astoria, I received this award from Avon, it's going to be 10 years now, and one from Latina Style and some other ones.

This is something else, and I really take the time, because I have had a lot of mentors, and it's very important to say that we all need mentors in our careers. And being also part of advisory boards is also very, very important, because you stay in touch with other businesses, new communities, you understand what's happening, don't stay only in your industry. You have to acquire more understanding of other industries, so at this point, I'm part of different boards, the Center for Women's Business Research, NABO, the National Association of Business Owners, and Nacional Financiera, that is a Mexican bank that has three chapters here in the United States, and we put together meetings with Mexican entrepreneurs, and we get all kinds of information from Mexico, that we want to do business with Mexico and meet each other.

This is about my book and let me tell you, I never, never thought that in my life that I was going to be able to write a book. It was a mentor of mine, she interviewed me for one of her books and she said, you know, you need to put together a book, because you need to make a difference in your community. You need to talk about your story, you need to interview more Latinas, you need to talk about the contribution of Latinas in our society. So it took me three years, and three years that I didn't have any idea how I was going to do it, but then another friend of my introduced me to my publisher, W business books, they immediately came, they said we have been looking for an author that could give us this kind of information, we need to know more about women Latinas and entrepreneurship. So this was really the objective to share and give back experience. And this is what I did, I interviewed seven women around the country, all of them in different industries, in construction, for instance, another lady, Lisa, that she has flowers, but not flower shops, she sells through the Internet, she doesn't have the idea like the little tiendita. She's in San Antonio and she has the travel business also, we sent her a contact.

I talk in the book especially how you do the certification for the SBA, how do you do the process, and all the obstacles, but the most important obstacle that they had also as women, as mothers, as wives, you know in their business and how they balance their life. So these were the characteristics especially that I saw in these women, tradition, their curiosity, the passion, focused intuition, and determination. And also confidence and desire. All of these were some of the characteristics that I saw in all of these women.

Well, another thing that I found out during my research I didn't know about incubators. And they told me they had in Orange County a digital media center. So I went there and saw what is an incubator. And then I saw these different offices and a center and I said this is great! How come I didn't have this when I started my business? So this is one of the recommendations that I really would like to see happening all over the country, start more incubations of different industries. Not only for technology, but I found through the Internet here in New York, called "My Kitchen, Your Kitchen," that one. So I thought, had I had some help like this, with incubation, I could have saved at least five years of my career, just by starting with someone that could guide me, that could give me information, and we can save so many businesses, because that is my worry,

but you know everybody has to have their own business and raise their own money to open a business.

But I see, according to the SBA, more than 50 percent of the businesses fail five years later. So why? Lack of information, basically. And the capital to invest and a lot of people just stay for many years just waiting for that opportunity, to start the business, but they cannot leave their job. And of course, I always recommend, don't leave your job, just stay there and start the business on the side. But sometimes it gets very difficult, very hard, so you need to have support like this type of incubation that I thought was very helpful, and I wish you could have everywhere. You know, everywhere, in every state we should have incubation programs for every kind of industry. Well, my greatest business satisfaction is building a business from my kitchen table and becoming an innovator of a new category in American groceries. Being a contributor to economic growth by creating jobs. By the way, we have about 100 employees.

But lately, some of the challenges that we're facing in California are manufacturing costs increasing in the last five years tremendously, workers compensation, transportation costs, so how do you stay in business, especially being loyal to California, and at the same time, don't increase your prices, because that is the goal. At the end of the day, you don't really need to punish your customers by increasing prices. So I found another way of doing business lately that I'm testing, and it's kind of outsourcing, having co-packers producing some of my products. I'm not 100 percent convinced that this is the way to go, because I have been a manufacturer for so many years. But at the same time, I have had a lot of advantages doing that. So I'm in the process right now of renewing my contract, and I don't know, honestly, if I'm going to renew it or not.

But at the same time, I'm looking for new opportunities to of how to continue my business, and growing my brand, but at the same time, we need to be open to other opportunities. Because that's another thing, mainly a culture acquired from Latinas, is we want to do everything. And you can't do this in this age. We need to start delegating, we need to outsource certain things, but at the same time, talking about capital, for instance, I think it's very rare to see companies like mine, 100 percent owned by one person, only, and I was never open, I still have never been for investors or capital, and that is probably a mistake. I have been thinking lately that it's time for me to start talking to investors or venture capital or merge, or buy another company. Because times have changed. My industry has changed. So I need to change, and that is very hard for an entrepreneur to do, but we need to change. And that is part of my process right now. And as I said, you never stop learning. You have to continually add, keep going to conferences, and talk to people at other levels who can take you to the next level. And there's always going to be problems. But if you don't take that risk, you will not move from where you are. And you as an entrepreneur need to move forward and forward. And it's always a risk, as I said. Okay, so being here with you today to share my story and supporting future entrepreneurs in reaching their goals. Well, muchas gracias, thank you very much.

Jonathan Bowles: Well, we're going to get started into this next discussion. Before we do, I want to thank all of you for coming today. I think to get a sense of the importance of this topic, you just have to look out at the audience. We had over 290 people RSVP for this conference today, and I'm really excited that so many people are interested in this discussion and the potential of immigrant entrepreneurs. The way that this day is scheduled, we have two panel discussions, the first one is really focusing on a national discussion, and we have panelists here from all over the country, talking about the growing impact of immigrant entrepreneurs. The second panel that will follow this one after a short break, is going to focus squarely on New York City, and some of the intricacies of New York City and the role that immigrants are playing in the economy and some of the obstacles they're facing.

We have a real all-star group of speakers and panelists here that I'm excited to hear from. I'm going to very briefly introduce them, but I'm not going to read their full bios, if you look in the packets we have, there's going to be a full bio in there, but I will start off with just a short introduction. At the far end of the table, Fatimah Muhammad, is managing director of Welcoming Center West, which is an office of the Welcoming Center for New Pennsylvanians, a Philadelphia-based non-profit economic development organization, that has helped over 4,000 foreign-born clients since it opening its doors in 2003. Welcoming Center West provides west Philadelphians with access to information and resources for economic development, and promotes cultural understanding and partnership between immigrant and native-born entrepreneurs and residents.

Next to her is Audrey Singer, Senior Fellow at the Brookings Metropolitan Policy Program. Her areas of expertise include demography, international migration, immigration policy, and urban and metropolitan change. Her recent co-edited book, *21st Century Gateways; Immigrant Incorporation in Suburban America*, focuses on the fastest-growing immigrant populations amongst second-tier metropolitan areas, including Washington, D.C., Atlanta, Dallas, Minneapolis/St. Paul, Sacramento, and Charlotte.

Paul Quintero, in the middle, is the Chief Operating Officer and Chief Financial Officer of ACCION New York and New Jersey, a Manhattan-based nonprofit that is the nation's largest microlending organization. ACCION has provided over \$82 million dollars in loans in the metropolitan region since its inception in 1991, primarily to individuals and businesses who do not have access to traditional sources of credit. Prior to joining ACCION, he served as senior vice president of business investment at the Upper Manhattan Empowerment Zone.

Vivek Wadhwa is an entrepreneur-turned academic, at least that's how he described himself to me, he previously founded two software companies, including one that he helped grow into a \$118 million dollar publicly traded company. Now he is a fellow with the Labor and Worklife Program at Harvard Law School and executive in residence and adjunct professor at the Pratt School of engineering at Duke University. He's also an advisor to several start-up companies, and a regular columnist for BusinessWeek.com. Among his research that he's been conducting focuses on one of America's greatest advantages, its skilled immigrants. And I'm not going to introduce Maria De Lourdes Sobrino, Lulu, again, I think her talk speaks for itself.

So let me start with Audrey Singer. You've done so much demographic research about immigrants in this country. Could you help frame this discussion? To what extent are you seeing that immigrants really have become a stronger force in cities today? Not only places like New York, but in so many other places?

Audrey Singer, Senior Fellow, Metropolitan Policy Program, The Brookings Institution:

Well, I had a feeling that you were going to ask me that. So I did prepare a few little notes this morning. Just to give you a really brief overview of the general trends, I think most of you know that we have recently had a wave of immigration to this country, which is continuing in this decade. Going back to the 1970s, which was a low point of immigration to this country, the nation was about 5 percent foreign-born. And then things started to pick up in the '80s and the 1990s, when we had the largest increase in immigrants in this country on record for a decade. And that flow is continuing now but in this decade, it seems like the pace of immigration has slowed somewhat since the 1990s. So we stand at about 38 million foreign-born persons in the country right now, about 13 percent of the population is foreign-born. They make up about 15 percent of the labor force. And some of the more recent numbers that have been calculated by others, not me, about half of all new entrants to the workforce nationally are immigrants, are foreign-born persons.

So there's an interesting thing happening, before we had our economic crisis that started last month, we had a great period of economic expansion and immigrants responded to that by coming here, because there were many opportunities here, and it was easy to find work in all kinds of sectors. But one of the biggest shifts that happened in the 1990s is that immigrants started going to very fast-growing places, where there was historically no immigration or recent immigration. Many of those places saw very high population growth overall, but very high, sort of off-the-charts immigrant growth. So think of places like Atlanta and Phoenix, and Charlotte, North Carolina. Immigrants were settling in great numbers in a lot of these places.

So we have this new geography of immigration, and I won't take too much time, because I want to say one more thing about the economic contribution of immigrants. When we look at the growth of metropolitan areas' workforces, there are a lot of differences across metropolitan areas and across cities as well, but I tend to look the bigger metro areas because it represents the labor market. What's happened is a lot of places saw of course with this increase in immigration, an increase in their immigrant labor force. And as I said, they're about 15 percent of the work force, nationally, but contributions at the local level can be very significant. So in places like these new destinations, the emerging immigrant gateways that I mentioned, like Atlanta and Charlotte and Las Vegas, in the 1990s, about one quarter, one third of the growth of the workforce during that decade was due to foreign-born growth in the labor force. So these were very fast-growing places, a lot of people moving there, a lot of new people in the workforce. And that's gone up a bit in this decade, but what we saw in more established immigrant gateways like New York and Chicago and Los Angeles, most of the growth in the 1990s was attributable to immigrants. Most of the growth in the workforce and as well in populations in some of those areas. So these places were almost entirely dependent on immigrants moving to those places and working in those places. So it's a startling contrast that some of these places would have lost population, or did lose population, would have lost workers or did lose workers in spite of the fact that immigrants were moving in.

Jonathan Bowles: Thanks so much. I really want to ask all of the panelists now, given that we've seen this amazing explosion of immigrants to so many cities, do you believe it's been translating, have you seen a real powerful impact on the economy? So Paul, let me start with you, in New York. Have you seen an increasing impact, are you seeing immigrants start a lot of businesses and in what areas are you seeing that kind of business formation?

Paul Quintero, Chief Operating Officer, ACCION New York and New Jersey: Well, New York is a lot easier to show, because obviously, the Center for an Urban Future has done a great piece, but just anecdotally, before coming to ACCION, I worked in the Upper Manhattan area, and everything is about community boards and community areas. We were looking at East Harlem. And East Harlem has, when you talk immigration, so many different cycles of immigrants that have come and gone through East Harlem, but had a renaissance of sorts after a population exodus as we've mentioned earlier in the '70s. This time, it was Mexican immigrants and West African immigrants. So in New York, you see in all the boroughs, I think there was a trifecta of factors that came together, population growth, safety, New York, obviously, like the rest of the country, experiencing great levels of safety, so the entire city became "developable" and obviously, the financing accessibility which helped develop a lot of real estate and made pretty much every square inch of the city potential development.

So, within the cities we're seeing East Harlem, the Bronx, Queens has always been a very strong magnet for immigrants, and also a thriving community. We're seeing it in the Westchester County, Yonkers, Port Chester, and we do lending in also Newark, so a lot of the urban areas as was mentioned earlier by the opening remarks, there's a situation where the groups that are coming in, because the language and culture aren't necessarily able to be addressed by the resources of the city has, so working with different entities and government partners to help facilitate that is something that we're doing and seeing. It's in pockets throughout the greater metropolitan area.

Jonathan Bowles: Just to follow up quickly, industry sectors, where are you seeing a lot of the businesses being started?

Paul Quintero: Well, this is a more broad observation, and it goes also to what we think is going to happen economically. But you have mix of all sorts of businesses, but I would say that services are very big, with respect to what we do, we have a lot of transportation space, so a vehicle is something that most people are able to purchase, instead of using it for personal consumption, to use it as a business is one way that many people have found entrepreneurship, something that is easy to do and again, a service that many parts of the city need. Health, beauty, people still have to cut their hair, you live and you still have to do things, the food sector, not typically big restaurants but small niches and then I would say retail as a fourth, could be all sorts of sundry things, but in some communities, those 99 cents stores might be surprisingly the only distributors of basic toothpaste, toiletries, all the things that you need in a dense environment like New York or other parts, they provide some of the few distribution systems that exist for some of the basic necessities. We see a lot of those type of retailers as well.

Jonathan Bowles: Vivek, could you talk a little about some of your research? It sounds to me like you have seen a lot of entrepreneurship among immigrants in other sectors of the economy as well.

Vivek Wadhwa, Fellow, Labor and Worklife Program at Harvard Law School, Columnist, BusinessWeek: To put it into context, I've been researching globalization, and the impact of the rise of other countries on the United States. After spending two years looking into other economies and the U.S., we're in serious trouble. I've been saying for a couple of years now that we're going to lose our edge if we keep going on the path that we are, and the financial meltdown you've seen is the tip of the iceberg. So after researching what's happening globally, I shifted to paths to look at what can the U.S. do to keep its edge. Fine, the rest of the world is doing well, but start looking into U.S. advantages. When we looked at immigration, the fastest growth sectors of the economy are tech and engineering. Few doubt that Silicon Valley has really powered the boom of the last two decades or so, it's been technology.

So we looked into the technology sector to see what was making the sector tick. And we were pretty surprised at what we found. There was a study done in 1999 by AnnaLee Saxenian of U.C. Berkeley, that showed that in Silicon Valley in 1999, a quarter of the start-ups were founded by immigrants, Indian and Chinese being the largest group. We did a follow-up study in 2005, what we found was of all the companies that started from 1995 to 2005, 52 percent of Silicon Valley companies were founded by immigrants, which is a mind-blowing number. A quarter of all the start-ups nationwide were founded by immigrants. Immigrant-founded companies in 2005 alone produced \$52 billion dollars in revenue and employed nearly half a million workers. So a lot of people are opposed to immigration, who say that the influx of technologists is taking jobs away from the U.S., if you added up all the jobs created by these tech companies, in 2005 alone, you'd find that in the decade that we started, there were more jobs created than all the immigrants combined in that timeframe. There are also other stats about the contribution to global patents.

You know, in looking at U.S. competitiveness, we found a really alarming statistic, that showed that 25 percent of all global patents being filed in the United States, were being filed by foreign nationals. I'm not talking about immigrants, I'm not talking about people like me who are citizens, I'm talking about global patents that give us a competitive edge. Foreign nationals in the U.S. who don't have permanent residence who may have to leave the country because of flawed immigration policies. And if we have time, I'll talk about the research I've done about immigration policies. We found that the U.S. is headed for a massive reverse brain drain, we're probably going to have another meltdown because of the lack of visas for the millions of skilled immigrants who are waiting for a green card right now. Different discussion.

Jonathan Bowles: Thank you. Fatimah, Audrey I think briefly mentioned a study about Philadelphia that the Brookings Institution just released this past week looking at some of the immigration gains that your city has seen. I'm just curious, given that that's been occurring, and the work that you're doing in West Philadelphia and Philadelphia as a whole, have you seen an increase in immigrant businesses come with that population growth? Do you think that immigrant entrepreneurs could be a real boost to the city's economic development in the years ahead?

Fatimah Muhammad, Manager, Welcoming Center for New Pennsylvanians: Short answer, absolutely, right? As Paul mentioned, Philadelphia's experienced the same kind of trajectory, loss of population in the '70s, but immigrant business owners really coming to the neighborhoods and to areas that are least likely to have the investment that immigrants have put into those neighborhoods. We look at commercial corridors, and in the work that we've done, we had a number of corridors throughout the city, and we find that immigrants make up 50 to 70 percent of these commercial districts. What's really important to remember, however, as we get into a more complex discussion, we want to look at the health of an individual business owner, but also the commercial corridor as a whole. And what we find when we talk to business owners and we look at systems of corridors in particular neighborhoods is that there is duplication in business. Duplication in services. So it's a concern of ours and we want to make sure that business owners, when they're thinking about new enterprises, are actually considering the market and making sure that they're aware of consumer spending so that they're making smart choices in the beginning.

