Report
January 21, 2011

2010 Small Business Study

work2future
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Support for small businesses is sometimes elevated to the status of mom, apple pie and baseball. Small business owners are credited with creating most new jobs, and are described by some as an endangered species threatened by taxes, government regulation and a culture that favors big businesses. What, if anything, of this standard view is true?

Further, what do small businesses mean to Silicon Valley, which is globally recognized as a hotbed of high-tech entrepreneurship? What is the current environment for small businesses and entrepreneurs in Silicon Valley, and is there anything that work2future, the City of San José and other groups can do to jump-start job growth through support of small businesses and entrepreneurs?

2006 Study and Other Background

In a 2006 study for work2future and the City of San José, BBC Research & Consulting (BBC) found that there were about 130,000 small businesses in Santa Clara County (firms with fewer than 20 paid employees), a large figure but still less than one would expect for a metropolitan area the size of San José. Further, the small business component of the local economy appears to be a less important source of jobs in Silicon Valley compared with other cities. This study concluded:

1. It is true that Silicon Valley is a center for high-tech start-ups. Growth of the local high-tech industry has historically come from new firms, not old firms. However, small businesses are relatively unimportant in Silicon Valley high-tech, “infant giants” are.

2. There is little about the forces of high-tech entrepreneurship that carries over to other sectors of the Silicon Valley economy.

3. Even though the small business sector in Silicon Valley is relatively small and rates of business ownership lag other areas, entrepreneurship is important. New businesses account for most of an economy’s job growth.

4. San José metro area entrepreneurs need assistance, but rarely turn to local business assistance providers. Including people who have thought about starting a business or view owning a business as a personal goal, the potential market for business start-up assistance is about 500,000 adults in the San José metro area. A very small fraction of these individuals approach local business services providers for assistance.

Since the 2006 study, work2future, the City of San José and others have attempted to better coordinate and market the assistance services locally available to small business owners and entrepreneurs. One purpose of the 2010 research is to determine whether local small businesses and entrepreneurs are aware of these efforts and if they can be improved. In addition, the economic downturn has increased the need for local job creation. Has the rate of entrepreneurship fallen locally? Do entrepreneurs still see the local area as a good place to start a business? Is there anything new that local agencies could be doing to facilitate new business start-up or small business growth?
Key Questions

BBC’s 2010 Small Business Study answers three areas of questions:

1. What does the latest national and international research suggest about the importance of small businesses and entrepreneurship and the health of this component of the economy?

2. What has changed in Silicon Valley since the 2006 study? How do small business owners and entrepreneurs in Silicon Valley perceive current conditions? Is there a way to systematically track health of small businesses and entrepreneurship for a local area?

3. Are there local policies and programs that can improve the local environment for small businesses and entrepreneurship? What actions could work2future, the City of San José and others in Silicon Valley take to improve the small business/entrepreneurship climate?

To answer these questions, BBC:

- Collected and analyzed research from throughout the United States and outside the country (Appendix A);
- Analyzed available secondary data since 1980 (Appendix B), including regression analyses on historic business ownership (Appendix C) and performed research on the Silicon Valley economy using newly available data (Appendix E);
- Performed two surveys in Silicon Valley — one with households about entrepreneurship (Appendix F) and one with small business owners (Appendix G);
- Held focus groups with local small business owners and small business assistance providers and interviewed banking experts (Appendix H);
- Conducted interviews with architects and small business owners who have attempted to construct new buildings or improve existing buildings in San José (provided under separate cover);
- Prepared an inventory of local small business assistance (Appendix K);
- Reviewed different national indexes of small business health (Appendix D); and
- Reviewed ingredients for success for entrepreneurship and small businesses from the available literature (Appendix I) and policies and programs throughout the country that assist small business owners and entrepreneurs (Appendix J) including case studies of Austin, New York City and Kansas City, Missouri.

This summary report briefly examines key results and policy implications. Supporting appendices provide detailed research results.
1. Results of the Latest National and International Research about Small Businesses and Entrepreneurship

BBC concludes that small businesses, and especially entrepreneurship, are important to Silicon Valley, but for very specific reasons. By first dispelling some myths about small businesses, effective policies and programs become more apparent.

