

Washington Business Journal - October 4, 2010
</washington/stories/2010/10/04/story2.html>

WASHINGTON BUSINESS JOURNAL

Friday, October 1, 2010

Hispanic businesses surge in Washington

Washington Business Journal - by [Bryant Ruiz Switzky](#)

Alfredo Casta started his business the way many entrepreneurs do: knowing he could do better on his own.

“The entrepreneurial spirit was in me, and I wanted to scratch that itch,” he said.

So after spending 10 years as a computer specialist for the Department of Labor, the Puerto Rican formed Herndon-based **Cascades Technologies Inc.** in 1998 and started doing information technology consulting for the government.

In the early years, some customers dismissed Cascades based on Casta’s heritage. “They’d say, ‘Ah, they’re Hispanic. They’re looking for a handout,’” he said.

But as Cascades succeeded, those attitudes changed. Now the company, with \$14 million in revenue and 100 employees, has won several awards as a fast-growing company.

Casta isn’t alone. A new **Census Bureau** report shows that Hispanic businesses in the Washington area grew three times as fast as local businesses overall between 2002 and 2007, growing revenue 79.2 percent to \$7.65 billion. Eight percent of area businesses were owned by Hispanics as of 2007, compared to 6.6 percent in 2002.

It’s a significant demographic swing, illustrating the growing force of Hispanic businesses, just as they are seen as a growing political force.

And as local Hispanic businesses have grown, more companies are looking to them as a source of customers and suppliers.

“You’d have to be crazy not to,” said Sonia McCormick of **PNC Bank**, where more than 20 percent of local lending officers and many managers speak fluent Spanish.

PNC also prints all of its marketing materials in Spanish and has a representative on the board of the Greater Washington Hispanic



Photo by Joe Brier

Alfredo Casta's
Cascades

Technologies Inc. had a rough time when it launched in 1998, but is now a fast-growing and well-known firm.

[View Larger](#)

Chamber of Commerce, a place where companies can connect with Hispanic businesses.

The chamber's membership has more than tripled over the past year to about 170, and it hopes to grow to 200 members by year end, said Angela Franco, president and CEO. It helped more than 1,200 Hispanic businesses incorporate, get certified or get in touch with companies looking for SBA minority 8(a) partners for government work last year.

Some Hispanic companies have found a niche teaching business people skills they need to work with Hispanics — namely, language.

“There is high demand for Spanish because people want to do business with the Hispanic population,” said Nicolas Canales, owner of District-based **Spanish Black Belt**, which teaches conversational Spanish.

The Peruvian immigrant founded the company in 2004 and has grown it to 18 employees and expanded to several other cities. Like many Hispanic startups, he relied on a microloan from D.C.-based **Latino Economic Development Corp.**, which makes \$500 to \$50,000 loans to small businesses.

“We definitely have seen a major spike in the last several years for microlending, especially in Montgomery County,” said Manny Hidalgo, executive director of LEDC.

It launched the micro business loan program in 1997, and for the first 10 years it did an average of eight loans per year. Since 2007, the average has jumped to 55 loans per year.

At the same time, Hidalgo acknowledges that the Hispanic business community has been hit hard by the recession, particularly as a result of the downturn in the construction industry — which accounts for a quarter of local Hispanic businesses.

Data from the Small Business Administration backs that up, showing a 57 percent decline in SBA loans to local Hispanic companies since their peak in 2007, while overall local SBA lending has declined just 30 percent over the same period.

Nelson Ayala, owner of District-based CPA firm **Ayala & Associates**, which does accounting work for some 280 local Hispanic businesses, argues that the economic downturn has been harder on Hispanics than on businesses overall, pointing to the downturns in the construction and restaurant industries. He estimates 10 percent of his clients have gone out of business over the past two years, forcing his company to lay off several employees.

“It's a substantial loss. These people not only lost their businesses, but they also probably lost their homes,” he said.

Despite the challenges, Hispanic businesses are much bigger than they used to be. Seven years ago, about 10 percent of Ayala's clients had more than 100 employees. Now more than 30 percent do.

He points to Riverdale, Md.-based **Megamart Supermarket**, with five stores, as a success.

“They’re doing the right things,” he said. “They’re expanding and are not afraid to open a 40,000- or 50,000-square-foot store, which 15 years ago we wouldn’t have seen. These kinds of changes, to me, say a lot about the growth of Latino businesses.”

A Hispanic business surge

Local Hispanic-owned businesses grew dramatically between 2002 and 2007, more than three times as fast as businesses overall, according to new data from the Census Bureau. Hispanic businesses accounted for 8.4 percent of the number of local businesses and 1.3 percent of the local business revenue.

- Number of area Hispanic businesses increases to 44,428, up 54 percent
- Gross revenue of area Hispanic businesses increases to \$7.65 billion, up 79 percent

The breakdown

Construction was the largest sector for local Hispanic businesses by revenue, followed by professional, scientific and technical services.

Construction: 25.1 percent

Professional, scientific and tech. services: 22 percent

Wholesale trade: 13.9 percent

Admin. and waste management: 11.6 percent

Other: 27.4 percent

Total: \$7.65B

Source: Census Bureau, 2007 Survey of Business Owners

All contents of this site © American City Business Journals Inc. All rights reserved.