In my head, I've divided businesses into different categories. I work in a commercial corridor where the ethnic mix we find on the corridor is different from the ethnic diversity of the neighborhood. In the neighborhood that I work in, the surrounding residential population is about 96 percent African-American. But on the corridor, we'll find 40 percent East and Southeast Asian. 15 percent African and Caribbean immigrants. A bustling, emerging South Asian population that's about 6 percent and growing. An emerging Latino population that's about 4 percent and growing. So these folks don't live in the neighborhood. To look at the types of businesses, there are businesses that are really servicing just their own ethnic groups, the small pieces, for the Africans, for example. They're actually attracting Africans who have moved to the suburbs nearby. They're bringing those folks in, they have restaurants, they have the Western Unions that are really servicing the community. Then we have businesses that are servicing not only their own communities, and again, attracting people from other parts of the city, but also the native-born population surrounding so they understand that their consumer basis is a bit more diverse. Then we have businesses that are really looking at the population there, and are attempting to either by perceived ideas about consumer spending, operate businesses and what we find is that those businesses that are doing both, that are thinking about services to their own ethnic communities, as well as the greater community, have the best chance of survival.

Jonathan Bowles: Excellent, thank you. Lulu, you showed some amazing slides in your presentation. Kind of contrasting where you were when you started your business versus today. I'm curious if you could help us by recounting also what's changed in the overall economy of Los Angeles. Can you tell me, have you seen a real significant increase in immigrant-run businesses throughout the county? Has there been an increase, are immigrant entrepreneurs having a much greater impact in L.A.?

Maria De Lourdes Sobrino: Of course. Definitely. I think Latinos are the ones opening more businesses in California, in Los Angeles. I have here some numbers as far as women in business, there are nearly 10.4 million small businesses, owned by women around the country, that employ more than 12.8 million people and generate \$2 trillion dollars in sales. And in the last two decades, women-owned firms have continued to grow two times the rate of all firms. So from this group, Latinas are the ones that are the fastest-growing group. So I see that a lot, we

have a lot of Chambers of Commerce, and different events and we network and we meet there. So that's when you feel and you see the power of Latinos actually opening businesses in California.

[tape cuts off briefly]

Jonathan Bowles: What are the various challenges, and I really want to open this to anyone on the panel, to talk about. What do you see as some of the greatest barriers to immigrants both starting businesses and growing their businesses?

Vivek Wadhwa: Let me start. I've actually been researching entrepreneurship in general, looking at American founders versus immigrant founders. And the general challenge that both groups face is that they don't know how to start a business. I mean, they don't have the mentors, just like the issues that Lulu raised. They simply don't know how to do it. And when they do do it, then they're not sure how to get financing, and a whole set of issues. Now immigrants outside city centers like New York also face discrimination in the high tech sector, for example. Where I am, in Research Triangle Park, despite the fact that I built up a \$120 million dollar company, when I wanted to start my second company, I couldn't get the local venture capitalists to return my phone calls. When I did network through Silicon Valley in Boston, I had a who's who ready to fund me. The local crowd, I did get together with them and they said, well, you people don't make good managers. Now this is not very far from here, this is North Carolina. So it's very easy to live in New York City and to see the world through the prism of New York City. But as a potential vice-president said, well, the real America is different than the what you have over here.

So you have to put that into perspective when you're talking about immigrant entrepreneurship. A lot of the large-scale entrepreneurs basically tend to congregate in different regions and they tend to cluster together and they can market to each other. There are less barriers to that. But if you're not going to build a high-growth business and achieve what Lulu did, basically expand across the country, there are a lot of barriers that you face. If she showed up in Atlanta, trying to market her desserts over there, they would look at her funny. Down in the South, she'd be arrested basically. You know, people look, I mean, when you're sitting here, you have a different perspective. It's different outside in the United States, there are lots of barriers, depending on what business you're trying to build and where.

Jonathan Bowles: Paul, because I think Vivek made a good point, consider a place like New York. It's difficult for any entrepreneur to start or grow a business here, and it's probably similar in a lot of other cities. Do immigrants face barriers that grow beyond what native-born entrepreneurs face here?

Paul Quintero: I mean, just to add to what was said before, I think the biggest barrier, and it was mentioned by Lourdes earlier, is you're coming into a different context. So there are a lot of organizations here, I see some colleagues and others, that work with a lot of different immigrant groups and particularly, just on credit. You think of life and there's many, many different elements to it, since it's what we do, I'll just focus on that area. Many people are coming to this country from another country, where there is no bailout, when things go bad. Banks are privately

owned and if you put money in the banks, you may lose it. Corruption is rampant, so you don't go to government. There's a lot of initiatives here in the city of New York to try and get and reach out to entrepreneurs, and the problem is people don't look to government in most countries as anyone that would really help them. They look to government as someone who's going to steal from them. So you have to contextualize what someone brings when they come to this country, not just physically, but mentally, in terms of what the resources are. So a number of groups here, I know, struggle with the same thing. And that is in addition to language, you know, we mentioned culture. And I would say the business culture of how things get done, and you were talking about how to start a business, all these things are foreign in the purest sense of the word, to an entrepreneur.

So, those are huge hurdles, because that information, that education, is something that I think you take for granted if you're here, but it adds to the inability to effectively focus on the business, the five years that were lost that was mentioned about the incubators, I mean, time is the only thing you can't recreate. So it's precious, and I think between language and just between business culture, credit culture, laws and regulations, I mean many people know about public markets in their home countries, but you need to be licensed. You need to know how to handle food. These are things that in other places, there is no regulatory scheme, which are good, protects our health, but if you don't know about these things, you can get into trouble very quickly. So I think that is probably the biggest, between language and just understanding the differences. Or as a way to probably preempt that, it always is interesting to me that a country like ours where 50 percent of the GDP year in, year out, has been developed by small businesses. And here I use the SBA definition of 200 employees or less.

When half of your economy depends on these entrepreneurs, you would think that we'd be a lot more proactive in terms of educating people about business. So I'm wondering why it is, with the conflicts that we have around the world, you know, education, banking systems, we have all these other civics, how come capital and where you get it and how you can get it, doesn't happen earlier. So I know this goes beyond the local discussion, but I think this is a national phenomenon. If we want to have people start running, you've got to start training people before they run so they understand what they're walking into. And that would at least facilitate the take-up speed.

Jonathan Bowles: You know, just to follow up quickly, Paul, I remember, when I was researching this issue, I was talking to one of your colleagues at ACCION New York, and they told me as much as, there's been a growth in micro lending that ACCION New York has done, and the fact that ACCION New York has become the largest micro lender in the nation, still when you put up your entire portfolio, it's really the entire equivalent to a small to midsize bank branch in Corona, Queens. When you talk about the financing barriers, is there a real untapped market out there for immigrants who are looking to start or grow businesses?

Paul Quintero: Definitely. Just to contextualize, it's estimated that there are about 20 to 23 million micro entrepreneurs, and that's defined as a business that has less than five employees. So not as large as Lourdes is talking; really small businesses. Of that, if you take 10 percent of the total group, and assume that they need access to capital that can't be provided by a bank or other lenders, that puts the number at around a little north of 2 million people. Our average loan

sizes are pretty small. We're talking about \$7,000 on average, is the kind of capital that we're lending. \$7,000 in a 2 million population is almost a \$14 billion market. The amount of, all micro lenders in the country, in terms of what gets dispersed, in a single year is something in the range of \$150 million dollars. So it is a drip, it's a joke. You know, there's so much more that has to be done, so there's a huge potential based on any estimate that you can look at and even based on these small dollars, how to reach that? If for-profit businesses that are going national have strains on budgets, you can imagine CDFIs and organizations that do this work, I know many people are here in the audience, we don't have an ability to market, we don't have those kinds of resources. So how you get the information to people is something that we're working with the city and others because at the end of the day, information transparency, some people base Nobel Prizes on asymmetric information, so these are the types of things that make life work. How we can leverage I'm sure, all the skills and experiences and training that is provided, even by people in this room, to the entrepreneurs that need them, again, it'll accelerate business formation or stabilization, which is not a bad thing either, and that's what we're all trying to do.

Jonathan Bowles: Fatimah, do you want to add anything about some of the challenges that immigrant entrepreneurs face?

Fatimah Muhammad: Absolutely. I think that one thing that is often times missing in this discussion about obstacles for entrepreneurs, aside from the things that have already been mentioned by the panel, are relations with the native-born population. And again, if we're talking about this broad impact that immigrants are having, in neighborhoods, we have to look at this. In fact, working in the neighborhoods that I've worked in, I'm observing what Robert Putnam, who's a Harvard professor, talks about in his book, *Looking At Research on Ethnic Diversity*, there's a hunkering down of different groups. There's a sense of a lack of trust, lack of social cohesion, within neighborhoods, that's very real. There's a perception among the native-born community that immigrants are somehow getting grants from the government to open businesses and so it feeds a sense of disenfranchisement by low- and moderate-income neighbors who are wondering, well, why are they starting businesses at such a great rate?

Now what does that mean, right? I mean, we can talk about a human relations issue, which is certainly a concern, but how does that turn into economics? Well, what I've found in this work that I've done, immigrants that are the most linguistically isolated within communities are the most likely to be targeted for crime. And so that we're talking about a quality of life issue that affects business, now they have to invest in security systems. They're the least likely to call the police or 911, so this becomes really troubling for communities. There are in Philadelphia zoning hearings in which merchants are applying for licenses and they're town hall style, so residents can come out and speak against businesses, and they sound very similar to the rhetoric that Vivek used earlier, we don't want you here, so we're not going to support your new venture, we're not interested in you expanding your business, and again, that turns into huge troubles for immigrant entrepreneurs who want to actually bring new kinds of resources to neighborhoods. So it's incredibly important to look at this issue and to figure out ways of working together collaboratively, to introduce native-born communities to the idea that an ethnically diverse community is beneficial to all of them, it creates jobs in neighborhoods, that an increase in cultural diversity helps to foster greater creativity within neighborhoods, to actually spell out what those benefits look like, we'd do well, we serve the entire community.

Jonathan Bowles: Great. If in fact, as we've been discussing, immigrant entrepreneurs do hold all of this potential, and they could play a role in helping cities across the country, revive their economies and create new jobs, what are some of the strategies or policies that government can undertake, if it all? And I'm curious, maybe there's no role for government to take here, but do you see a role for the new Obama administration in Washington in supporting this part of the economy, what is the role of also local officials, mayors around the country, economic development agencies. Audrey, do you have thoughts to start it off?

Audrey Singer: Sure, well, I think that we don't have a lot to look forward to starting in January, and it will be interesting to see how the economy and the new administration and politics both local and national, play out. But with regard to these issues, I think Obama has a pretty strong and open stance towards immigrants in general, and has ideas about how we can change the laws more generally and how we can also support immigrants. But I think one of the most important things that may not be on the table yet, is how the federal government can play a role in helping state and local areas support immigrants, and this is something that many areas, both established immigrant communities and newly emerging ones could benefit from. So some ideas there are about supporting the workforce more generally and the immigrant workforce and others. So I think there's a lot to be said about the local response to immigrants and how local leaders and local institutions can reach out to immigrants, how local supports for immigrants, both high-skilled and low-skilled, low-income and moderate, native-born residents, could come together. I don't think there's necessarily a role, a special role for immigrant-led businesses necessarily. But a more general approach would be the best one.

Jonathan Bowles: Lulu, what would have helped you, or what do you think would help Latina or other immigrant entrepreneurs in L.A.?

Maria De Lourdes Sobrino: Well, imagine that I have been in business 26 years, and still we have so many challenges. I just think about the very small business, very new entrepreneurs, the ones that start a business, how are they going to do that? Access to capital is almost impossible. For me, I think in the '90s, we had, banks were more open, they wanted to do business with us. But lately, in the last five years, I just see banks not really working with us. So we need to have access to capital, real access. And they need to understand the business and they need to take a risk with entrepreneurs. Because its impossible just to have financial statements where you just show profits, I mean, you need them when you don't have the profits, but they need to come at that level.

So access to capital is very important, and the new administration needs to pay more attention to small businesses. Because we're the engine of America. And if they don't do that, we're going to suffer, all of us. We're going to suffer. And we're not going to be able to continue employing people. At the level of medium-size companies, or very small companies, we all need support. It's a different level. But the entrepreneurs, we need more knowledge, more education, it's our duty to be educated, and find new information. Like for instance, Governor Schwarzenegger is having a conference today, in California, especially for small businesses, a global entrepreneurship day, today, he's really pushing small businesses, because he's seen a lot of businesses in California are leaving, especially in my industry, manufacturing. A lot of

companies are moving to other states, and I'm very, very worried, honestly, in general, for manufacturing around the country. We are losing manufacturing in this country.

Jonathan Bowles: Vivek, do you have a thought about the role of the federal government, or state and local?

Vivek Wadhwa: Again, I'm going to talk from the high-tech sector, which is what I've been researching. I started talking about the crisis that's been building with the green card backlog. Right now, there are about 550,000 skilled workers working for American companies, with about the same number of family members, about over a million skilled immigrants and their families waiting for green cards. These people are here as students in universities, post-docs, researchers, they're on temporary visas, like H-1 Visas, working particularly for high-tech companies, and they're typically making close to \$100,000. These are high-paid workers. Now the problem is that there aren't many visas available for them. There are only 120,000 visas available per year for skilled workers altogether. The EB-1, EB-2, EB-3 categories, 7 percent per country limit. So the numbers I talked about, about a third of these are Indian, about a quarter are Chinese. So there are 350,000 Indians waiting for green cards. 8,400 visas available per year. So if you're a student at Baruch College, who graduates this year and gets an H-1B visa, first of all, you have a 50/50 chance of getting an H-1B. And then if you decide to become an immigrant, you could be waiting 30, 40, 50 years for a green card.

Now, the stats I talked about, immigrant-founded businesses, were immigrants who had become permanent residents. People on temporary visas, students, etc., can't start businesses. So if we want more high-tech businesses, which are going to fuel the economy generally, we need to fix that visa problem. And it's a very simple problem. Instead of the seven percent limit, remove the limit altogether. Instead of 120,000 visas, make it a quarter-million visas or 30 million visas, within two, three years you fix it, and then, another thing that regions can do is, for example, I recommended to Cleveland that they set up a special category for visas, for immigrants who start businesses. Normally, if you invest more than \$1 million and start a business, you can get a green card automatically. In distressed regions, the limit is \$500,000, except most people don't know it. So in other words, if you start a business in Ohio, and invest more than \$500,000, you can get a green card. Well, the region has promoted and streamlined the visa processing for skilled immigrants who may now want to move to distressed areas. So there are a lot of regional policies you can implement, which simply take advantage of the backlog that is already built and to encourage people to start this high-tech, high-growth businesses. There are a lot of things you can do, but that's one example.

Jonathan Bowles: Paul?

Paul Quintero: The point about the access to capital was made and even in good times, there was a need for organizations, micro lenders, ourselves and others, to provide capital when folks could qualify, for a number of reasons. Either you didn't have a credit history, or because you didn't know about credit, you damaged it very early, so you kind of disqualified yourself. One thing that's kind of happened, and I'm hopeful that with the TARP that's happened for the banks, that there's going to be a focus on using that capital for CDFIs, community development financial institutions that are out there. There are many in this country, but all of them share one

common goal, which is to really increase the level of capital to businesses and communities where you can't get it. Because I mentioned the small dollars that we lend, it won't take a lot of capital, it's not billion and billions, but there needs to be a focus, I think, at a federal level, first on opening the welcome door out to immigration, we've been very ambivalent as a country on this whole point, and maybe even before that, continue to focus on the economy, because it is the issue that is going to affect everyone. But the economy's being worked on, the immigration hasn't, and that needs to be done.

And within that economic work, and with the funding that's already out there, I would suggest strongly increasing the kind of funding for CDFIs, this is not a very big program nationally, I want to say that you start within the \$60 million dollar range, maybe \$100 million in the scope of what we're talking about is very, very little money, that could increase and that could have a dramatic effect upon the communities, which is something that was brought up earlier. I think at the local level, the way the local level entities are right now, it's going to be very difficult for the city or state to really do anything from a funding perspective. So again, outside of CDFI funding, the federal government has used community development block grants, which has been a very flexible tool for local city and state entities to do the kind of investment in areas that they couldn't otherwise do. I think they're going to need that help. That's what I would focus on near-term.

Jonathan Bowles: Great. Fatimah?

Fatimah Muhammad: So as not to repeat all the terrific things all the wonderful panelists have said, I want to add and say economic development organizations need to take a more aggressive look at immigrant communities. There's additional work that is needed upfront; making sure their staff is multilingual, that they have some way of having interpreting services. But there's payoff in the long run. There are terrific resources out there for merchants to get information about resources, these organizations have to be more aggressive in outreach. We need to populate our neighborhoods, particularly for places like Philadelphia, with vacancy rates, we just need more, we have to compete with suburbs surrounding Philadelphia. And one of the things that the local government can do better is something that's not necessarily geared toward immigrants, but will serve all and that is improve schools, tax regulations, those we won't get into, reducing crime, and something also that hasn't been mentioned, energy. The costs are astronomical and over the past 10 years, Philadelphia electricity costs have increased 25 percent. With gas, 75 percent, or something like that. There are certainly policies that will benefit everyone, but which will certainly attract more immigrants to the area.