**Key questions concerning small businesses.** BBC examined whether reasons why others believe small businesses and entrepreneurship are so important hold true from the available data.

**Do small businesses account for a large share of total private sector employment?** No, businesses with fewer than 20 workers comprise a relatively small portion of private sector jobs.

Based on U.S. Census Bureau Statistics of U.S. Businesses, businesses with fewer than 20 workers represent about 18 percent of all private sector jobs in the United States.\(^1\) In the San José metro area, small firms account for 15 percent of local private sector employment (Figure 1).\(^2\)

**Figure 1.**
**Share of total employment by number of employees, 2007**

![Pie charts showing employment by number of employees in San José MSA, California, and United States.](image)

- **0-19 employees**
- **20-99 employees**
- **100+ employees**

Note: Data are for size of business, not size of business establishment. A firm with 50 establishments employing 10 people each is counted as a 500-person business.

San José MSA refers to the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA), comprised of San Benito and Santa Clara Counties.


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\(^1\) Defining small businesses as companies with fewer than 20 employees. Note that the precise definition of a small business is somewhat arbitrary, with different researchers using different definitions. For example, the Small Business Administration defines small firms as those with less than 500 employees. By this definition, small businesses represent about one-half of all private sector employment, nationally.

\(^2\) Even including businesses with 20 to 99 employees, small businesses employ a smaller share of private sector workers in Silicon Valley (31%) than California (38%) or the nation (35%).
Data for 1997 were the first U.S. Census Bureau Statistics of U.S. Businesses results available for the San José metro area. Share of employment in firms with less than 20 workers has changed little since 1997.

Because of the location of large employers within Silicon Valley, it is likely that small businesses account for somewhat more of private sector employment within the City of San José than the metro area. These Census data are not available at the city level, however.

**Is a job in a small business better than a job in a large company?** No, if a better job is one that pays more or provides more benefits, or generates more in tax revenue.

Internationally, nationally and locally, small businesses pay lower wages than larger businesses. In the San José metro area, firms with fewer than 20 workers represent just 9 percent of total private sector payroll. Research on U.S. businesses has only been able to attribute a portion of the difference in pay to characteristics of the job or the worker. Other research indicates that small businesses also lag large businesses in offering non-wage compensation such as health insurance and retirement contributions.

BBC also found little firm evidence that, per job, small businesses contributed more than larger companies to a local tax base.

**Do small businesses account for most job creation?** No. Once formed, small businesses, like larger businesses, are net job destroyers.

Based on National Establishment Time Series (NETS) data, BBC estimates that established businesses with fewer than 20 employees accounted for roughly 350,000 new jobs and nearly 400,000 job losses in Santa Clara County between 1994 and 2008. Businesses with 500 or more employees added over 500,000 new jobs but were responsible for more than 725,000 job losses over the same period.

**Figure 2.**
Number of jobs created and destroyed by existing firms, 1994-2008

<table>
<thead>
<tr>
<th>Firm size</th>
<th>Jobs created</th>
<th></th>
<th>Jobs destroyed</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Santa Clara</td>
<td>California</td>
<td>Santa Clara</td>
<td>California</td>
</tr>
<tr>
<td></td>
<td>County</td>
<td></td>
<td>County</td>
<td></td>
</tr>
<tr>
<td>1 to 19</td>
<td>352,452</td>
<td>6,330,373</td>
<td>395,365</td>
<td>7,274,375</td>
</tr>
<tr>
<td>20 to 49</td>
<td>142,305</td>
<td>2,070,174</td>
<td>139,089</td>
<td>2,051,915</td>
</tr>
<tr>
<td>50 to 99</td>
<td>101,701</td>
<td>1,571,455</td>
<td>109,910</td>
<td>1,616,565</td>
</tr>
<tr>
<td>100 to 249</td>
<td>130,575</td>
<td>2,188,638</td>
<td>141,753</td>
<td>2,245,110</td>
</tr>
<tr>
<td>250 to 499</td>
<td>100,780</td>
<td>1,646,335</td>
<td>105,244</td>
<td>1,796,034</td>
</tr>
<tr>
<td>500 or more</td>
<td>517,562</td>
<td>7,391,009</td>
<td>727,189</td>
<td>9,719,504</td>
</tr>
</tbody>
</table>

Source:
BBC Research & Consulting from 2008 NETS California database.
**Do entrepreneurs account for most job creation?** Yes. A recent report from the Kauffman Foundation found that net job growth in the United States comes from firms less than one year old.\(^3\) BBC’s NETS data analysis for Santa Clara County supports this view. As can be seen in Figure 3, firms that are one year old or older are net job destroyers.

