

Ramona Schindelheim, WorkingNation editor-in-chief:

You are listening to Work in Progress. I'm Ramona Schindelheim, Editor-in-Chief of WorkingNation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators, and decision makers, people with solutions to today's workforce challenges.

Recently, I attended the Aspen Latino Business Summit in Washington, D.C., where I met a variety of experts in economic development and business ownership to get an idea of how the next generation of Latino entrepreneurs can increase economic opportunities.

For this episode, I'm sharing two interviews. The first is with SBA administrator, Isabella Casillas Guzman, who talked about entrepreneurship and access to capital for Latino small business owners. She started out sharing the impact of Latino and Latina entrepreneurship on our economy.

Isabella Casillas Guzman, SBA Administrator:

Overall across the nation we've seen a small business boom, 13.1 million new businesses have applied to start, and that's an incredible startup rate, especially coming through the pandemic.

President Biden has led this small business boom with historic highs: number one year, number two year, now going into the top three years for entrepreneurship in this country as long as it's been tracked.

And what we're seeing is that women and people of color are propelling that growth, starting businesses at really high rates. And there are over 5 million Latino businesses here in this country creating jobs, creating products that are boosting our economic output. They have a 2.8 nearly trillion dollars impact in our economy overall, the Latino community.

And so that creates great opportunities for entrepreneurship, but they're in all sectors, the economy, from manufacturing products to technology and restaurants and Main Street.

And so we're really tracking the changing face of entrepreneurship in the Biden-Harris administration to make sure that they have the tools to succeed because they have historic underinvestment that has limited their growth. And we need to change that if we want to see our economy grow into the future.

Ramona Schindelheim, WorkingNation editor-in-chief:

And that brings up a good point. Earlier, there was a figure given that those small businesses are overindexed in tech, but there's not a lot of money coming in compared to the rest of the investments being made. How do we fix that problem?

Isabella Casillas Guzman, SBA Administrator:

And you talking about underinvestment in the Latino businesses in particular?

Ramona Schindelheim, WorkingNation editor-in-chief:

Yes.

Isabella Casillas Guzman, SBA Administrator:

Yeah. We have seen investments that are debilitating our economy truly, because that means if they don't get those loans that they're credit worthy and available to get, then that means they're not creating jobs, they're not creating the output. Maybe they're not going to trade abroad in a new country.

So all that limits economic activity and limits opportunity for all. And so what we need to do is open up capital. We were created 70 years ago to fill capital gaps, to create opportunities for businesses to grow. And so we have lending programs, investment programs, we propel and direct the federal spending around R&D to grants, innovation grants to small businesses. And we need to do that with equity in mind to ensure that we're reaching and serving and creating access to everyone.

Ramona Schindelheim, WorkingNation editor-in-chief:

Is there a more of a local investment being made? Because there's a lot of banks that lend in a community to... I know there's a lot of banks that lend to black communities. Are there banks in particular that might be lending to these smaller Latina companies?

Isabella Casillas Guzman, SBA Administrator:

We have seen... And President Biden has been really committed to access to capital and Vice President Harris has taken on this issue as well that we need to make sure that we are removing barriers to capital.

We learned during the scale of the pandemic at the SBA that we needed broader distribution networks. We need more lenders using our products around the country so that businesses could get capital more easily.

Rural communities face 1600 banking deserts as an example, and our nonprofit mission lenders, our alternative lenders in our program overindex to minority communities.

So our CDFIs, the community development financial institutions in our Community Advantage program overindex to minorities, as do our small business licensing companies who are alternative lenders who can access the SBA guarantee and portfolio to propel capital in communities.

And so we've modified our rules at the SBA to expand our distribution network, making Community Advantage permanent so that we can invest in these nonprofit lenders and making them a part of our broader small business licensing company program so we can grow the number of lenders and meet businesses where they are.

But it's also about the complexity of those small-dollar loans. We want to make sure that it's not just the large checks, that there are small-dollar loans to get your start. A lot of these entrepreneurs start with under \$50,000 loans and that seeds their growth into the future.

And so we've simplified and cut red tape in our programs with our rural reform so that we can make it easier for lenders to work with the SBA, and that's what we believe will be transformative to making sure that borrowers can get the funding that they need.

And on the investment side as well, we've transformed our small business investment company portfolio where we work with investors, private investors, as we do with private banks and other institutions to get debt and equity into growth oriented small businesses.