Jonathan Bowles: I want to follow up with something Audrey said earlier, I think Audrey was asking whether we should have specific policies for immigrant entrepreneurs or policies for entrepreneurs and small businesses in general. I'm curious, we've identified some specific obstacles that immigrants face and also at least one of you had talked about the difficulty of providing services to immigrants. Someone mentioned the trust factor, and certainly I've seen that in a lot of our research, that immigrants just don't want to go to a government agency to get services, even if it might lead to a loan or something. How do you do that? Does it mean working more closely with organizations and people on the ground that have the trust of immigrants, do

you do specific policies targeting immigrant entrepreneurs? Any thoughts on those couple of questions?

Vivek Wadhwa: You know, this is the one topic that I've been looking at in depth, the difference between immigrant entrepreneurs and American entrepreneurs. Again, I keep on saying that I'm talking about the high-tech sector, we found that both groups tend to be equally educated. Immigrants tend to have more science, technology, mathematics education than do Americans, but then we looked at what motivates entrepreneurs, I actually have a research project underway right now, in which we are asking entrepreneurs why they started their companies, what made them leave their jobs to start their companies. And the answers are the same whether they're immigrants or whether they're Americans, basically they didn't want to work for someone else, they always dreamed of being an entrepreneur, they had an idea, they wanted to build wealth, and so on and so on, so there's no difference between them.

It's the same things with the obstacles, the lack of knowledge, is almost consistently the biggest issue. Financing is important for low-level businesses, but for most high-skilled businesses, people have enough savings to start something and go a few months if they get other people to join them, and funding for such start-ups comes from friends and family and from personal savings. So micro lending would be wonderful for the unskilled communities, but it won't make a difference at the skilled level. What you can do is free up "angel" capital, provide tax breaks for angel investment and so on, but that's a separate issue. The bottom line, what I'm saying in the high-tech sector, you need to have the same policies for both groups. And as you know, the number-one recommendation I'm making may surprise people. That when you think of a high-tech entrepreneur, the image that people have is a 25-year-old or 20-year old college dropout. You know, Bill Gates, Steve Jobs. The average age of a tech entrepreneur is 39. There are twice as many over 50 as there are under 25. There are twice as many over 60 as there are under 20.

So if you want more high-tech businesses, you have to go out to the existing work force. And what stops people from leaving their jobs and starting businesses? The biggest fear that they have is health care. Typically when you become middle-aged, you start worrying about having a heart attack. Or getting sick, or you have children who need medical protection. So with the current health care system, if you leave a big company to start your own business, chances are you won't have health care. Well hopefully, the new president will fix all of that, but even if he doesn't, you can have group plans to provide health care and you can provide other incentives and other training to entrepreneurs to help them start their businesses.

Jonathan Bowles: Great. Other thoughts?

Maria De Lourdes Sobrino: Well, talking about healthcare, I never thought about that at the beginning, it probably took me 10 years just to think about buying health insurance for myself. I mean, as an immigrant, we don't think about those things. And we don't know the cost of getting sick, too, that's another thing. Another thing that I would like to add is access to contracts. I've been trying for many years to do business with the federal government, and it's almost impossible. Just I don't know how to do it, or you supposedly need to know the right people, but the paperwork is so, you know, difficult to fill out and so they make it very hard for us, to do business with the federal government. Also I would like to say about corporate America, I do

business with some of the big corporations like Wal-Mart. But still, I don't think they really pay attention to minorities. I've been fighting even with them about giving us a little bit more business. And at the end of the day, my biggest competitor is Kraft Foods. Kraft has this Jello brand that they started to use after ours, we were the first brand started at Wal-Mart and then here comes the competitors with big budgets, big companies, and you can't compete against them. So what I would like to see is to have a percentage of certain business to be equal and given to minorities.

Jonathan Bowles: Any other thoughts about specific policies towards immigrant entrepreneurs or entrepreneurs overall, any other comments about the role of community organizations and helping deliver government services to immigrants?

Fatimah Muhammad: I want to say one thing. It's really critically important to have a government that has a local government that's even asking these sets of questions and have clearly articulated goals around these sets of issues. Philadelphia for the last eight years had an administration that was fairly lukewarm about immigrant entrepreneurs. And now that we have a new mayor, who has clearly articulated, and in every opportunity he gets, clearly articulates a desire to have immigrants come into Philadelphia, open businesses and raise families here. That makes a difference. It sets goals for departments. I absolutely believe that collaboration between nonprofits and government is the winning ticket for outreach to entrepreneurs, which make themselves hard to find when they want to. But first they need some of that drive and desire because it is challenging. At the Welcoming Center, I'm serving thousands of immigrants. It takes good customer service. It takes a thoughtfulness and a willingness to, at some points, hold hands and at some points, really guide people through an incredibly complex process for those who really have no idea how to navigate it. So one recommendation to government is to certainly think about customer service and I'm hopeful in this administration in Philadelphia that we're able to do that.

Paul Quintero: I just want to echo, to that question, it's absolutely critical that the city or any government entity works through a local community group, if only because it's been shown, time and time again, that the public sector isn't good at providing capital for example, or reaching out to constituencies. It's just not what they're set up to do. There's a great advantage in terms of providing resources in the form of money, because they do control the tax purse, there's a tremendous opportunity in terms of creating linkages, information transparency, and there's a great opportunity in terms of any kind of tax incentive structure. I think those three areas are really a key tool box, but when it comes to actually disseminating the services, I think New York has already started that process. The Department of Small Business Services, to their credit, has a number of different ventures with different groups to help disseminate either employment or now financing services, and increasingly we're seeing that there isn't a project done, at least in New York, where a not-for-profit, a funder, the city, aren't all working in unison. The city working on the policy side, maybe even a foundation in trying to drive an initiative, and then inevitably, a not-for-profit, some community-based organization that's trying to deliver the service. I think that is, for the foreseeable future, the only way to get things done, and it's already started. And I would echo it or encourage it, because it's proven effective, and I'm not sure that alone they could do it.

Vivek Wadhwa: There's one dimension missing from this discussion though. Whether we like it or not, there's a big difference between immigrants. For example, according to that study done by the SBA, which was published last week, the average income of Indian immigrants is \$83,000 which is way above the mean of about \$33,000. The average income of Chinese is \$3,000 below the mean. Japanese, Korean, centered above the mean. Latinos probably closer to the mean. So the most significant difference is education. I've tried to figure out why, in the research that I have done, Indians founded more tech companies than the next four groups from the U.K., Japan, China, and Taiwan combined. And the question was why were my Indian friends so successful as tech entrepreneurs?

When looking at backgrounds, we actually dissected their education levels, and what we found was that was the biggest differentiator, was the level of education that these immigrants were having. The select group that's making it here from India tend to be at the top end of the education spectrum, and therefore, they're more successful. The other advantage that Indians have over the Chinese is that they speak English. They were taught English in India. Again, if you go to Mexico, I don't know the standard, the medium of instruction is in most schools, but those with an English education probably have a significant advantage. Therefore what can regional governments do? Start by teaching English. Provide more community-level college courses in the basics of American language, American culture and so on, before you focus on making them entrepreneurs. So we basically started up looking at the differences, why did one group achieve so much more success than other groups? And then you hone in on the differences between those groups.

Audrey Singer: One thing that I wanted to add from a place perspective, community or city or neighborhood perspective, is that a lot of social conflict associated with economic activity or economic development can happen at the local level when there's a lot of change going on. And in Fatimah's neighborhood, and I'm going to bring up another Philadelphia neighborhood because it's a good example, there are areas in cities all over the place like this, but South Philadelphia is a traditional, immigrant, we refer to it as the Lower East Side of Philadelphia where immigrants have been going there for a long time. During that lull, in the middle of the 20th century, when Philadelphia became mostly native-born, it still had an ethnic quality, and in particular, an Italian ethnicity there, but a lot of Italian immigrants and their descendents had already moved out of the neighborhood. But this marketplace that's there retained its Italian flavor, so to speak.

Now, in the intervening decades of the 20th century and continuing into the 21st century, there've been a lot of changes. Southeast Asians were first, a lot of, Southeast Asians were resettled in Philadelphia and a lot in that area, started opening up businesses there. And more recently, Mexicans and other Latin Americans have moved in. So there's somewhat of a, I wouldn't say a mixing, but a division in this market area, there's a lot of talk about what it means for that place. Is this a good thing? Are we losing our heritage and our identity, are we gaining something? Is this the kind of change that we want to see happening? And so, economically and socially, supporting that is an important feature of change at the local level.

Jonathan Bowles: Audrey, we're going to go into audience questions in about two minutes, I just want to do a quick follow-up to you and to Vivek. You've seen the immigrant story in so

many cities, you mentioned earlier that there's been a huge spike in immigration in so many different places, not just the big gateway cities. Have you also seen among public officials in these places, a willingness to support this? A willingness to embrace it? Fatimah talked about how the last eight years of the prior administration in Philly, that there wasn't that kind of receptivity, but that now it's changing. Are you starting to see more of it in other cities as well? And Vivek, I actually wanted to ask you next, the Raleigh/Durham area, to what extent do you see local politicians and government officials supporting this population?

Audrey Singer: That's a great question. I think we're all familiar with some of the more negative cases, around the country where the reception and the response of leaders and local residents has been to shun immigrants or to try and change the course of settlement particularly of people who were perceived to be illegal immigrants. But I would say the reception across the country has been very mixed. In many, many places it's positive and there are accommodations, and inclusive policies and programs and practices, and the social and economic context is fairly good. That happens for a variety of different reasons, either they're fast-growing places and they welcome the growth, or they are slow-growing places and they welcome the growth. But those two conditions don't necessarily add up to a positive response towards immigrants, because in both of those kinds of cases, you can see a more of a negative reaction to immigrants, more restrictive practices and policies being put into place. And some of it seems to be that people feel that change is happening too fast, whether it's a slow-growing place or a fast-growing place, frankly.

So you contrast a Hazelton, Pa., which is an aging, slow-growing place which has seen immigrants move in, and a Prince William County, Va. area, in the Washington, D.C. metropolitan area, which has experienced incredible growth in its population, and very dynamic change, not just with immigrants moving in from all over the place, but African-Americans from the region moving from the core to the suburbs. So there's a big mix, but I would just say, to end, there's a lot of tension between what our national policies are, and the desire for change in the way that we control our borders and select our immigrants through our admissions policies that puts pressure on local public officials to "do something" about immigration in their areas. So many respond, but not all of them respond in the same way. Some of it is very receptive and some of it is very restrictive.

Vivek Wadhwa: You know, I agree with Audrey, and also it's interesting, I've been speaking to a number of local regions and governors and so on. Now interestingly, Ohio and Michigan and Hawaii and a bunch of other states have been asking for advice and are looking very seriously at fixing their immigration problem. Where I live in North Carolina, it's the exact opposite. I was surprised when it went blue this time, by about 200 votes or so. But it seems to correlate with the attitude of the government that despite the fact that I'm giving the keynote at the National Governor's Association Conference and so on, no one from North Carolina has asked me about immigration policy, even though I know Governor Hunt, I've spoke with Mike Easley's staff in the past, and so on, but no one from the government has asked me about immigration policy or done anything to look at immigrants.

And the results show in a study we've done about the contribution of skilled immigrants in different tech centers. North Carolina is at the bottom of the list. In fact, the average I said was

25 percent of start-ups were founded by immigrants, North Carolina was 19 percent. Outside the area, it was 13 percent, so it was really immigrant-unfriendly. If you look at New York versus New York State, for example, New York City, 43.8 percent of all start-ups were founded by immigrants, versus 26 percent statewide. So even within New York, there were quite significant differences. Silicon Valley was 54 percent, Michigan was behind that. So if you looked at the correlation between immigrants and high-tech growth, it's a very strong correlation, and if you look at government policies encouraging immigration, and high-tech entrepreneurship, you'll see a strong correlation as well. It seems that the red states, as I saw on an electoral map, are behind the times. Basically, this whole thing about amnesty, illegal immigration has clouded the entire the debate. They're seeing everything through the prism of some Mexicans from over the border coming into their communities. And basically that's leading to substantial bias and discrimination which is not right.

Jonathan Bowles: All right, thank you. Now, I'm sure a bunch of you have some questions. We have so many people who I'm sure want to ask questions, so please limit your questions as much as possible. We have a mic going around, please identify yourself, please.

Hamida Kinge, *Next American City*: My name is Hamida Kinge, I'm from a magazine called *Next American City*. And I wanted to ask the question of any of the panelists, can you talk about the percentage of immigrants entrepreneurs who are "taken to the cleaners" by some larger companies, like Subway? Anybody know about that?

Jonathan Bowles: Could you repeat the question? The question was would anybody on the panel give a sense of what percentage or how many immigrant-owned businesses are taken to the cleaners, by large corporations, like a Subway. Could you just explain what you mean by "taken to the cleaners?"

Hamida Kinge, *Next American City*: They're able to start up a chain like Subway, but in return for that, they have to pay large loans back to them. Like a lot of the money that they make goes back into that chain, and it's really like profit for the larger company.

Jonathan Bowles: Anybody? You know what, I think it's a good question, and on the second panel, we actually have an entrepreneur based in Brooklyn, who owns eight different retail businesses, including two different Subway franchises, you know, maybe he'd be ideal to answer that question. And certainly you can approach any of the panelists.

Paul Quintero: I'll make one comment, though. Because the community groups that we deal with tend to be foreign-born immigrants, probably five years in this country, coming from another country, what we find is it's not necessarily the large corporations that take the community groups to the cleaners, but informal lenders. So we do have a lot of predatory providers of everything. It can be someone who says they know how to do legal work, and they do paperwork and it's shoddy. It could be someone who says they're a CPA, and you know, maybe they just know how to do tax returns. It could be obviously, lenders, which is a problem, so your question is good for the other panel, but I'll tell you in the New York area, when we're talking about immigrants, there are locally based providers who are taking people to the cleaners every single day. We want to eliminate that misinformation, because I think it would help a lot of

people. On the flip side, I will tell you I think UC-Berkeley has done a study for people who have started businesses, let's say in retail, where you have a large retailer come in, and the job losses that get created, you may want to look there. And that's for anyone interested in planning a large, box-retail development etc., and the impact it will have on smaller retailers. Separate from your question, but tangential.

Laura Hansen, JM Kaplan Fund: Hi, I'm Laura Hansen from the JM Kaplan Fund, and I just wanted to ask about rates for failure for immigrant entrepreneurs versus the larger universe of entrepreneurs, and if within the failures of immigrant-based ones, if there are patterns that are directly related to the obstacles we're talking about, and I think we're getting into policy later, but if you can tie those into any policies that you've already discussed. Thanks.

Audrey Singer: I don't really know, I don't have a good answer in terms of failure rates.

Vivek Wadwha: I've been looking at restaurant failure.

Fatimah Muhammad: If I can just speak to the piece about data. Not many people are collecting data about the types of immigrants who are starting businesses. A lot of the data that we get is from going on the ground and doing these surveys. That'd be the perfect data to have, but it's challenging to acquire.

Vivek Wadwha: If it makes you feel better, I used to be a tech entrepreneur. When I joined academia, I started looking at all the facts surrounding the globalization debates, everything from what's happening in India and China, graduation rates to our competitors and so on. I found that there was almost zero data out there. Data that is out there is all flawed. This is why I've been intensely researching it, and I have a presentation which I give that talks about myth after myth after myth in the globalization debate. Here in entrepreneurship, the fact that I could put together a simple report done by students that showed that the average age of entrepreneurs wasn't 25, that shook the world. You have no idea how many articles are written about a silly little report like that. You'd think that we'd understand these things more. Why do entrepreneurs found companies? Well, I've been through the entire academic research done for the past 10 years and there's almost zero on why they start businesses. I mean, I can list issue after issue after issue, and the research and the data is completely missing. I don't know why. I mean, between all the groups, between the academics, you'd think they'd be focusing on these really, really important topics. But they're not.

Jonathan Bowles: Paul, I'm wondering if you could, I don't know if this answers the question, but I'm always amazed when I hear about the payback rate, for the microloans that ACCION makes. It's incredibly high, correct? Although I've heard that the default rate has been rising in this economic climate today.

Paul Quintero: Yeah, I mean, repayment rates at ACCION have dropped, and I think this is true for really all institutions on the lending side. When you look at Federal Reserve data, top 100 banks, two years ago, and we'll just take revolving debt, credit cards, that there was a default rate, at the top 100 banks in the country of about three percent. Today that's about seven percent, so it's almost doubled in the past two years. We followed that same trend. Our absolute numbers

were a little higher, our delinquencies were probably around six percent, about two years ago about 11 percent, which has been stable, but still double. So repayment on average, it's hovering around 90 percent. So a dollar dispersed, 90 percent of that comes back. It is a level that you have to manage, we are definitely on the risk-taking side of the equation, the reason we exist is not to lend to someone that could get a loan from the bank, because if you could, they're our partners; we don't want to do that.