**Figure 3.**
Average annual job creation and destruction, by age of firm, Santa Clara County, 1999-2008

This does not mean that small businesses create these jobs. The confusion among researchers comes from the fact that most new businesses are also small — 95 percent of new businesses had fewer than 20 employees at the time when their size was measured. Certain start-ups stand out, however — recent research has shown that “gazelles” (high-growth start-ups) account for a very large share of the jobs created by new firms.\(^4\)

Therefore, the link between new businesses and small businesses is two-fold: (a) many new businesses that create jobs never grow beyond the ranks of small businesses, so their job creation is often attributed to small businesses as a group, and (b) rapid-growth start-ups spend part of their early life as small businesses before growing into large ones. Although some new firms grow to become giants, many small businesses start small and remain small, or close after a few years (about one-half of all start-ups close in the first five years\(^5\)).

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\(^3\) Tim Kane, “The Importance of Startups in Job Creation and Job Destruction,” Ewing Marion Kauffman Foundation (2010) 5.


How much do start-ups contribute to total Silicon Valley job growth? BBC estimates that firm birth accounted for 39 percent of jobs created in Santa Clara County based on the NETS database. Relatively few new jobs came from companies moving into Santa Clara County, with firm expansion creating the balance of new jobs from 1993 through 2007. Expansion of firms (including small firms) represented 56 percent of job creation in Silicon Valley over this period, as shown in Figure 4. Similarly, 62 percent of Santa Clara County employment loss was due to contraction, compared to 31 percent from firm death. This was consistent with job creation and job destruction findings for California as a whole.

![Figure 4. Sources of job creation and destruction in Santa Clara County, 1993-2007](source)

As shown in Figures 5 and 6, on the next page, job creation due to births and job losses due to firm deaths is highly cyclical in Silicon Valley.
Are all business start-ups equal? No. High-aspiration entrepreneurs tend to be more important in creating new jobs than other entrepreneurs.

Recent research has tested the link between local rates of entrepreneurship and economic growth. Although some researchers have found a link between high levels of entrepreneurial activity and higher growth rates, other researchers conclude that so-called “ambitious entrepreneurship” contributes more strongly to growth. Others refer to this entrepreneurship as “high growth potential...

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entrepreneurship.” Some have argued that policies to support entrepreneurship should target firms that have the desired characteristics for high employment growth.9

**Are there less tangible benefits of entrepreneurship?** Yes. Factors other than financial gain may drive individuals to start their own business or work for a small firm or start-up. These benefits may include the increased freedom of working for oneself, improved economic and social mobility, or a greater sense of personal fulfillment.

A number of studies support this view, both in the United States and in other countries. While one explanation for these results could be the intrinsic differences between people who are entrepreneurs and people who are not, studies that have tracked individuals who move between one group and the other indicate that individuals who start their own business subsequently report higher levels of job satisfaction.

Other research has focused on the benefits of personal mobility and self-improvement, particular as these relate to traditionally disadvantaged groups.10

The rewards of owning a business are confirmed in BBC surveys with Silicon Valley business owners and local residents:

- More than 70 percent of the business owners report that the personal rewards to owning a small business were greater than what they would experience in a similar job at a large company.
- Among Santa Clara County residents, one-quarter say that owning a business is a personal goal.

Some researchers observe that small businesses play an important role in maintaining strong social networks in a community. A local retailer or service establishment that is locally-owned may help create strong neighborhoods while a branch of a national firm might not.11

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Implications. The large number of small businesses and potential entrepreneurs, and the disproportionate importance of high growth potential entrepreneurs to an economy are important findings when developing policies and programs to support small businesses and entrepreneurship.