And in that program, same thing, trying to diversify our base of investors, ensure that the check writers look like the businesses that are starting, but beyond that, making sure that we incentivize that early stage investment and growth capital. And so we've made reforms in both programs to try to achieve that, to fill gaps in the marketplace.

Ramona Schindelheim, WorkingNation editor-in-chief:

I had heard earlier also... Well, this is a number I remember from... Before that small businesses employ more than half of the people in our country. So if we're not investing in these small businesses, we're not creating jobs.

Isabella Casillas Guzman, SBA Administrator:

That's right. That's right. And small businesses create two-thirds of net new jobs. Nearly all net new jobs are created by young firms, five years and under. So really the startup creation in this country is so vital to our economic growth and job creation.

So when we talk about more than 13 million jobs created in the Biden administration, small businesses are behind that and they do employ nearly half the private workforce. And not only that, they're creating local jobs where people are spending locally and spurring our economies.

Ramona Schindelheim, WorkingNation editor-in-chief:

And they're part of the supply chain that is changing.

Isabella Casillas Guzman, SBA Administrator:

That's correct.

Ramona Schindelheim, WorkingNation editor-in-chief:

And when you say you see these companies being created, these businesses being created in all sectors, is there any one sector in particular that you may see like the Latino community going into, or is it just as broad as the rest of the business creation?

Isabella Casillas Guzman, SBA Administrator:

Yeah. They've been going into all sectors, and especially as we're seeing investments in America, note that we're re-shoring and investing in manufacturing and innovation, and we want to see our entrepreneurs come from everywhere.

This president says, "Ideas come from everywhere and anywhere, and let's make sure that they have the funding and the technical know-how to build something that is a job creator in this country."

Ramona Schindelheim, WorkingNation editor-in-chief:

And I would imagine there's a lot of creation around the infrastructure money that's out there throughout the communities, throughout the country.

Isabella Casillas Guzman, SBA Administrator:

Yeah. Over a trillion dollars in spending over the next 10 years. And I know we've seen already over \$300 billion announced in projects. That's building roads and bridges and creating broadband infrastructure around this country.

That helps commerce, but it also means contracts, contracts for small businesses to win. And so whether it's a construction firm or, through the Inflation Reduction Act, the trades, maybe they're installing more HVAC systems for tax credits than the Inflation Reduction Act.

There's lots of business opportunity right now, and the SBA has really been focused on making sure they have the capital, the bonding, the technical know-how, and assistance to really go after those opportunities.

Ramona Schindelheim, WorkingNation editor-in-chief:

Thank you for sitting down with me.

Isabella Casillas Guzman, SBA Administrator:

Thank you so much for having me.

Ramona Schindelheim, WorkingNation editor-in-chief:

I also spoke with Nina Vaca, the founder and chief executive officer of Pinnacle Group, one of the world's largest IT staffing providers. She's also a Henry Crown Fellow at the Aspen Institute. Vaca shared theories on why Hispanic business enterprises like hers sometimes face unique challenges in getting loans to launch or grow their companies.

Nina Vaca, Pinnacle Group founder and CEO:

I love that you and the SBA administrator have chosen to highlight this little concept called Latina entrepreneurship. It's one of my favorite topics, but it is clear that the Latino community is impacting America in a variety of ways, but in entrepreneurship in a very meaningful way. 34% of the new businesses are started by Latinas and women of color. And so the contributions that we're making to the American economy are clear.

Ramona Schindelheim, WorkingNation editor-in-chief:

But there's a challenge, and that challenge is getting the capital that you need to not only start the business but, once you get it started, to nurture it and grow. Why is there this challenge? What's stopping financial institutions from investing?

Nina Vaca, Pinnacle Group founder and CEO:

It is a challenge. While there are many Latina owned businesses in this country, less than 10% of them are actually scaling in a very meaningful way. And capital isn't just one challenge. It's access to capital, but also access to contracts.

And so there's a role that everyone can play in addressing both of those, because for me, the biggest access is access to opportunity, because the access to opportunity can float the boat of capital, can float many boats.

The entrepreneur can find a way to scale the business, which is the subtlety that we really want to focus on. And I'm so glad that I had the opportunity to talk to the SBA administrator today at the Aspen Latinos and Society event because we kind of double clicked on the need for scale.

So we have the numbers, but now we need the scale and capital is one of those levers, but so is opportunity. The SBA, and what I learned, is that SBA has many programs that have roadmaps about scaling in particular.