But at the same time, you have to be able to manage that, and so I talked about focusing on the economy. It's important because it affects everyone. And what we have seen, is for us, this issue, there's a debate still, are we in a recession, are we almost in a recession? I mean, a couple countries have owned up to it, like Germany and Japan, we still have this debate. I can tell you from our records, we started seeing delinquencies go up in about 2007. So pretty much very gradually, but very slowly in 2007, I noticed for our entrepreneurs, the issue, the economy, is an old issue. They've been struggling, it's gotten worse, because with all the things that have happened, you know, resources of capital have dried up. We're in a challenging time, but we're pretty much in line, relatively speaking, to what we're seeing on the broader banking sector.

John Moon, Federal Reserve Board: Hi, my name is John Moon and I'm with the Federal Reserve Board. I was wondering what, if any, programs you've been encountering, in response to the economic crisis. What sort of resources may be available to immigrant businesses? We've been working with Asian-Pacific Islander small businesses, and one of the things that became apparent was when they encounter trouble, they don't know where to turn to, much like the mortgage foreclosure crisis. There's some similar issues, they don't know about bankruptcy law, and there's very little if any, technical assistance, or any other resources that are available for this particular segment. And I'm wondering what resources that may be or may not be available, or things that have become apparent throughout this economic downturn.

Paul Quintero: You know, interestingly, I think there are resources, although I do believe that it's not channeled. And so, for example, what do we do? We provide financial literacy training. We try to help educate people on credit, something a lot of people don't know about until they come here. But we're fairly narrow in what we do. And then we provide capital. But we get a lot of calls from people that say listen, I'm having problems with the mortgage. We're not a mortgage lender, so we end up referring out to other partners, so we're seeing a lot of calls similar to what you're describing, for a lot of different needs. Credit card consolidation, bankruptcy, mortgage has been, time and again, a big issue that's come up and people have a lot of questions on. Yet, the fact that we're getting that inquiry although we don't provide the service, we channel that out and I say that to myself, and we ask ourselves as an organization, how can we link, whoever the best mortgage advisor is, so they can help these folks and how can we tether an information chain so people can get to the source? I think that is at the crux of some initiatives, I don't know if anyone from Small Business Services is here, I do think that there's attempts to make information centers kind of one-stop centers for a whole medley of services. I think they're out there, I just don't believe that it's easy for people to find.

Fatimah Muhammad: I'd just like to add that, and not to repeat, yes, there's a lot of information and resources out there, but what I find is that immigrant entrepreneurs will come with questions, and they don't know it's a legal question, or they're not sure if it's an accounting

question, They just have a question, I have a problem, this is happening to my business, what do I do? So over time, what we've learned is, it's much more effective to have seminars, where we attract businesses, owners can just bring their questions, and have a panel of experts, so that experts field those and say: oh, you're having a legal question, here's what a lawyer can do for you. And then the networking can happen thereafter. That's been really helpful for us and we want to continue to use that model in the future

Weimin Tan: Hi, my name is Weimin Tan, and I'm a real estate entrepreneur. My question is with regard to high-skilled entrepreneurs. Do you see more successful ones doing it by themselves, or going into partnerships?

Vivek Wadhwa: Somehow immigrant entrepreneurs in the tech sector have been more successful than average Americans have been. And this is something that really surprised me, and the reason why I'm saying that because of numbers. Throughout the population, I looked at the Indian and Chinese samples, for example, They were off the charts. I mean, take the Chinese population. It's less than one percent of the American population, yet they started up about three or four percent of the businesses. The Indians basically are about .67 percent of the population, they started up 6.7 percent of all the tech companies, which is 10 times over their representative population. And as far as success goes, we didn't see any variation in success by nationality, or comparing the Americans to the U.S. The only difference we saw was in the education level. Regardless of where people came from, if they were well-educated, they did much better than those who weren't well-educated. In fact, the difference between an entrepreneur with a bachelor's degree, and no bachelor's degree was huge, by about 50 percent, 70 percent more revenue. The difference between what school you went to was insignificant. That going to Harvard made no difference. I mean, you have almost as much likelihood of success if you graduated from Baruch as you do from Harvard. It doesn't matter where you're from. So the factors behind success are education more than anything else.

Bobby Digi, Island Voice: My name is Bobby Digi, I'm from Staten Island, I'm founder of an organization called Island Voice, and we do something similar to what Fatimah does, a lot of economic empowerment segments, and cultural awareness on Staten Island, a very peculiar borough. My question is, three of you can probably answer this. I'm also a businessman, that's why I've actually also gone into the community service provider sector. What I've observed is that Staten Island is divided by a highway, I mean, they call it the Mason-Dixon line. The thing is that, you find a lot of the not-for-profits and community groups are able to secure either grants or funding from either state-level and so on and so forth, versus the immigrant community. And I'll give you an example. For instance, an organization that's probably of equal success ratio or whatever, is able to get about \$1 million versus the immigrant community, which would probably get \$10,000. And the difference is that significant. So it's a huge, huge issue on Staten Island. And my question is how do you navigate that? Is that something that you can put forth to government, or, if you could give some insight on that.

Vivek Wadhwa: Well, I'm going to answer that question, and I'm going to answer it in a different way. When the Indians came, either way, right now Indians are perceived as the most successful minority group in tech. The question is why did we succeed? This has been haunting me for a while. And I'm Indian myself. So I've basically been researching what gives them this

advantage, okay? Now there was an organization founded in Silicon Valley, in the late '80s, called The Indus Entrepreneurs, TIE. What happened was that a bunch of Indians who had been successful, who had broken through all the barriers, the problem I talked about of me being involved in North Carolina, and going to the "old boys club" asking for money? Despite the fact that I'd been a hugely successful entrepreneur and they didn't return my phone calls? They had the same problem in Silicon Valley 25 to 30 years ago. But what these people did, what helped them was that they achieved success. When they achieved success, they said, okay, it's time for us to step back now, and start helping each other. Entrepreneurship, in almost any business you start, the lessons are the same. The lessons that Lulu talked about, if she could teach it to future entrepreneurs, they would benefit from it.

So what these folks said was: let's start teaching other entrepreneurs how to be successful, and they formed this group, and they started mentoring other entrepreneurs and one thing led to another and TIE has become the most significant mentoring organization in the world right now, and they actually have 52 chapters over the world, and they mentor not only Indian entrepreneurs, but anyone who comes to the meetings and so on. So within 15 to 20 years, the image of Indians changed, and they started founding a disproportionate number of companies. How do I know that? Because I was also benefited by TIE. How do I get over the problems I had with being an Indian in North Carolina? I contacted the folks in Silicon Valley, like Vinod Khosla is the co-founder of Sun Microsystems, he's a billionaire right now. I contacted him about eight, nine years ago, and I was surprised he took my call. He spent time coaching me, and introducing me to other people. That was his way of giving back. So we basically got together and we started giving back and helping, and right now, even now, for the last however many years, I spend between five to seven hours every week, mentoring other entrepreneurs. I get emails from people all the time, I respond to them, I'll spend as much time as Vinod spent with me on helping other entrepreneurs. And there are thousands like me. So that's really the secret of the Indian success.

So what I would suggest is that you folks figure this out, and start setting up these groups as well, because as a group, you can, Lulu could set up a group of Hispanic women, or even Hispanic males in her region. She could impart tremendous knowledge to them. If she could give them introductions and start helping them, it would basically form a bigger trend and if the founding principle of the organization was to give back, that we're going to benefit from you, we ask nothing from you, all we want is that you help the next generation of entrepreneurs, I'll bet you that she would be responsible for hundreds of entrepreneurs over the course of a few years. So there's nothing stopping any of you from doing that. Going to those who have been successful, and getting them to start doing the mentoring, getting these organizations together, start helping your communities. It starts at the community level, it starts at the nationality level. Because there are common bonds between people, and once you've achieved success, it sort of propagates, and now you can start giving back to other communities.

Maria De Lourdes Sobrino: I just want to say something about this culture, and you're right, it's about your community, I have some Indians in my company too and they work and we see the difference. And with us Latinos, we need to learn how to give back. And this is something that, a lot of people were very selfish, we just want to keep for ourselves, not only the knowledge and experience, but we don't want other people to be successful. And that is a cultural thing. And

unfortunately, this has happened a lot in Latinos, and this is something that I want to change. And it's a fact of giving back.

Vivek Wadhwa: If you look at Indian history, the British ruled India for over 400 years, based on this divide-and-conquer philosophy. That they taught us to hate each other, to fight each other, based on religions, based on caste, based on a whole set of issues. What happened was that there were people like you who achieved success here, and said look, it's time for us to rise above our upbringing. So it really has to start with people like you. And you folks can simply organize, if you go to, I mean, there are probably five Lulus within your community, right? Go and find them.

[tape cuts off briefly]

Daniel Delehanty, Vice President, Community Development Banking, Capital One: My name is Daniel Delehanty, I'm with Capital One bank, and it's a real pleasure and honor for us to be a small part of this event today and to be a sponsor of it. I do want to congratulate Jonathan and his team from the Center for an Urban Future, for putting this together. I think it's really a truly remarkable event, and I want to be the first one to start off a round of applause for them. Before I introduce our moderator, I do want to say that it's wonderful to see organizations and individuals, many of whom we partner with at Capital One who are out there, working with immigrant entrepreneurs and other entrepreneurs on a daily basis, really trying to unleash and tap that entrepreneurial potential. You work really hard, you're underfunded, and these times are going to get even tougher. So we really need to stick together.

Without further adieu, I want to introduce our esteemed moderator, Mr. Sewell Chan has been the staff reporter at *The New York Times* since 2004, he is now bureau chief of the City Room, of the *Times* local news blog which began in June 2007. He's covered transportation and City Hall in his years at the *Times*, and he's also been a staff writer at the *Washington Post*. Born in 1977 in Manhattan, Mr. Chan graduated from the New York City public school system, and from Hunter College High School, part of the City University of New York. He is the son of Chinese immigrants who settled on the Lower East Side, before moving out to Brooklyn and then later Queens. During his time at the *Times*, he's been known for being prolific. *The New York Observer* did a story on him recently, and featured him. In the last 12 months, his reporting credits numbered at 422, I don't know where he finds the time to write so much, but we as readers of the *Times* are all much better for it. He's also had probably more to do with the success of the *Times*' very popular City Room blog, than anyone else. He runs the blog and also contributes several pieces to it every day, so check it out. Mr. Sewell?

Sewell Chan, Metro Reporter, *The New York Times*: Hi everyone, Daniel, thank you for that very kind introduction. I'm very honored to be part of this conference and panel discussion today. The Center for an Urban Future has been such a vital contributor to the civic dialogue in New York City for a number of years now. We're going to launch into a discussion right away, and I just wanted to very briefly introduce the distinguished panel to my left. I'll go through the biographies pretty quickly, because they're in your folder and I think we want to move straight ahead to the discussion as soon as possible if that's okay with everyone.

Immediately to my left, is Joyce Moy, who is the Executive Director of the Asian-American/Asian Research Institute at CUNY, which supports academic research on issues impacting the global Asian community. She was previously the director of business and community development at LaGuardia Community College.

To her left, is Victor Ashok Vora, an independent business owner in Brooklyn, who owns and operates eight small retail businesses including three card and gift shops, two convenience stores, two Subway franchises, and the Brooklyn Greyhound bus terminal. I'm impressed that you have the time to make it to this panel, Victor.

In the middle is Manuel Miranda, and you may have encountered him, he was written about in a front-page article in the *New York Times*, last year by my colleague, Nina Bernstein. He and his family own Delicias Andinas Food Corporation, I hope I'm pronouncing that correctly. And they started making arepas, a flat cornbread in their New York City apartment soon after they arrived from Colombia in the '80s. Now it's a 24-employee operation in Maspeth, Queens that makes 10 million arepas each year, and Manuel has promised to send me one in the mail, and I'm particularly interested in the toaster-friendly variety.

To Manuel's left is Yanki Tshering, she has over 10 years of experience in developing and implementing economic development programs in the city, she's currently the director of the Business Center for New Americans at NYANA, the New York Association for New Americans, and played a key role in starting it's business center, which helps an average of 1,000 refugees, immigrants, and other low- to moderate-income individuals each year to achieve self-sufficiency. She came to the United States and speaks English, Tibetan, and Nepali.

And finally all the way at the end of your right is Ann Li, who is the head of International and Financial Services at the Business Development of EDC, New York City's Economic Development Corporation, which works to stimulate investment in New York across key industry sectors, and oversees the development and implementation of citywide policy recommendations to strengthen New York's position and a global and financial business center, which sounds like a particularly timely role given the current climate.

So on that note, I want to start by asking some of you to discuss a little bit about how the current economic downturn is affecting immigrant entrepreneurs, and maybe we can start with Manuel, or Victor, I really want to get sort of a ground-level view of how the downturn is affecting your business.

Manuel Miranda, President, Delicias Andinas: I see a little bit of a slowdown, but fortunately, we're in the retail food industry, and I figure people need to eat. But we also see it as an opportunity, we're looking for other markets, we need to expand. We need to increase our sales in other states, so that's how we've been handling it. We've actually been investing money right now, instead of taking away.

Sewell Chan: Victor?

Victor Ashok Vora, Brooklyn-based entrepreneur: Good afternoon, everybody. Yes, we do see the slowdown and the impact of this economy. And just like AIG and auto industries, getting bailouts, sometimes we think maybe when a million comes this way will be a help. So yes, we feel the pinch also from this economy, like that.

Sewell Chan: You were mentioning to me earlier that business at the Brooklyn Greyhound bus terminal is actually growing slightly, could you elaborate on that?

Victor Ashok Vora: Sure. Because it's low-priced transportation, and mainly poor and middle-class commuters, with the gas prices going up or was up, at one time, I had a good increase in business on Greyhound. Greyhound, in Brooklyn there is no such service, there's only one, the first services I started. I said everything is in New York City, why something can't come to Brooklyn? So I approached and I got the Brooklyn bus station in downtown Brooklyn. And it's very successful, lots of people, you don't have to go to 42nd Street [NYC Port Authority] to buy a ticket, advanced tickets, or ship something, to receive your guests or friends, everything comes to Brooklyn. Greyhound and the transportation business is helping me right now, [more] than my other businesses.

Sewell Chan: Joyce, you're really plugged into the Asian-American economic enclaves and corridors as varied as Richmond Hill and Flushing in Queens, Sunset Park in Brooklyn, could you tell us a little bit about what you're seeing on the ground in terms of employment patterns and how people are responding to what's mostly likely a recession?

Joyce Moy, Executive Director, Asian American/Asian Research Institute, City University of New York: I think that many of these neighborhoods have seen an economic downturn. Part of it is related to the working population. If folks don't go to work in Chinatown, for example, then the regular local restaurants, the barber shops and so on begin to suffer, because the foot traffic is not there. I think there are really some opportunities, even in this climate, Chinatown, which is an area, I'm going to talk about Manhattan's Chinatown, for a second. Manhattan's Chinatown is an area that has continued to suffer since 9/11, and has really never rebounded to the level at which it was prior to 9/11. And with the loss of 800 garment factories and the loss of all the foot traffic that that entails, that's really impacted all of the local food stores and so on.

But I've been looking around and I do see some opportunities which may in fact be missed. And a lot of it has to do with sort of retraining the local economy to look at an economy beyond its own, because it's been still somewhat of an insular economy, despite the fact that it has a great deal of tourism. I don't know how much time you want me to spend on this, but let me give you a quick example. There are many, many very large Chinese restaurants, we call them banquet halls, and most of us, even though we've moved out to other areas and suburbs, etc., will come back to Chinatown to hold our baby banquets when children are born, our wedding banquets, and so on. And many of these large restaurants can hold up to 500 to 1,000 people and in this economy, if people are scaling back, they're not having those big weddings, but I thought to myself, that's the only place where you can get 10 courses for about \$40 per head. And everybody's going uptown to the Hilton or some other hotel and paying \$150 a head for rubber chicken dinners. So I want to put a plug in for looking at space differently from the outside economy, but also having these Chinese businesses for looking at their base assets, what have

you got? What do we have here that the rest of the world really needs and stop looking at it in such a niche way.

Sewell Chan: Great. Yanki, I wanted to ask you, you work directly with low-income refugees and immigrants who are just getting a toehold in the mainstream economy. Could you talk a little bit about how the economic downturn has affected them?

Yanki Tshering, Director, Business Center for New Americans: As you remember earlier, there was someone, the CFO from ACCION mentioned the rate of delinquencies have gone up. We provide microloans and we've lent about \$6 million in microloans and we have about \$1 million outstanding, so right now we're very busy, because these business owners, especially the restaurant owners, have been hit the hardest, and I'm talking about restaurants that seat 75 to 125 people. So for those, we've had to restructure loans, we are partnering with the New York State Restaurant Association, we have consultants who are visiting these businesses, trying to figure out ways for these businesses to cut costs, and what's interesting is many of them had never thought about calling up their landlords and trying to figure out a way of lowering their rent payments. It's an anxious time for all our clients, but what's incredible is that our delinquencies have not gone up as much as expected.

Sewell Chan: Are there any loan defaults that you're seeing right now?