- Similar to recommendations in the 2006 BBC Study, work2future, the City of San José and others should deliver a broad range of information and other assistance to small business owners and entrepreneurs through online and other highly-efficient delivery methods.

- Higher level personalized assistance should target high growth potential entrepreneurs.

2. Recent Changes for Small Businesses and Entrepreneurs in Silicon Valley

Through surveys, focus groups and other research, BBC explored how conditions have changed for small businesses and entrepreneurs in Silicon Valley since the 2006 study. Supporting appendices detail how work2future or the City of San José can update information on rates of entrepreneurship and small business health in the future.

Rates of entrepreneurship. BBC repeated its telephone survey of local households and examined other data sources to explore trends in entrepreneurship in Silicon Valley.

Does the overall rate of entrepreneurship in Silicon Valley still lag the nation? BBC’s 2006 study found that the overall rate of business ownership in Silicon Valley lags other metro areas and that new business start-up in Silicon Valley may be lower than the United States. BBC’s 2010 research suggests that Silicon Valley may still be lagging, and that overall rates of business start-up may have declined since 2006.

- Based on the July 2010 telephone survey, BBC estimates that 6 percent of Santa Clara County residents between 18 and 74 years old — approximately 57,000 individuals — are actively involved in some entrepreneurial activity. About one-half of these individuals were starting a business and one-half owned and managed a firm younger than 4 years of age.

- BBC’s 2006 Santa Clara County entrepreneurship study estimated that 8 percent of Santa Clara County 18- to 74-year-olds were actively involved in some entrepreneurial activity. The difference in between results of the 2010 and 2006 surveys is not statistically significant — it may be a real decline but it could also be due to random chance in the survey sample.

- BBC also estimates a 2010 entrepreneurship rate of 6 percent for adult residents of the City of San José — the same rate as Santa Clara County. Based on this estimate, approximately 38,000 San José residents are actively involved in entrepreneurial activity.
Figure 7 shows the Global Entrepreneurship Monitor (GEM) entrepreneurship rate in 2005 and 2009 for several countries around the world. In 2005, the entrepreneurship rate in the United States was 12 percent of the population aged 18 to 64 (a slightly different age group than used in BBC’s survey). The U.S. rate dropped to 8 percent in 2009 according to the GEM survey (a statistically significant difference).

Figure 7.
Prevalence of entrepreneurship in the U.S. and other countries

About one-half of the Santa Clara County entrepreneurs involved in starting a new business in 2010 were starting the new business in order to “take advantage of a business opportunity,” the same as found in 2006. The relative number of entrepreneurs who reported that they had “no better choices for work” as their reason for starting a business was small in 2010, although greater than in 2006.

How long has the rate of entrepreneurship in Silicon Valley lagged the nation? Since at least 1996, and probably since at least 1980, the local rate of entrepreneurship has lagged the United States.

The Kauffman Index of Entrepreneurial Activity (KIEA) is a measure of the rate of entrepreneurship based on matched data from the Current Population Survey (CPS), a survey performed monthly by the Census Bureau and the Bureau of Labor Statistics. The index is published by the Kauffman Foundation, a privately-endowed organization dedicated to advancing entrepreneurship.
The KEIA can be viewed as a leading indicator of entrepreneurship as it reports activity in the earliest stages of business-creation. The index defines an entrepreneur as a person who in one month of the CPS was working 15 hours or less on an entrepreneurial venture, and then in the next month of the CPS was working 15 hours or more on an entrepreneurial venture. This approach is possible because the CPS tracks the same individual over a period of several months. The index is released in May of each year, and reports the previous year’s entrepreneurship rate. The KIEA has been published yearly since 1996, with the most recent data from 2009.

- In 2009, the index is for the United States — 0.34 percent — was the highest recorded since the index was first published in 1996. This level meant that about one in every 300 people started a business every month of that year. (The Kauffman results differ from the Global Entrepreneurship Monitor, which shows a decline in rates in 2009.)

- Since 1996, the rate of entrepreneurship in California has exceeded the national rate.