Ramona Schindelheim, WorkingNation editor-in-chief:

One of those things could be government contracts, whether they're local or federal. The Hispanic Latino entrepreneurship, both men and women, they're not getting those contracts at the same rate and they're not for long-term.

Nina Vaca, Pinnacle Group founder and CEO:

I also read that statistic in terms of the Latino community, I call them Hispanic business enterprises, for short HBEs. The growth in the scale of HBEs has been a challenge.

Government is an opportunity for contracts, so is corporate America, by the way. I think corporate America can play a very important role getting their supply chains acquainted with these HBEs, these Hispanic business enterprises that are out there. Because while many of them are small, there's also scaled global mature Hispanic businesses as well. It's making that connection.

Ramona Schindelheim, WorkingNation editor-in-chief:

What kind of strategies do you see... The government plays a very important role in that, but in a community, do you have some ideas on what could be done to enhance that and give that support?

Nina Vaca, Pinnacle Group founder and CEO:

Included in the strategy, not the total strategy, but some inputs to the strategy is awareness and it's awareness on both sides. It's awareness to government agencies and corporations, the impact and the number of Latina owned businesses. So making them aware that they are scalable entrepreneurs out there in their local cities and states. So awareness is a really big part of the strategy.

The other is, quite frankly, seriousness; is looking for those organizations that are not just sincere about helping Latino businesses, but are actually serious about it.

When those corporations are serious and not just sincere, they have parts of their organization that are dedicated to that. And just like any business, they will have measurable goals, people in charge, and outcomes. And getting that relationship between Hispanic business enterprises and the supply chain, that's where the magic happens.

Ramona Schindelheim, WorkingNation editor-in-chief:

I want to turn to your own story because you run a very successful global company. Tell me how hard it was for you to start up, or was it hard? Did you have access to capital? How did you get off the ground?

Nina Vaca, Pinnacle Group founder and CEO:

Well, that's a great question. You're talking about looking back 27 years, so to say that the dynamics, the industry, the world was just a different place in 1996.

But I started my business from my apartment living room floor, but I had been in business all my life. I am the daughter of immigrants that came to this country that built their own business.

And so I like to believe that I've had a front row seat to watching my parents persevere, advocate, and build a business, and nothing could be a better foundation for me to start my own business.

So in many ways, I was almost trained to look for opportunities and to think like an entrepreneur, and this is the gift that I think generational businesses will pass on, is the gift that I was able to receive is to see opportunities where others may not. And so that's my personal story.

I ended up getting curious about technology because at a very young age, I was exposed to a computer, a computer. I was 15 years old. It was a dumb terminal, so not quite a computer yet because we're talking pre-Microsoft, pre-Apple, pre-everything. But I got curious, and that's why I feel like an important part of my role is to create curiosity among the next Latino generation about technology.

Ramona Schindelheim, WorkingNation editor-in-chief:

The idea that you took your lived experiences and turned it into a business is, I think, at the heart of what a small business person does. I think the average age I read was 40.

You were obviously much, much younger than that, but 40, where people have some work experience, they have some industry experience. And so when people start going, "Oh, what am I going to do? I don't know if I want to keep doing this same job I've done," a lot of times, they stay in the same industry and they just create their own business around it because they know what's still missing. So you figured it out at an earlier age than a lot of us, right?

Nina Vaca, Pinnacle Group founder and CEO:

And the only reason I did is because I had that beautiful role modeling from my parents, but 40 is a... When you think of human development or when you think your younger years, you are doing what you're passionate about, you're doing what's right in front of you and you're doing it well, and you find some success, and about 40, you start kind of questioning and understanding what really motivates you and what moves you.

And so I'm not surprised that that season of your life is when you're really dedicated to what moves you and what your purpose is. You're kind of unlocking what you're made for.

Ramona Schindelheim, WorkingNation editor-in-chief:

And you saw the tech industry as an industry that you should... you saw it as something you should strive for to be a part of that and created your business, which is IT staffing.

I know that your foundation really is interested in helping women, Hispanic women grow into that field because now all jobs are tech oriented. Tell me a little bit about what you're doing there.

Nina Vaca, Pinnacle Group founder and CEO:

I'm glad you asked that question because this is a real passion point for me. I am spending a lot of my time advocating to the Latina, Latino community that business is an incredible place to be--not just STEM and technology, but business.