Yanki Tshering: We have loan defaults. In the past, it was 2 percent, it has increased to 4.5 percent, which is actually much better than what the banks are seeing, and what has historically happened with delinquencies is that whenever we have a write-off at the end of the fiscal year, then within the following 6 or 10 months, we're able to collect. They have family members who have guaranteed the loans and then they come back in and pay them off, or business owners go out and actually get regular jobs and pay off those loans, because they're very aware that it's going to affect their credit scores. And apart from assisting with businesses, we also have a home ownership program, a very successful program, and the financial goal of most of our business clients is if they don't own a home, is at some point to own a home. So we use that as an incentive, to pay back the business loans.

Sewell Chan: Great, Ann, I wanted to ask you a little bit about your work at EDC. Obviously, New York City is in the throes of major turmoil in the finance, insurance, and real estate industries. Citigroup just announced a whole bunch of layoffs yesterday. Is all of your time taken up with the national financial meltdown and how has that sort of shifted your role? Are you moving from encouraging new businesses to locate here versus, are you shifting your attention to retaining jobs that are here?

Ann Li, Vice President of International and Financial Services, NYC Economic Development Corporation: Yeah, I mean, what has started as a financial crisis is now a full-blown economic crisis, right? And New York City is hit disproportionately by this, because we are concentrated in financial services. The industry provides 10 percent of the city's employment, it provides over 30 percent of the tax base for New York City, and for every job in financial services, there are more than two jobs outside of financial services that's tied to it, from accounting to legal to restaurants, to all the service industries that revolve around that particular

industry. The city's economic development strategy, has always been one of diversification. And we've always worked to diversify the city's economy. Over the past, I would say, five to six years, we tried to grow other industries in order to not be so concentrated in financial services, but financial services grew even faster than the rest of our economy. At this point, we really do feel that we need to continue to pursue this diversification strategy.

You know, people think of New York City as a city full of large corporations. But over 50 percent of the jobs in the city come from micro to small businesses. These are businesses that employ less than 100 people. And it's kind of the rule of diversification, right, an economy that has more small to medium-sized businesses is naturally more resilient to a downturn than one that is concentrated with large employers. And we're seeing that coming true more than ever today in our economy. So we're very focused on, we're very committed to making sure that small businesses thrive in New York City, entrepreneurs, immigrant entrepreneurs have an opportunity to start businesses in New York City, and if we look at our diversification strategy overall, this crisis hasn't changed our direction, but it just has put a new emphasis on how important small to medium-sized businesses are to New York City.

Sewell Chan: I wanted to ask a little bit more about what it takes to grow an immigrant business in New York City, and eventually get to a discussion of what role public agencies and nonprofit groups play in helping immigrant businesses. So let me begin by going back to Manny and Victor for a little bit. You know, Manny, your family's been in business for more than 20 years, you grew it from a family business to now a thriving manufacturing enterprise, in a city where the manufacturing sector has by and large taken a real hit for the last two decades. And you've also seen the city go through several business cycles. Could you talk about what were some of the greatest challenges that you faced as you were growing your business, Delicias Andinas, and also a little bit about the role the city has played either for good or not in helping your business to grow?

Manuel Miranda: Honestly, before we succeeded, we actually failed a couple of times. We started from our apartment, which gave us an advantage. But we started opening the first location, and we actually failed in that one, then we went to another one and had problems with permitting, but every time we kept learning more and more. So the learning curve is there and you just have to keep trying and trying and learning as much as you can because that will give you the knowledge for the next step. If we were to have tried big from the beginning, it would have been a bigger failure, but since we took it step by step, little steps at a time, I think that ensured our success and it just continues right now. Right now, we're trying to go to the next level, we're still finding there's a lot of knowledge that we need, there's a big gap. And so what I think helped was that we had consultants, people that we brought in, to help us out. The city provided some, it actually wasn't the city, it was the labor department, that had a good plan through ITAC, which is the Industrial Technology Assistance Corporation, they actually came in and gave us one-to-one tutoring, and we saw a big improvement with them. That really, I could say, accounted for a 10 percent increase in our business, because it lowered our cost of manufacturing and it prevented us from having to relocate, it helped us to be lean, to require less capital. It's a good program, and I think if the city did that, it would actually help new entrepreneurs go to the next level, whatever level they're at.

Sewell Chan: This is through the New York State Labor Department?

Manuel Miranda: Yes.

Sewell Chan: Has your business gotten any other help from the city or the state along the way?

Manuel Miranda: I can't say from the city, I would say more from the state-level, I think it was a grant for \$20,000 that they provided.

Sewell Chan: Also from the state labor department?

Manuel Miranda: No, that was the grant for lean production.

Sewell Chan: That was through ITAC?

Manuel Miranda: Yes, through ITAC.

Sewell Chan: [To the audience] Have any of you heard of this ITAC program by a show of hands? Okay, quite a few.

Manuel Miranda: Yeah, I'm very grateful to them. They really helped. Again, it wasn't just money, it was the knowledge. Because I think if they had just given \$20,000, we would have not known what to do with it. But just bringing in those people really helped.

Sewell Chan: Manny, one thing I've noticed is that your company, you've moved beyond the sort of immigrant, well beyond the immigrant mom-and-pop model. You actually operate a website, arepasonline.com, could you tell us a little bit about this foray into marketing your products online and how that came about.

Manuel Miranda: Yeah, actually the page is really small, and it's a beginning. Our philosophy is never to start big, because when you start too big, you overwhelm yourself sometimes. It's better to go little by little, so you see the page is very primitive, but once we know that it's a viable business, we're going to invest heavily on it. It's always a step at a time. That web page could have cost us less than \$500, but the idea is that, you know what, with \$500 you really could do a lot. And before you start throwing money at problems, you have to figure out what's the problem, and how do things work? Once you get that knowledge, then you can begin getting capital. To me, capital is important, but the more important thing is to get the knowledge. You've got to get the horse before the wagon, you really need the knowledge. And that's why I encourage people to read books, seek help from the state, if possible, and the state and the city should really give more one-to-one assistance to companies.

Sewell Chan: Victor, your businesses run the gamut from card and gift shops to local transportation services. Could you talk a little bit about the challenges you face in growing your enterprise and the role that public agencies played, if they played any?

Victor Ashok Vora: I was one of the lucky ones, I never had as many problems as maybe the other immigrants may have had. Well, I started small, of course, small is better and then you grow and that's the fun and I had family help. My brothers help, they all joined me in the business, after four or five years of me opening businesses so it was easy to progress. And we pulled financially, together we pulled the family forward, and stayed in business. As everyone knows, when you start initially, it's very hard to establish the credit and go to the bank or any other agency, when you get some kind of funding from there. Even when I started a Baskin-Robbins franchise, I pulled from my cash flow and bought the second business. And down the line, Republic National Bank helped me for \$40,000 in those days. And we paid off and that's the way I started building my credit, and opened a second Baskin-Robbins, a third Baskin-Robbins, and a card and gift shop, so it continued to grow until where I am now, with the Subway franchise and the transportation industry. As far as I know, the public or government help, no I haven't taken any financial help from them, but yes, I go to their seminars, workshops, and try to learn more about what's available. If the time comes, I will extend my hand. And there are a lot of agencies that give you money, and all that sort of help. If anybody is in the need for that, they can always go there.

Sewell Chan: Can you be more specific, what kinds of technical assistance or other non-financial help, at which agencies?

Victor Ashok Vora: Well, I haven't gone to any agencies, but when I read, I come across, there's a lot of help. If you want to set up an industry, they help you. Energy, that they give you the rebate hours, the energy, and if you make an acquisition on land, they give you that type of loan, so these sort of things are there. There wasn't specifically any type of technical help I needed, because my business was franchise and everything was laid out by the book, so it was easy to manage and operate.

Sewell Chan: Joyce, could you talk a little bit about the role of ethnic networks in the role of helping entrepreneurs get access to capital and credit. When social scientists write about immigrant businesses, they often talk about the role of ethnic networks and social capital. In your experience, has that been a factor?

Joyce Moy: Well, I think that it's clear that in many of the ethnic business communities, there a number of sort of social structures in place for both technical assistance and financing. And when I say technical assistance, it's usually somebody who has been there, done that, and is now teaching their relative how to run that business. And in terms of funding, there are opportunities to get some amounts of funding, but they're usually very small. And it's something similar to the story Victor just told about family and friends pooling money together, and then lending it out to their relatives or other people in that pool until they've built the business. And when the money's paid back, that money's made available to others. But again, that amount is limited.

But I want to just address something that you just talked about in terms of the access to information and how much government has been helpful. One of the things that I have found in providing technical assistance is that I started the Small Business Development Center at LaGuardia Community College right after 9/11, and what I found was there really was nobody targeting the specific needs of immigrant businesses. So we created a center that was able to

handle clients in a number of languages, and one of the things that you do find is that their perception of the problem is so different than the perception of the technical assistance providers. Sometimes, you take for granted that they understand what you mean when you use a certain term, when in fact it's a completely foreign concept to them. So those are issues.

Sewell Chan: Can you give an example?

Joyce Moy: Well, here's an example. I had one client who was written up in the Chinese paper. He had gone to the SBA for an emergency loan, for a disaster loan, right after 9/11. And the direct translation, because they got some translators, was that they had to have the majority shareholder sign the documents. Well this was a business that had seven shareholders, nobody had the majority. But the people who were translating it had absolutely no idea that what we needed was a majority of the owners to sign. So when I saw that, I was able to contact this individual and to let him know that if we get four of the shareholders out of the seven, we've got a deal. He had gone back so many times that at one point, he had said that he had no more tears to cry; he only had dry tears. He had gone there for \$25,000 and by the time we got done with him, he got \$75,000, that's all been paid back. But this exactly the type of thing we're talking about. We have folks that can translate, but they're not well trained.

The other thing that I have found, because I'm a former practicing attorney, is that in terms of technical assistance providers, often the accountants and the attorneys in those underrepresented and minority communities, are the technical assistance providers that people turn to. There was a report done in 2005 that actually sort of verifies this. The report said that 64 percent of small businesses they interviewed relied on either accountants or attorneys for technical assistance. What that means for you, the guy who did your dad's will or did your house closing is not necessarily the best one for you in terms of your business. So this is something that I think we need to work on. At LaGuardia and in my work with the CUNY School of Law, we created a continuing legal ed class, where we actually train attorneys who are interested in public service on how to help entrepreneurs and give them the business perspective so they can be useful in those underrepresented communities.

Sewell Chan: That's a great point. Ann, I wanted to ask you a little bit, you talked a little bit about the diversification of the city's economy. One of the sort of gaffes that entrepreneurs sometimes make is that the cost, not only of real estate in the city, is very, very high, but the regulatory environment in New York City can make it tough on small businesses. Do you agree with that point of view that this is a particularly tough place for new immigrant firms to thrive?

Ann Li: I think there's definitely the conventional wisdom that New York City in general is just a tough place. It's very competitive, and it may not be the best place to start a business. But I think if you actually break down in terms of what it takes to start a business, you'll find that New York City is actually a better place to start a business, and specifically a better place for immigrant entrepreneurs to start a business than many other places in this country. Vivek on the previous panel had talked about the specific challenges that immigrant entrepreneurs face when they start businesses, and one of them is discrimination. Well, New York City, I think, is more of a melting pot than any other city in the country, a city that is a mosaic of immigrants in a sense that people who come to New York City, we are truly melted together. We're not separate, and I

think the discrimination issue that entrepreneurs, or immigrant entrepreneurs may face in other cities, you'll see much less of that in New York City. We also have people from practically every country here in the city. We have more people that come from more countries than there are represented in the U.N. And that is a very natural consumer base. It's a very natural customer base for immigrant entrepreneurs when you start your business. And when you start a business that is ethnically oriented, that you have a group of customers in a city who are receptive to your business.

So I think that, other than that, the city is also known for having the best talent pool. Let it be people who speak a second language or third language or fourth language, let it be people who have the technical background, people who are serial entrepreneurs who can help you, all of these things, I think, this particular city, New York City, has more of them than any other place in the U.S. And lastly, I just want to point out that, you know, when you think about entrepreneurs in general, in our Economic Development Corporation, we think about, kind of, the three issues that people face. And I think this is a general point that's true for any entrepreneur, including immigrant entrepreneurs, which is you need capital. You need someone to give you the money. You need, and this is specific to New York City, you need affordable real estate, some cheap place where you can start. Let it be your own apartment building or cheap office space, and then you also need the know-how. You need the network fabric, you need people to tell you where to go and how to do this, people who are the support network around it.

And I would say, this city, in terms of access to funding, we have the large corporations, but don't overlook the community banks we also have here. And don't overlook the foreign financial institutions that we have in the city. We have over 200 foreign banks in New York City. When they come to New York City, their first order of business is to serve the customers from their country; that's why they set up a branch operation here. But as they mature, their second order of business is to attract local customers. The first group of local customers they attract are people and companies from their own country. That's the easiest group of people for these banking institutions to target. And we have more of that than practically I would say not just any other city in this country, we have more foreign financial institutions than any other city in the world. So that's an advantage, that's something that foreign businesses and immigrant entrepreneurs should tap into. And I would also say, we are facing a financial crisis, we are facing an economic downturn. But look for opportunities. The perennial issue that we hear people, let it be small businesses or large businesses, who come to New York City government and they say to us, real estate is expensive, can you find me some cheaper real estate? Well, real estate's going to become cheaper. Look for opportunities in that area as well.

Joyce Moy: I'd like to jump in on that a little bit. Real estate may be cheaper in general, but I think in a lot of ethnic enclaves, the numbers stay up. But I think immigrant entrepreneurs are very, very creative. And what you think is one store when you walk by may be in fact four or five entrepreneurs pulling together and taking up kiosks or table space inside a particular store. So, for example, if you walk around in Flushing, you'll see a store inside and it's broken up into little stalls and people share that space. And as a result, the price per square footage is much lower than it would be if you had rented that entire space yourself.

The other thing is that I just wanted to comment about the financial institutions. You know, in 1997, I took somebody from another newspaper around Flushing, and we saw that there were

something like 36 banks within a six-block radius of Main St. and Roosevelt. Today, in spite of the economic climate, and mergers among banks, we probably have about 34. I would be very interested in really looking at CRA requirements, the Community Reinvestment Act requirements, looking to make sure that we have quality in terms of how these banks are investing in the community, as opposed to quantity. I would like to see some of these CRA funds set aside and creating pools that might be accessible to the communities from which these banks make their money. So that's something that I'd like to look at at some point.

Sewell Chan: And that's an excellent point. Does anyone want to respond to that point about the CRA money? Okay. Yanki, Ann offered a fairly good, a somewhat optimistic assessment of the opportunities that are out there, the diversity, the banking environment and the opportunities for credit. Do you think the city is doing enough to help small business owners from the immigrant community?

Yanki Tshering: I think they're trying their best, and I think that under the Bloomberg administration, everything is done much more efficiently, but with this efficiency is also certain issues which, efficient ways in which they're collecting fines and you know, we hear a lot of complaints, so they're efficient in many ways. And I don't know about the folks at ACCION, but one hand, there's sort of this sense that immigrant entrepreneurs are contributing to the economy, and we need to support them, but on the other hand, the immediate complaints, especially among our restaurant owners, are the fines that are levied, and there's also this perception that there's a quota system, and that the immigrant entrepreneurs tend to be the targets. So I don't know how true or how realistic this is, but it's certainly the most common complaint we get from our clients.

And I think many of the city agencies could be more friendly; there could be more information available in different languages, and also with the use of technology, I feel if there's any new regulation, at a minimum, if they emailed information on these new regulations, to many of the groups like ACCION, the Business Center and the community organizations out there, we would be more than happy to spread the information and share the information with our client base. So I think that in theory, the city presents itself as being very sort of pro-immigrant entrepreneurship, sort of creating that sort of environment, but I think that there's certainly much more that could be done.

Sewell Chan: Manny, you're a wholesale food manufacturer, you sell to the retailers, whether it be small businesses and brick-and-mortar shops, or even food vendors and supermarkets. You're the supplier, what do your retail clients say about the regulatory environment and the fines, have you been affected by that?

Manuel Miranda: Actually, I can say firsthand that working with the buildings department is very difficult, even if you have an architect and an engineer, you still find that one thing's the rules and the other thing is what actually goes on. And you have to know your way around it and it's very difficult for somebody who doesn't know, especially if there's a language barrier. Especially because there's a lot of sharks out there who want to take your money. Contractors are difficult to deal with. I would say that if they had a liaison or somebody that could walk you through the practical steps, how to open your business, how to get permitting and licenses, it'd

be a lot easier. With supermarkets, I don't know if it's something that I notice, but at least in Queens, it seems like there's less and less supermarkets, a lot more pharmacies. I don't know if it has to do with regulations or what it is, there seems to be a cut down in supermarkets, I don't know what it is, I don't know if people are noticing it. I think with regulations and fines, we do need a certain amount of regulation, especially in restaurants, but again, it's one thing to give somebody a fine, another thing is to tell somebody what they're doing wrong, how they can improve on it, and that would make it a better way of dealing with the public.

Sewell Chan: Victor, any thoughts on the enforcement?

Victor Ashok Vora: Well, yes, I have a franchise business and it's much more than New York City's health department, or any other agency. The franchise will call a business consultant, they will come to you and will walk you, will guide you right along, so it's a big help from the franchisor to the franchisee. This way we avoid some of those pitfalls of doing something wrong and fines and whatnot. But still, I would agree that the health department or any other agency have a very, very forceful application of their rules and regulations. A friend of mine just got a delivery of frozen food and one of the employees don't have a hat, and he touched the food and was putting it in the freezer, and they gave him a ticket. I think Manny said, someone should create a taskforce, they should go to immigrant neighborhoods and educate them, ask for their problems and help them clear their potential violations, what they're doing wrong. Sometimes employees are not well trained and they're doing something wrong that will create a penalty and fines. So the taskforce would be good from every agency and all immigrant neighborhoods or even for any of the businesses. They go and help them rather than just policing and collecting fines and penalties.

Ann Li: I think what I'm hearing is that the immigrant entrepreneurs and the immigrant businesses around the city feel that they're being hit disproportionately with fines and levies from city agencies. I think in theory, the city is very friendly to immigrants. Actually in reality, we're very pro-immigrants as well. And I wonder...I'm not familiar with the specific fines that they're being hit with, but it's not in the city's interest to penalize any particular business group. But I do wonder if it's not an issue of awareness, let it be because of language barrier, or because they're new to the city, or new to the country, that they're just less aware of the regulations. And if it is a taskforce, it's an education campaign, it is about making people more aware and understand better what are the regulations so that they can follow it. Again, I don't think there's any city agency that's going out in particular and profiling businesses or entrepreneurs and immigrants to say we want to increase our own revenue by fining and slapping penalties on people. I don't think that is true. But I do think that perhaps for this particular group, there is an awareness issue that needs to be addressed.

Yanki Tshering: I'd like to respond to that. I agree there's a dual responsibility involved, and I think there's definitely a role for community organizations like ours, the Business Center, ACCION, and other groups that are in this room today, to educate their clients about their responsibilities. But what's very clear from the anecdotal information we receive from our clients, like there was one restaurant owner who eventually closed their business for different reasons but they said, it got to a point where they would actually budget for the fines. Every week they knew they would get a ticket for \$300, because they were close to a bus stop, and

people as they were getting on and off the bus would throw trash in front of the restaurant. So on one hand, I know the city isn't profiling the immigrant-owned businesses and targeting them, but I think it goes to the point that the gentlemen here made, maybe there's some education needed on both sides and there's a need for us to figure this out.

Sewell Chang: Joyce, you wanted to chime in?

Joyce Moy: Yeah, the city may not be profiling businesses, but half the story really is the perception. So the reality of business owners is that you're targeting them. And when you hear about things like we need to better educate, part of it is the city has done a lot under this current administration to streamline things and being able to connect people through SBS and so on to all the technical assistance providers in the community. But I still get a sense that they haven't gotten a grasp of how immigrant communities work. For example, most immigrants get their news and their information from printed publications. I used to have people who would walk around with an article about our center in particular, and they would show up at our office two years later because they clipped the article. There's all this stuff that's being done, you throw it on the website, but I'm sorry, the guy who's selling vegetables is not reading this website. So these are the kinds of things, and somebody's got to get a real grip about how it is that the communities function, there's going to be a lot of commonalities, there will be quite a few differences as well because we're very diverse. But I always feel that the guys at the table designing this, it's sort of like I'm sure how you feel about the subway. The guys who run the subway must never ride it. So it's something along those lines.

Sewell Chan: Is the guys selling the vegetables on the web at all?

Joyce Moy: Probably not.

Sewell Chan: One of the findings of the report last year by the Center for an Urban Future about immigrant entrepreneurs was that there was sort of a disconnect with the Department of Small Business Services on the needs of immigrant entrepreneurs. Do any of you want to chime in on that? Have you had any relationship with SBS and what could it do to improve its assistance to small business owners from the immigrant community?

Joyce Moy: Sorry, just a couple of things. Part of it is something that Victor talked about Subway and franchises and procurements. Procurements is another area. In the last couple of years, I've noticed this bandwagon that's been building and getting bigger and longer, and that is to bring to minority communities the idea of franchises. The idea being that this is a business that is in a box, that you have technical assistance and so on. And I always worry about that because I go to these franchise conferences and I am worried that the immigrants and minorities are only getting one side of the picture, and without proper technical assistance in terms of legal representation, etc., there are real pitfalls in franchising as well as real benefits. So people tend to tout things as a panacea, suddenly for minority or immigrant businesses.

The other thing I've seen a whole lot of is procurement, all of sudden, there were thousands of these procurement programs out there, how to get federal, state, and city contracts, how to get contracts with corporations and so on, so everybody will get all excited and go to these things,

they'd sign up, they'd register, and never get a contract. Why? Because the businesses were never nurtured to the point where they'd actually get a contract, and nobody has created a mentoring program where people understand how they need to be prepared, so when they get one of these contracts, they can successfully carry it out, in terms of blowing it and winding up being in a bigger financial hole, because they're being sued now, than they were before they got the contract. There are things like this, there really seems to be this sort of, shallow is probably the wrong word, but it's kind of a surface approach to all of this, and not enough in-depth approach.

Sewell Chan: But specifically, can SBS do anything on either front? Or the franchising or the procurement to better educate and reach out?

Ann Li: Well, I think that it may be helpful to, and some of these things have been tried, but something in terms of pulling together all of the technical service providers together and coordinating the programs, rather than having smatterings here and there, and then actually funding some of the agencies to try and do some of the training on the ground in the languages, in the culture, in the community. I don't want to ask people to come down to William Street for a training class.

Sewell Chan: Manny or Victor, any contact with the Department of Small Business Services?

Victor Ashok Vora: There's one in downtown Brooklyn, and now and then I call for some of the information. Do they help? Yes. I never had to go there, but it is a helpful agency, for sure, I forgot my point, but, no, this office, or EDC, or SBS, they do have pretty good information when you want to start something, looking for something, they will guide you in the right direction. But the problem is with the immigrant communities, they are afraid to walk into those offices and go and leave their stores and when they go they have a line and people don't know who to talk, whatnot. So it's better if someone comes to them and walks through their business plan and help them in their own place, it would be much better when they go there.

Manuel Miranda: Yeah, I agree 100 percent with Victor. He's right. It's difficult to leave your job and your business and go to SBS, but through ITAC, they did come to our business and it was one-on-one, it was better. They could actually see what you're doing, rather than you telling them, and trying to explain to them. I only went twice, and I'd say that one-to-one, when they come to your business, it's much better.

Sewell Chan: Great. We're going to open it up for questions very soon. It's no secret that Mayor Bloomberg has announced his intention to run for a third term next year, and the City Council has changed its term limits to allow him to do so. If you had two minutes of his time, each of you, and he specifically wanted to know from you what can New York City do better to encourage, promote, and nurture immigrant small businesses and help make them into immigrant big businesses? Or help immigrants get a foothold in the first place in the first place in the entrepreneurial world? What would you tell him? Why don't we start with Joyce and move down the line?

Joyce Moy: Great. I think that coupled with the technical assistance programs and better coordination of those programs throughout New York City, that creating funding avenues

outside the mainstream would be important. If he could use his clout to mobilize those CRA funds or other funds, for example, having unions create pools of money, to help small construction companies bond and things like that so they could move those programs along, if he could use his clout to mobilize whatever financial resources are out there for some sort of alternative funding source, that continues to put money back in as money is being paid, that would be very helpful.

Sewell Chan: Victor?

Victor Ashok Vora: I would ask the mayor to cut the taxes from the small businessmen who wants to open their business. No tax the first year whatsoever, so that stays with the merchant, and it takes him a long way, because he's being the first business and he won't be able to get his money from the bank and no credit history, so this money he saves inspires him to continue in the business.

Sewell Chan: I'm sorry, do you mean the personal income tax? Or property tax?

Victor Ashok Vora: Both, if it is the state tax, the city property tax, of course the property tax, any of the taxes. If I am in a big area, I'll have a big tax. So that tax should be no tax.

Sewell Chan: Okay, so even the business improvement district assessment should be reduced.

Victor Ashok Vora: That's right. Those are the extra small expenses for the businessman. So those taxes should be given 50 percent off, 100 percent off, the first two years, three years. So at least he will stay in a business and that money will create more jobs, he will expand his business, and get a few more people to work with him. Things like that.

Sewell Chan: Manuel?

Manuel Miranda: I'd say, you know, how there's an effort to have affordable housing? Maybe we should have an effort for affordable light manufacturing, mom and pop shop facilities, something like Hunt's Point in Queens for manufacturing. Just try and make the relocating, finding a place in New York a little friendlier, that kind of assistance. That would pay a lot. It would pay off for people trying to locate into the city.

Yanki Tshering: I would say everything that the three panelists have mentioned, but in addition to that, make low-cost space available for people to market-test their products, like outdoor summer markets, during the Christmas holidays, space available, low costs for new businesses, and of course access to credit is always a big issue for immigrant entrepreneurs.

Ann Li: I'll probably answer this slightly differently since I work for the city government, I work for the mayor and the deputy mayor. I want to respond to some of the things that I've heard. The mayor a couple of weeks ago announced an 18 initiative project as a response to the current economic challenge. In that package of initiatives are programs that revolve around workforce training, helping the people who are getting laid off, and specifically for small businesses around the city, there's also a capital access program, which makes \$5 million dollars

of city money available to small businesses as a guarantee program. So this pool of money can be leveraged up to \$10 million dollars, which may not seem like a huge number in light of the billion-dollar bailout packages we have right now, but it is designed to help over 400 small businesses around the city to get small loans, especially in this economic downturn. So, I want to just kind of emphasize that we are very committed to the small businesses around the city. We're very committed to the immigrant population here in the city. To the extent that the city can help in terms of affordable real estate, which is something that we're already working on, access to capital, which this guarantee program is specifically designed for small businesses. Taxes, let's talk about that later because we are facing deficits. But I think a lot of the issues that are being raised, the city is actively working on those.

Sewell Chan: Well, we're going to turn to audience questions now, there's one in the back. Why don't we start with this gentleman in the back and we'll try to get everyone covered. My only request is that it actually be a question.

Ira Weinstock, COJO of Flatbush: Ira Weinstock from COJO of Flatbush and Touro College Department of Political Science And Sociology, and the BOC Network. One of the things we've noticed is that a lot of businesses come to New York and come to our office. They've been doing things in their countries informally. Now they come to the United States, and you have 17,000 bureaucrats telling them 85,000 things, for 47,000 pieces of paper, and if you have the wrong paper and the wrong color, with the wrong date, everything has to be redone. The reason that I'm saying this is because I used to work in the Bronx at the old Economic Development Office. We did the empowerment zone. We tried to bring a company in from California. By the time they did the paperwork, they got so disgusted, they went back to California, went to Arizona, and managed to get the entire project done in Arizona in 15 days. So my question is: how do we take the city of New York, debureaucratize it? You said the people that do the subways don't ride the subways, I think the people that write the laws in New York have never lived under the laws of New York, especially when it comes to businesses, and therefore help the general economy, and help the immigrants.

Sewell Chan: Who wants to answer that? How do we streamline?

Victor Ashok Vora: I agree, that it takes a long time, only last week I'm in the process of opening a new business, so just got on to the nyc.gov and visit, and I punch in some criterias and I came up with the final results. They have like 18 or 19 permits and compliance that I have to go through. So by the time you want to open your business, it's so late and so frustrating that you say the hell with it, I don't want to do this business, I'll just work for someone else. So I agree to some extent that it's too much to do; it's just not simple to open a business.

Sewell Chan: Very quickly, yeah.

Joyce Moy: You know, it might be useful to create a task force or SWAT team of some sort that really directly goes out and addresses new businesses and works with them one on one to help them navigate that bureaucracy and get some real focus. I know it's hard when we've got hundreds and hundreds of little businesses starting every day, but particularly for ones like the

one in California, that obviously would have brought jobs and substantial income to the city, somebody should have been assigned to address them.

Sewell Chan: Second question, yes, miss?

Audience member: I have a question for Victor and its sort of along the lines of the lady's question from *Next American City* before. Since you have both franchise and nonfranchise businesses, and Joyce brought up, particularly with all the commotion around the benefits of some small businesses in New York City, franchises are kind of like that middle ground and people don't know whether to trust them or not. Are your nonfranchise businesses more profitable, or is the fact that so much of the infrastructure is already laid out having franchise businesses, are they just as helpful? A lot of us don't really know.

Victor Ashok Vora: Good one, franchise businesses are better because everything is laid out and if you are an immigrant, especially, and you just follow the books, and it will be easier to operate. They will help you with technical issues, finance, third-party finance too. So it's a lot better. And you get the brand name, because they advertise, they have a royalty you pay, so from royalties they advertise the business. So everybody knows. An example, Subway restaurants, everybody knows so yes, it's very easy to lay it out. Yes, profit depends on location, again, in business, I have one Subway sandwich shop, and another is just a deli. Maybe I have more leverage of doing what I want to do in the deli, other than the Subway sandwich shop. So there's pros and cons, but I would be for franchise business if anyone wants to open for us a second business. Once you get a pretty good hold of it, then you can open your own, you know, why to pay the royalty? A royalty for a franchise is like 12 percent, depending on the business or franchise, so more or less from 8 to 12 or 17 is the royalty.

Sewell Chan: Next question?

Audience member: I own a lounge on Staten Island, and we got a violation, I can't even remember what it was. It was \$1,000, and I went in and attended to it, and I was given a paper with a date on it, which I gave to my assistant, my partner actually. And they weren't able to go to court. In any case, what happened was I think the date was wrong, or something happened. Then the fine went to \$5,000. Now I called in to speak to someone, after probably 30, 40 minutes of holding and back and forth, and whoever I spoke to was real nasty, so referring to what you had said earlier, I think there's a big issue with training. Lack of training on the parts of the city service agent workers. So is there anything being done to address that and like she said with the task force, why isn't the city exploring those avenues as far as really trying to create a working relationship between business owners? So I guess it's two questions.

Ann Li: For your first question, I don't have a good answer, without knowing the specific department, the specific agency, this particular violation, I cannot respond to that. So I don't want to speak on their behalf, I don't know what kind of training programs they do or do not have in place. The second part, your second question, the city building a relationship with small businesses, I don't know if there are any representatives here from SBS, but SBS is designed to help small businesses. They have, and I don't want to speak on their behalf, but I do believe that

it is their mission and their goal and they do have a set of very good programs in place to help businesses to start, to help businesses to understand incentive programs around the city.

I think one of the things we're facing is that the city needs to do a better job to reach out to the community, to make the immigrant entrepreneur community more aware of the services that the city agencies provide. Because I feel like there are a lot of services and there are a lot of programs designed, perhaps not particularly for immigrant entrepreneurs, but for entrepreneurs of small businesses in general. The immigrant entrepreneur segment of small businesses is not taking as much advantage of those services as the rest of the entrepreneur community is. And this is, I'm speculating, it may be an awareness issue, it may be that we need to target that particular community better, but I think we are, we have programs in place that are dedicated to small businesses and entrepreneurs in the city to help them both start their businesses and grow their businesses once they start to make sure that they are successful and in many cases, reach to the next level. So you grow from a 3-people shop to a 15-people shop and one day become an 100-people company that contributes to the economic development of the city.

Sewell Chan: Great. We want to get to as many questions as possible. You, and then in the back.

Natasha Srulowitz, Hebrew Free Loan Society: My name is Natasha Srulowitz and I run the microloan program at the Hebrew Free Loan Society. We loan to immigrants from the former Soviet Union and we constantly grapple with the issue of technical assistance. And not so much on the pre-loan side when they're starting or expanding businesses, because we feel that SBS and other city agencies have really done a very good job in providing resources for people wanting to do business planning and financial planning. What we grapple with is after the loan. Once they receive the loan, and they need help marketing and other technical assistance and strategy. In businesses as they're working, we really would like to see more one-on-one technical assistance on premises and when we go to these agencies and ask well, would you do that, they say well there's really not enough resources to put people on the ground, and we really can't. Do you know of anyone out there doing this and whether we will see that kind of assistance going forward for the immigrant enclaves and groups?

Sewell Chan: Yanki, very quickly, do you want to respond to that?

Yanki Tshering: I don't think that there are any city agencies equipped to do that, they don't seem to have the capacity and are really overwhelmed with what needs to be done. So at the Business Center, we were actually fortunate to get grants to do some of the work you're describing. And we also formed some partnerships. We formed a partnership with the New York State Restaurant Association and Chuck Hunt was incredibly helpful. We had one of the members actually visit our members who own a restaurant and were having a hard time and give them technical assistance on-site which was much more helpful than over the phone or within a workshop. We also partner with Empower New York, and once a year we get an intern from them for a full month and we have the intern visit many of our businesses and make sure that technology equipment is hooked up properly, give them advice that they may need. There are certain grants out there which enable you to do this. What we've found, we've actually had to raise the funds from partnerships to provide this one-on-one onsite. And our clients seem to appreciate it much more than advice in a workshop setting.