Business is for everyone, and it's absolutely for Latinas. When I look at the level of Latinas that are in the C-suite or in executive roles or on boards, I don't get mad. I get motivated because we need to give awareness to our young next generation how powerful business can be.

So the curiosity of technology took me from a 15-year-old curious teenager to really want to dedicate myself to what is and continues to be one of the fastest growing industries in mankind.

And so technology is going to affect all of us. If you think about the overall Latino community and the growth of the community, and you think about how fast technology is moving, we must, we must embrace technology and embrace business.

Ramona Schindelheim, WorkingNation editor-in-chief:

And how are you, through the foundation, putting those words and passion into action?

Nina Vaca, Pinnacle Group founder and CEO:

Well, a couple of ways. Number one, I had the honor and privilege of being appointed by President Obama as a Presidential Ambassador of Global Entrepreneurship.

So in that post, I was able to travel to four different continents and share my entrepreneurial story and inspire other entrepreneurs. So the ripple effect of my story, I was the only person who was not a household name. The other page ambassadors are all celebrities, and I was the only household name.

And I asked the president why, and he said to me, "Nina, because people can really relate to your story. You started your business not to make money. You started it to create a future for your family," at the time because of my family circumstances. And there are many people who start businesses that way. So that is one way I do my work.

The other way is by investing in partnerships locally and nationally. An example of a local partnership is the P-TECH program where we're investing in high school students to get a college degree and an associate's degree at the same time.

In fact, we join a lot of major employers in Dallas, Texas, but we're the first entrepreneur to join the cohort of investing in the P-TECH program. In fact, we have many P-TECH graduates that work at Pinnacle today, and a huge success story in my own right hand, Juli Amaya, who not only serves our country in the Army reserves, but she's also a P-TECH graduate now works for the office of the CEO.

The third way we do it is internships. There is nothing more powerful than an experience. I am proud to have our own internships this year, many of which are Latino students or Latino or students that are in underserved communities. So it's not just for Latinos, it's for everyone.

But the majority, just by the nature of our backyard and where we recruit, are Latino and we invite them to have an experience, an internship. We had them in supply chain and communications and cybersecurity, in IT, in legal.

So this year we had a class of 15 interns. As a small businesses, we're doing all the things that we know create the ripple effect to get Latinos ready for the next generation.

Ramona Schindelheim, WorkingNation editor-in-chief:

That next generation is a digital generation, and everything takes those skills. So getting them firsthand and while they're either in high school or just out, it's fantastic.

Nina Vaca, Pinnacle Group founder and CEO:

I'm glad you brought that up because our Pinnacles internship program is actually global. We had someone from India and someone from Ecuador, my home country as well, but it was wonderful to give them that kind of awareness.

Most of them were going to college. Some of them were in college and some of them had graduated college, and experience is another way that we can try to create that ripple effect.

Ramona Schindelheim, WorkingNation editor-in-chief:

Are you hopeful that we are seeing a change and that we're seeing the Latino, Hispanic, Hispanic businesses growing, getting recognition, or do you just still feel like we're have a lot more to do?

Nina Vaca, Pinnacle Group founder and CEO:

I feel like the awareness of the contributions that Latinos make in this country is still an opportunity for us to continue to do more of, particularly entrepreneurs.

I think the challenge is many of the 5 million Latino owned businesses in this country are small, and that creates a challenge of awareness to scale and the ones who are large to not be considered or thought of or have a bias that were small.

Pinnacle, as an example, is a global company. We serve 20% of the Fortune 100. In fact, we serve some of the largest companies in the world, and who would've known that you could go from your apartment living room floor to serving the largest company in the world?

And so I think awareness is... There is a whole lot of opportunity to celebrate the contributions that we make, both as individuals and as entrepreneurs. So I'll just say that, but that's always the case.

Ramona Schindelheim, WorkingNation editor-in-chief:

I can see why President Obama said you were an inspiration.

Nina Vaca, Pinnacle Group founder and CEO:

You're very kind.

Ramona Schindelheim, WorkingNation editor-in-chief:

Those were my interviews with SBA administrator, Isabella Casillas Guzman, and entrepreneur, Nina Vaca. I spoke with both at the 2023 Aspen Latino Business Summit in Washington, D.C.

I'm Ramona Schindelheim, Editor-in-Chief of WorkingNation. Thank you for listening.