Tom Lowenhaupt, Connecting.NYC Inc.: Thank you, my name is Tom Lowenhaupt, I work with a not-for-profit, Connecting.NYC Inc. And what we do is we're acquiring an Internet resource for New York City, a top-level domain name. Top-level domains are like dot-com, dot-org, dot-edu, and we're acquiring dot-nyc for New York City. And my question is at what point do new businesses seek out a domain name? There are three parts to it, at what point do new businesses seek out a domain name, and is it difficult to get a domain name? Do they find it difficult, a good domain name is short, descriptive, and memorable. And the third is are immigrant entrepreneurs focused on serving New York City, so would they be interested in getting a dot-nyc, the identity that dot-nyc provides in a domain name?

Sewell Chan: Manny, why don't you take that as you have a website?

Manuel Miranda: I think that everybody want a dot-com. I think there's dot-net, dot-org, dot-biz. But everybody really wants dot-com because that's the more popular one. Do immigrants want websites? I think that it depends on the business. If somebody has a fruit store, would it make sense to have a fruit store on-line? Just getting a website for the sake of getting one, I don't think makes sense. For us, it's shipping, we have to ship arepas all over the country, so we have to work out the glitches beforehand, so I would say it really depends on the business.

Sewell Chan: Let's answer Tom's question, you don't think dot-nyc, the jury's still out?

Manuel Miranda: No, no, no, I mean honestly no, and besides, you're trying to market outside of New York, also? If you try and sell outside of New York, which is what we're trying to do, I'd say it's better just to leave it dot-com.

Tatiana Wah, The New School: Tatiana Wah, the New School. The panel has offered great, great suggestions, particularly with regards to one-on-one training and funding that the city can provide to increase that in particular in communities, and in particular in the languages that are across the different immigrant groups. But at think what's at surface here is that we're not handling the politics that comes with it. When you start offering services, in particular, languages for particular communities, what happens at the local economic development level? Whether it's at the state or city level, for the sort of grab bag that comes, for each community, which community gets what types of services, what types of funding, and I want to ask this panel, in particular the lady from EDC, what do you think at the city level? City officials are always hands-off from that, because it involves too much politics, because there are too many immigrant groups doing business, that we're going to enter some of these one-on-one, across language, across certain communities, because there are certain political levels. How could we bypass this political impasse, in offering different services for such a varied number of groups?

Ann Li: So let me take a stab at this. I'm not sure if my answer would actually satisfy you. The overarching goal of economic development, EDC for New York City, is to increase employment in New York City. So that is our overarching goal in terms of what our organization does. The mayor had announced earlier this year that he wants all of the city agency websites, all of the services that New York City agencies provide to be translated into over a dozen languages. And this is in light of recognizing that this is an immigrant town. That we have people who come to

New York City who don't read English. And even if they do read English or speak English, they're more comfortable with their local languages. So that is something that as a city government, we're providing.

Now, to your question of what happens to kind of the political fight between different neighborhoods and the different immigrant groups, I think there is a need for prioritization, there's limited resources, so we don't have 100 percent coverage. We're not able to do everything for everyone, that's just a practical constraint that we work with. So there is a need for prioritization, and how we prioritize or how do different neighborhood agencies or different chambers of commerce or different trade associations, how do they prioritize their needs, that's a question, it's a perennial question of how do you get the biggest bang for your buck? So I think we just need to be practical in terms of what can government provide with limited resources.

Sewell Chan: Quick response from Joyce.

Joyce Moy: You know, I understand the issue about limited resources and all of that. But if 24 percent of New York State's businesses are immigrant businesses, and if the data that was quoted in the last panel that 43 percent of New York City's businesses are immigrant businesses, then it behooves the city to focus on this. This is a bigger sector than probably FIRE, real estate and so on. So I don't know what the sector approaches are in terms of the other industries, but it would certainly seem to me that somebody needs to focus on this and it's about time. You know, it's been a long time, immigrants have been in this town a long time.

Shinjoo Cho, City of Philadelphia: Hi, I'm Shinjoo Cho from the City of Philadelphia, and it's really great to hear all these points that are very much succinct. I was wondering, you guys have pointed out every issue from enforcement to lack of education, to community outreach, they're all very good points. I was wondering if you could use any success stories of partnerships of the city government, and the community-based organizations and the community-development corporations that have been mentioned. For example, the City of Philadelphia is taking baby steps. Fatimah earlier had mentioned that this administration is much more welcoming, and there has been some proactive movement that was not under the previous mayor, and the city is recognizing the immigrant businesses as the engine of economic growth. But often, the people who are doing the work are too overwhelmed and are too reactive to actually do something proactive, and to reach out to people that have the skill sets that we don't have. So my observation in the last three and a half years was that we're not the best people to provide you the data, we're not the best people to give you the publication or provide the documentation that's needed. So I found the cooperation with other people who are better at it, academia and community-based organizations to be really, really crucial. So I wanted to know in your experience, if there have been any successful collaborations and stories.

Sewell Chan: Do you want to go ahead, Joyce?

Joyce Moy: Yeah, some time ago, in New York State, there were a bunch of regulations that came through about how dry cleaners needed to operate, and of course the pollution issues are serious ones that we need to be concerned with. But the Korean dry cleaners are comprised primarily of Korean Americans in New York City, about 65 percent of dry cleaners are owned

by Koreans. And in meeting these regulatory requirements, they would have to replace their equipment, which would have cost somewhere upwards of about \$50,000. And on top of that, the companies that manufactured this equipment were few and far between and they were way behind in production. And the way that the state handled it was to sort of trickle the information out a little bit at a time about which machines met their requirements and so on.

So at some point what we did was, the Small Business Development Center at LaGuardia Community College put together a forum, bringing together the Korean Dry Cleaners Association, bringing together the New York State regulatory folks, and bringing together manufacturers of the machines and finance companies that could finance the purchase of these machines. The deadline was looming, and we pushed and we pushed and we ultimately got the consent of the state that if any Korean dry cleaner owners had come to this particular forum and could show that they spoke to a machine manufacturer, who said that the machines were not available now, and spoke to somebody about financing, etc., that they would give them an extension on the deadline. So that was an example of how a community-based organization, the Korean Dry Cleaners Association, a technical assistance organization, the LaGuardia Small Business Development Center and a New York State regulatory agency were able to work with finance and industry.

Sewell Chan: That's a great example. We have time for one final question, and I'm going to give it to the lady in the back who had her hand up.

Julie Behrens: Hi, I'm Julie Behrens, and I work in the world of affordable housing in New York, but I just want to make a comment about this issue of lack of affordable space for small businesses. One thing that occurs to me is that as we're developing new buildings throughout the city for affordable housing, often zoning dictates that we have a ground floor commercial space. I know just from working on these deals that that commercial space doesn't receive any subsidy, it's kind of left to the developer to do what they want. And I think that probably people notice that many times, these ground floor commercial spaces stay vacant for a very long time. And I think it's because it's expensive, and because the spaces are carved out in large floor plates, and small businesses don't always need that much space. So I just sort of pose this as food for thought, or a suggestion, it seems to me that this would be an easy collaboration between agencies. These new deals already have a lot of government subsidy going into them, and perhaps there could be some space for subsidizing, or somehow working out a deal on ground-floor space. And also, many of these developments are in immigrant communities, so there is a pent-up demand. So I just wanted to throw that out there.

Sewell Chan: Anyone want to respond to that?

Victor Ashok Vora: Let me just say that in downtown Brooklyn, there's a lot of new buildings coming up, condo, co-ops, and they have these things as you say, it's a lot of retail space there, but it's unaffordable, it's like they're asking \$100-\$150, \$200 a square foot. Where are you going to get that money and what kind of business are you going to put in there? I mean, you're going to have affordable housing, why can't you have affordable retail down there? Out of four stores, just make one affordable store. So one, at least one business will be viable there rather

than one big business which may or may not work, so. One affordable retail space also should be there for buildings like this when they have affordable housing.

Sewell Chan: Great. For those questions we couldn't get to, the panelists are up here if you want to come up and address them individually. Can we please give this panel a round of applause, thank you!

Dr. Edward Rogoff, Lawrence N. Field Center for Entrepreneurship, Zicklin School of Business, Baruch College: We've learned that some of the overarching themes of research that we've done focused on minority entrepreneurs which overlaps very heavily with immigrant entrepreneurs that we've talked about here. First and foremost, I would say stereotypes don't apply. Second, I would say that entrepreneurs are entrepreneurs are entrepreneurs. And the policy question that I would ask you is, is entrepreneurship the great integrator into American society for immigrants? Does looking at financial statements, and dealing with realities of making a payroll unify everyone's thinking and attitudes? Does having to think strategically about where your next customer comes from make everyone a marketer? Having studied immigrant and minority entrepreneurs, the answer that we've come to is yes. That as much as the Statue of Liberty in the harbor of New York is a symbol of welcome and integration into American society, that entrepreneurship is the mechanism that leads to that eventual integration and success in America.

There are many key similarities that we found with entrepreneurs of various ethnic groups, one is that their motivations and goals are very similar. They want to make money, they want control over their lives, they want control over where they live, they want to use their skills and abilities, and they want to build something of lasting value for their family. They also take great satisfaction in their businesses, and they take great satisfaction in the personal journey that entrepreneurship has led them on, and you've heard many examples of that already today. They're very satisfied with the fact that entrepreneurship gives them a vehicle for balancing work and family issues. And they suffer many of the similar aggravations of cash flow, of dealing with family members, of aggravations and problems raising money from banks and from other sources.

There are also some key surprises that we found, in studying minority entrepreneurs; I'll share a few of them with you. One is that Korean-Americans who are often regarded as the model entrepreneurs in America are often also the least happy with being entrepreneurs. They view entrepreneurship as a second-choice career. They really would rather be professionals, or executive for large, well-known companies, but since they can't make that transition easily in the United States, they adopt entrepreneurship, and of course they're successful at it because they're well-educated, they have resources, they have business experience, they have strong family connections. African-Americans, contrary to many stereotypes that many of us hold, are very similar to other groups. Except that they see a much greater social purpose to entrepreneurship in its own right. They see the very act of being entrepreneurs as being a service to their communities, because they're not only servicing their communities as merchants and businesspeople, they see themselves as serving their communities as role models. African-American receive government help at the same rate as everyone else, and they have the same

mixed feelings about its value in helping them in their businesses. African-American ventures have greater reliance on customers of their own ethnic group, in large part of where they're located. Mexican-Americans another group that we've studied and you heard a tremendously prominent Mexican-American entrepreneur earlier today, are the most multiple-generational of the groups that we've studied. Because of their proximity to Mexico, many of them go back and forth to Mexico over decades and generations. They have ongoing significant involvement with Mexico in large part because of this proximity, and they become the most typical of what's called "gateway entrepreneurs."

So let me tell you a little bit more of what we do here at Baruch, and the entrepreneurship program. We have one of the largest entrepreneurship programs in the United States, in fact, I would say we have the largest entrepreneurship program in the United States. We have graduate and undergraduate majors in entrepreneurship; we have a minor in entrepreneurship, we have about 1,000 students a year in our degree-granting programs that participate in entrepreneurship courses, or are majors in that field, and many of them go on to start businesses. We have the Field Center that I mentioned, on the second floor. The Field Center helps more than 1,000 entrepreneurs a year, with direct services that gives them access to Baruch faculty, counseling and advice, and we have a staff of full-time business counselors, we have a Small Business Development Center. I have these incredible statistics which even I find hard to believe, but Monica Dean gave them to me, so they're absolutely right.

Since it was founded, the Field Center has seen over 13,000 clients with one-on-one service, it's created or saved, credited with creating or saving more than 5,000 jobs, and its total economic impact is almost \$100 million dollars. We've run more than 500 events, at which more than 14,000 people have attended. Two out of the last three years, the Baruch entrepreneurship program has made the top-25 list of Princeton Review, of the best entrepreneurship programs in the country. So we're very proud of what we've done. This program has included a very aggressive research agenda, and the research that I shared with you briefly over the last few minutes is part of that, that was funded, by the way, by the Kauffman foundation, and Greenpoint Financial, and we call that study the National Minority Business Owner study. It's the largest nationally representative sample of minority entrepreneurs ever collected, and has been the subject of more than 10 academic papers that have already been published.

In the past year, we've merged our research agenda with Babson College. Those of you may be familiar with Babson College, you know that it's the leading entrepreneurship school on Earth, and for the last 10 years, they have run in partnership with organizations and governments from around the world, the *Global Entrepreneurship Monitor*. A copy of this year's annual report is in your materials, this is the largest and most significant study of entrepreneurship ever undertaken, by merging our work with Babson over the past year, Baruch is now able to pursue our previous research interests in minority entrepreneurship and also later-life entrepreneurship, while expanding our interests in global entrepreneurship and getting the great bonus of working with the finest group of entrepreneurship researchers in the world. It sometimes takes the form of something as simple as adding immigration status to data collected and sometimes is as extensive as writing complex reports. Among agenda items for us to expand with GEM include local and regional reports, and Babson has started this by doing a GEM Massachusetts report. It's our agenda to create a GEM New York report. GEM is led by Professor Elaine Allen, the research

director of the Arthur M. Blank Center for Entrepreneurship, and a professor of statistics and entrepreneurship at Babson College. Elaine has a B.A. from Skidmore College, and an M.A. from the University of Evansville, and a Ph.D. from Cornell University. Elaine is a fellow of the American Statistical Association. In addition to her work on entrepreneurship, she has applied her tremendous statistical prowess to health care and biotech industries, but most importantly, she has applied it to baseball. Despite the fact that she is a rabid, out-of-control Red Sox fan, it's my pleasure to introduce to you Dr. Elaine Allen.

Dr. Elaine Allen, Research Director, the Arthur M. Blank Center for Entrepreneurship at Babson College:

Good afternoon, and it is truly an honor to be here today. What Ed omitted from my biography was that I was born and grew up in Astoria, most of my relatives lived in Flushing, and they were wonderful places to grow up, very diverse. Growing up in Astoria, Greek food is my favorite, and like Mr. Chan, I graduated from Hunter College High School, although many, many years before him, when it was all women. So you heard a bit about GEM from Ed. It's unique, because we look at the behavior of individuals. There are a lot of entrepreneurship indices out there, in particular the World Bank Index, the World Economic Forum, but what they measure has to deal with registered businesses and government statistics. We go out and survey 200,000 individuals worldwide every year and our objective is both to provide knowledge and comparison across the globe, but also we have a mission to look at policy. And that's why I'm so delighted to be here, because we're often thought of as, oh yes, you're that research project. But we really aren't, we're really practically oriented. Last year and over the last 10 years, we have surveyed over 60 countries, 45 countries in 2008, U.S. is a founding partner, and I'd like at this time to recognize my co-authors, you met Ed Rogoff, Joseph Anocci, Ivory Finesse, and Monica Dean at Baruch, who co-authored the report that you have with you today, and you can read that report. I want to give you a flavor of what's coming up in the next report.

We define entrepreneurship a little bit differently than other people, so that we can look at the span of what entrepreneurs are and what they become. We want to look at entrepreneurs from before they even start that business, so when we ask questions, we say: are you going to start a business in the next three months? Are you thinking about starting a business? Have you started a business, and it's in an early stage? Then we want to look at established businesses, and why do we want to look at established businesses? Because what's important is not just measuring how many people are going to start a business, but how many people are going to stay in a business. We believe, and at Babson, we eat for breakfast the belief that it's entrepreneurship and small business that will lead us out of a recession. So going forward, the types of questions we ask everyone? Well, we want to know what your skill level is. We want to know what your motives are. We heard this morning on a panel that it's hard to gauge why people start a business. So we start with the idea that you start a business because you have to, or you start a business because you see the opportunity. And the opportunity we find is very different for men and women. Men are more motivated by the opportunity where they see a financial return, women are motivated by the opportunity to be independent.

When we look at immigrants and minority groups, when you read the report, you'll see that they found that many of the minority entrepreneurs founded a company because they believe they didn't get a job because they were a minority. So they went ahead and started their own business.

That's very important. So when you look down this list and you get to the bottom, I mean these are pretty expected, innovativeness, we want to know, how fast do you think your business is going to grow? There's an expression about start-ups, which is some start-ups are called gazelles, because they are going to leap forward, and they believe they'll have more than 20 employees, in the next five years. They're going to raise five times the amount of cash that they start with in the next five years. So we want to know what they expect is going to happen, financing, and at the bottom we have discontinuance. We believe that stopping your business, and having an exit strategy is part of entrepreneurship. A lot of people get into it because they really want to sell their business. Now I've started three companies, one I started with \$2,000 from my dad, he said that he thought we would never get it back, but we sold the company, one company I brought public, and the other company, it got acquired. Well, you do it for different reasons, so we include that and ask you not only, have you discontinued a business, and why, but the business that you're starting, what do you think you're going to do, are you looking to merge, are you going to hang on to it, and we find that there are different motivations.

So after the questions that go to everyone locally, the U.S. team as Ed said, has looked at different questions that are important in the U.S., many countries, immigrant status, or minority status, just don't play a part, they're very, very homogeneous. So we ask questions on immigrant status, and as I heard today from all of you, we have shown that yes, twice the rate of starting businesses, than of people born in the U.S. are immigrants. Next is we want to know, especially now, do you have social, environmental, or just economic profit goals? Are you into social entrepreneurship? Babson just got a \$10 million dollar grant to look at social entrepreneurship going forward. And whether or not we'll see the greening of America. I can tell you that what's interesting is that early businesses have many more social goals than established businesses. When we asked then the question to apportion your revenues in terms of how much are for profit and how much are for social, how much are for environmental. Before you start the company, you're much more altruistic, than once you start getting that revenue. Then also we ask questions about ethnicity, and of course there's wide diversity, and Ed explained how we've seen that different groups have much higher rates of entrepreneurship. We want to know about your technology usage. In May, GEM went down and testified at the House Subcommittee on Entrepreneurship and Small Business chaired by Congressman Velasquez of New York City. Her big question was, we have the Internet, why aren't people just starting their business on the Internet? Because it's cheap and they can grow it from there. But we added a question on that, so you'll have to wait until next year to see what the results are for that question, I don't know.

And then also education and training. And as Ed mentioned, in 2008, we worked with Deval Patrick and Senator Kerry, to have an oversample in Massachusetts, so we will have the *Massachusetts Entrepreneurial Monitor* and we'll roll that out on December 15, with the governor. What we found were some interesting things about Massachusetts, because as a state, we are diverse in terms of Springfield, Northampton, the western part of the state is very different than Boston. We found that in fact, there the effect of being an immigrant or being a minority meant that you were much more likely to be an entrepreneur. And you were slightly older in terms of being an entrepreneur. And we hope to entice, there's people here from Philadelphia, all of you from New York, to entice you to join the bandwagon, it's not that expensive to sponsor your own state report and Deval Patrick is going to use it to help us to form policy.

What we found is that all these businesses, what kind of technology are you using, 90 percent of them are using some kind of technology in the business. So if they're using some kind of technology, as they grow, they need workers that are trained in technology. So we're going to roll out a program to our community colleges to not just train entrepreneurs in how to build a business, but also how to find the right employee. And I heard here, and I loved hearing that, well these people are working, when are they going to go to school? We want our program to be on-line. We think that if we make programs that are on-line, push them out the door, because most people when they start a company either have another job, or they have some kind of other income that they're getting, they're not just doing entrepreneurship full-time.

We have an expert survey. And the expert survey is to see whether, as the last panel found, there might be a disconnect between the entrepreneur, and the state employee who's running programs. We ask questions and as I look around the room today, I hope that I can entice some of you, it looks like I'm looking at over 100 experts in entrepreneurship right now, and what we do is survey them and we ask them just these key questions. And what do we find? We find that many experts say that there's plenty of programs, there's plenty of money out there. What do entrepreneurs say? I started my business with my mom, dad, friend, that's where they're getting their money. So there is no trickle-down, you need a better marriage between those two things.

Types of results, we have the individual results and do ask questions about how do people value entrepreneurs in this country? Now in the U.S., entrepreneurs have a pretty high status rating. If you started the company, people give you respect. That's not always true, and why is it not always true? In Japan, for example, we find that that's not always a high-status opportunity for them because the fear of failure is so high. And if they fail, they lose face. But here, start a company, fail, start another company, it's a good way to be. And finally, a very busy slide with some policy findings from GEM, things that we've recommended globally, for governments to take action on, to reduce bureaucracy and red tape, we introduced last year a red tape index for countries. The U.S. has very little red tape. We cover not just registered businesses, we look at the gray economy, because we want to know people who are starting businesses before they are registering them. And what kind of red tape is there, and what kind of expectation. And then in closing, I want you to see that we have many other specific reports. We have a report on women, we have reports on finance, we have reports on high-growth, and going forward, we hope to have in the U.S., the regional and state reports. It was great, I thank our partnership with Baruch, it made a huge difference, because it introduced our team to immigrant and minority entrepreneurship. Thank you.

Andy Breslau, Executive Director, City Futures Inc.: Ladies and gentlemen, we've had a really full day, a lot of provocative ideas, interesting stories, challenges for the nation and New York City about how to best harness the energy and promise of immigrant entrepreneur. My name is Andy Breslau and I'm the executive director of City Futures, which is the parent to The Center for an Urban Future, I want to once again extend our thanks to the Field Center and Baruch College, for being cosponsors of this event and being such wonderful hosts, in this great facility.

We are privileged and honored this afternoon to have as our closing speaker, the Honorable Christine Quinn. Chris is arguably the second most powerful public servant in New York City. After a distinguished career as a councilmember, she became, maintained her seat obviously in the Council, and became Speaker, and with that responsibility has shepherded an enormous array of programs and policies, enacted laws, to prove to the benefit of the citizenry of New York on a wide variety of issues. But more specifically, to the conversation at hand, Chris has advocated for something that I thought was really telling, how prominent it was in the last panel discussion, which was reform at the Environmental Control Board, and the impact of ticketing, which is a subject near and dear to many entrepreneurs' hearts. She has sought reform of the unincorporated business tax, something I know that strikes terror into the hearts of many entrepreneurs in New York, as well as being a strong advocate for increasing the vitality and relevance of New York City's small business loan programs. And just this morning, it so happens, Speaker Quinn was speaking to an audience of small business owners, in Brooklyn, so she is charged with the opinions, thoughts, and needs of entrepreneurs from that great borough, and we are lucky to have her here to offer us closing remarks, the Honorable Christine Quinn.

Hon. Christine C. Quinn, Speaker, New York City Council: Thank you very much, Andy, and thank you, Jonathan, also, both of you, thank you for inviting me here today. First, let me apologize for being late, it was in part, traffic, I don't know why we've cured lots of problems, but we can't cure the slow-down at 23rd and Lex. But we're also late because I ended up spending more time at a Council Hearing this morning than I had planned for. I will just tell you very, very briefly because it's not the topic of your day, but it was actually, in my opinion, a very important hearing. We have re-written the law that prevents people from harassing women who are trying to access health care services at clinics that may also perform abortions and we found that the law that we put on the books in 1994 was really not sufficient. We have a new piece of legislation that we were having a hearing on that today and you can, you know the emotion that that can bring, so it got a little heated. Unfortunately, the heated nature came from two council members, which caused us to recess briefly, but you know, emotion is emotion.

But nonetheless, let me thank Andy and Jonathan and everyone at the Center for inviting me here today, and also thank you for all of your work, because we probably don't tell you all at the Center enough, the work you do, the reports, the studies, etc., are incredibly useful to us at the Council, and often are a roadmap for how to try to solve problems that New Yorkers are facing. And the work that you put into today's conference and will come out of today's conference will, I'm sure, also be incredibly helpful in helping us come up with the most on-point agenda we can that is relevant to small businesses, and also relevant to the aspirations of immigrant entrepreneurs in our city.

And as Andy said, I started this morning at the Brooklyn Economic Development Corporation, with kind of a similar, I hope, conversation, to the one we'll have today, where I spent a little time talking about what I think we are doing and have done in the Council to try and help small businesses, but also hearing from them about what they need us to do to make their lives even easier and hopefully their businesses even stronger. Now some of the issues I raised there, I think, are very relevant to an audience that's focused on the ideas and possibilities of immigrant entrepreneurs, in our city. Let me just say first of all, if you're going to talk about immigrant-run small businesses, or immigrant entrepreneurs, you're going to start reaffirming that our city is

one that honors immigrant industry, and honors new New Yorkers when they come to our city. And I think it is incredibly important that we make sure that the laws of the City of New York make that as clear as possible, and that we stay very firmly in the posture of never allowing any of our city agencies to become de facto INS offices. We in the city have done that incredibly strongly, a number of years ago, soon we'll be able to say then-President Bush, wanted to take funding away from our Health and Hospitals Corporation, if they didn't turn the emergency rooms into INS offices. The Mayor and the Council said you go right ahead, but often when you call a bully's bluff, they back down and that's what happened in that case as well.

Now we in the Council for the past three years have tried as much as we can to recognize that the life of a small business owner and entrepreneur in our city is not easy. Often, it's not easy because we in city government actually make it harder. As I said, it's not easy generally, but sometimes, we're putting obstacles in your way. That was part of thinking that led us, as Andy mentioned, to make changes to the Environmental Control Board. To one, bring us finally into the 21st century, where you could check, is this good online, and deal with matters there, to move it out of ECB, and into the Office of Administrative Trials and Hearings, which is a place that is actually charged with the responsibilities of having hearings and adjudicating matters. And we hope that those changes which are now in place, will make that a more functional government agency that doesn't require all of you to, whenever there's a ticket or question, schlep down to lower Manhattan, to be heard, sometimes wait and wait and never get heard. Hopefully, the changes we make will be helpful and if they haven't gone far enough, I'm confident you'll let us know that and we'll go back and make further changes.

One of the biggest challenges for any small business or entrepreneur, I think, in our city, is dealing with the at times unfair way taxes are structured in the city of New York. You know, there's a lot of discussion right now about the possibility of having to raise taxes. And that is a very real possibility given how bad our economic situation is in. But that reality doesn't eliminate from us the responsibility of still changing some of the structures that are biased against small businesses, and even at a time you may have to raise other taxes, think about lowering taxes that will actually stir economic growth. So in the three years that I've been Speaker, we've made changes already to the unincorporated business tax, working to make a deeper credit there, that saved about 31,000 businesses over \$30 million dollars. We're continuing to push in Albany, to try to get the double taxation that exists for 'S' corporations off the books, and to target that to 'S' corporations, say below a quarter of a million dollars, in revenue, to save that money, put it back in small business people's pockets.

We've also called for another change to the unincorporated business tax, I don't know how many of you are sole proprietors or freelancers. Right now, if you're either of those, you're getting taxed for your personal income tax, and through the unincorporated business tax. We spent a lot of time talking about whether millionaires are going to leave the city, if we tax them a little more. The truth is, if you're a sole proprietor or a freelancer, much of your business might be done over the Internet, by computers, you are completely mobile. And if we're not focused on whether you're going to leave, because of that double whammy, with the UBT, we're potentially losing you as a New Yorker, losing you as a real creative engine in this city, in addition to losing your tax revenues, when we know you'll grow and become incredibly successful as a huge

billionaire, because you were this really smart and creative New Yorker, who was a freelancer to begin with.

Now, let me talk about some of the things that we've been trying to do in the council, not just on small businesses, but specific to New Yorkers and small businesses. One of the things that I've really tried to focus on since getting elected was the issue of hunger and nutrition in this city. Now you may not get the connection there, but bear with me for two seconds, and then I'll try to wrap up to make sure we have time for questions. We have a thriving green market system in the city of New York. We have tried to expand that. We have tried to also make sure that those green markets, as many as they can, take food stamps, so low-income New Yorkers can get the benefit of fresh fruits and vegetables. Well, our New York State Department of Agriculture has a tremendous program, where they take new New Yorkers who were farmers in their country of origin, help get them land in Upstate New York they can rent as farmers. Then connect them with greenmarkets in New York where they can sell their products. So if you go to the Washington Heights greenmarket, it's mostly folks who have been farmers in the Dominican Republic, providing fruits and vegetables to that greenmarket. If you go to the farmers market in Borough Park, to the farmers there, they're almost all new New Yorkers, immigrants who were farmers are now living in New York, New Jersey, farming and providing New Yorkers with fresh fruits and vegetables. That is a program, I think, that is incredibly exciting and has tremendous opportunities for immigrant entrepreneurs and is something we really need to think about expanding and supporting.

So you can't really talk about the possibility of immigrant entrepreneurs, in my opinion, without talking about the MWBE program in this city. Which is a good thing, but for many, just a source of frustration. You go for the training, you go for the registration, and at the end of the day, you're not really sure that you're getting much more attention than you would have in the bidding process otherwise. We're working with our partners in the state right now to try and get changes on the state contracting level. Right now, if you agree in your proposal, for a state contract, if you use and agree to use in the course of business, recycled paper, you get five extra points in the Request for Proposal process, making it more likely that you'll get a win. But if you're an MWBE, and you're bidding for the same state contract, you don't get one extra point. We need to make sure minimally, MWBEs who are bidding on state contracts are getting the same likelihood of winning as somebody who is using recycled paper. We're working with Governor Paterson's office now on trying to make that a reality.

Let me just close by saying that immigrant entrepreneurs and small business owners, this is an incredibly challenging and difficult time for all New Yorkers, but particularly people in those categories. If you're a small business or entrepreneur who's trying to start up a business, what's the thing you probably need most? Access to credit. What is hardest to get right now, one of the things hardest to get out there? Credit. That's why two weeks ago the mayor and I, in announcing a package of about 18 different things, that we hoped would help New Yorkers weather the bad economy, one of those things was the creation of a \$5 million dollar loan fund. That loan fund will be working with banks and guaranteeing 50% of the loans given, guaranteeing and assuring them. We're having an oversight hearing on November 24 in our small business committee, and we would love all of you to participate in it, where we'll flesh out

the possibility of those loans and also we'll look at the overall issue of access to credit for small businesses and entrepreneurs in our city and we would love your input.

So let me close by saying that I'm happy to take any easy questions, Andy's going to take the hard questions. But thank you all for taking the time to be here today, for being so interested and committed to the future of New York, and the future of New York as a city that is fueled and inspired by immigrant entrepreneurs. You know all of my four grandparents were immigrants from Ireland, and both of my grandmothers when they came over were household staff, one was, what do you call it, a baby nurse, she was a nanny, and the other one was higher ranking, they used to fight about it. She was a lady's maid, and my one grandfather was a bus driver, the other grandfather was a firefighter, but he was the entrepreneur in the family, and as an Irish immigrant, his entrepreneur area was a smart choice, he ended up opening a liquor store after he left the fire department and he did quite well by the family. So thank you all for being here today and I'm happy to take any questions.

Maggie Goldstein, Gotham Career Institute: My name is Maggie Goldstein and I'm from the Gotham Career Institute. One of the 18 initiatives that the mayor put out is on workforce training. So how do small businesses or training, education providers really participate, and get access to that funding?

Speaker Quinn: There's, I think, about a half a million dollar state grant that relates to that, to workforce training. One of the issues, where actually in addition to the credit access, on November 24th hearing, we're trying to flesh out, is those questions on the different proposals we put out, is how to make it easiest for folks to access that. So, you know, it may end up being that it's easiest to call 311, or to get direct answers from the Department of Small Businesses. What we're working on right now is the details on exactly the questions you asked and how do we make sure that we get that info spread out as widely as possible, so, where is Margaret? Margaret over there is waiting, if you would give Margaret your name and information, we'll make sure as soon as we cross those t's and dot those i's, we'll get that info to you, as well as we'll get it to Jonathan on that, and the other initiatives that relate to small businesses, so he can hopefully email it out to folks to make sure you're aware of it. Thank you.

Fatimah Muhammad, Welcoming Center for New Pennsylvanians: Fatimah Muhammad, from the Welcoming Center for New Pennsylvanians, hi. The farmers program sounds terrific. First question, where can we get some more information about that program, two, do you in any way incorporate...

Speaker Quinn: Yes! Yes, yes, yes, yes, yes, yes, yes! So first you want to talk to Bob Lewis at the New York State Department of Agriculture and Margaret will get you his phone number. One of the additional things that we do at greenmarkets throughout the city is a youth market program. And it's been really terrific; the young people have actually been running the markets, running their own stands with their own component of the greenmarket, as some of the different markets throughout the city. Which has been really exciting. There's two models to that, one is through the New York City Council on the Environment, where they run it at the greenmarket, and the other one is an interesting one, that some young people in my district just started. They joined the communities for an agricultural program at the settlement house in my district, the

farmer comes on Tuesday, she drops vegetables and fruits off, and then the next morning they sell them outside school as folks are dropping their kids off, we'll get you info on both of those. I can probably take one more question, you've had your hand up for a little bit.

Audience member: How're you doing, Speaker Quinn, we traded emails directly, and I observed that you no longer, there's a system now for your email, you no longer respond to your email, there's a separate department I guess?

Speaker Quinn: Yes, well I, when I was a councilwoman, I had fewer emails so I could answer a lot of them directly. And I get a subset sometimes of the emails and I try to respond to them directly, and it's funny, my staff says, you shouldn't respond to some emails directly because then when you don't, they'll be mad because you once did and you're not doing it now. We get so many emails, we have an office of correspondence, what they do is keep me up-to-date on how many emails on each topic, pro, con, etc.. They run the letters by me that go out, so, if you write a personal thing in there, they'll often send it to me. So, if you say, following up a conversation I had with the speaker at the Center for an Urban Future event and she said to send this to her directly, I'll get it. Okay. Thank you all very much.

Andy Breslau: Thank you, everyone, this concludes our program. And you can tell the Council speaker was once a member of that now-validated profession, a community organizer.