- Except for 2003, the rate of entrepreneurship in the San José MSA has been near or below the rate for the United States.

The spike in San José MSA entrepreneurship in 2003 — evident in Figure 8 — may have been due to more people starting businesses because of necessity — the local unemployment rate rose from 3.2 percent in 2000 to 8.4 percent in 2003, and then declined over the next three years. (The spike in local entrepreneurship may also have been a statistical anomaly, as results are based on sample data.)

Unlike recent national trends in the entrepreneurship rate, job losses in Silicon Valley do not appear to be driving increases in entrepreneurship during the current recession (2009 unemployment rate for the MSA was 11.1 percent).

**Figure 8.**

*KIEA entrepreneurship rates in San José MSA, California and the U.S., 1996-2009*

Note: One must be careful when interpreting differences in annual results at the metropolitan area level. As the rates are exceedingly low (one in 300 to 600 people) and the CPS sample size for a given metropolitan area is limited, small changes in rates for a metropolitan area from year to year may not be statistically reliable.

The Kauffman index results since 2006 are very consistent with BBC’s household survey results for 2006 and 2010, which showed steady or declining rates of nascent entrepreneurship and a low rate of starting businesses out of economic necessity. These combined results may indicate greater barriers to new business formation in Silicon Valley in the current recession, as discussed later in this summary.

To understand local trends in entrepreneurship over a longer period of time, BBC examined business ownership rates using decennial census data beginning in 1980, supplemented by U.S. Bureau of the Census American Community Survey data for 2006-2008. Unlike the Kauffman index, it is possible from these data to examine Santa Clara County and City of San José business ownership rates. Business ownership rates in Santa Clara County and in San José have consistently lagged the state.

**Figure 9. Percentage of adults who own businesses, 1980-2008**

Note: Estimates for the City of San José are generated from PUMA data.


BBC’s regression analyses examining business ownership rates found lower rates for the San José metro area in certain industries since 1980, even after accounting for characteristics of the worker. There were no industries where San José area workers were consistently more likely to be business owners compared with other workers in the state (as discussed in Appendix C).

**Feedback from local entrepreneurs on current economic conditions.** BBC conducted surveys of small business owners and households to gauge current conditions in Silicon Valley.

**What are current economic conditions for small businesses and entrepreneurs in Silicon Valley?** BBC’s survey of Silicon Valley small business owners asked, “Generally speaking, how would you rate the Silicon Valley economy these days … excellent, good, fair, or poor?” More than 80 percent responded “fair” or “poor.”
About 30 percent of businesses had recently postponed bill payment due to cash flow issues.

Fewer than 10 percent of businesses reported that they were having difficulty hiring skilled workers and less than 3 percent had difficulty filling unskilled positions.

Respondents to the household survey were asked for their perception of the current local climate for starting a business. Four years ago, 44 percent of Santa Clara County residents said that there would be “good opportunities for starting a business” in their community in the next six months. That response dropped to 30 percent in 2010, a statistically significant difference.

Results for those living in the City of San José are similar to Santa Clara County results.

What are small business owners’ outlook for the future? Local small business owners expect improvement.

About 40 percent of small business owners surveyed see economic conditions improving over the next six months, with about one-third predicting that economic conditions will worsen.
As can be seen in Figure 12, only 7 percent of local business owners indicated that they had added employees in the previous three months. When asked about the next three months, 12 percent said that they expect to be hiring more workers.

There was not a significant difference in the economic outlook of business owners located in San José compared to elsewhere in Santa Clara County.

**Factors important to small business.** BBC’s focus groups with small business owners and small business assistance providers as well as surveys of households and small business owners provide information on current opportunities and challenges.

**Is Silicon Valley a desirable location for small businesses?** Mostly, yes, but local governments could do more to remove barriers to Silicon Valley and the City of San José as business locations.

BBC asked local small business owners what factors were important to their businesses and whether those factors were better, worse or the same in Silicon Valley compared with California as a whole. Results indicate that access, whether to customers, suppliers, skilled workers or advisor networks, was the key advantage to a Silicon Valley location. Small businesses also rated local services, finding space for their business and appropriate zoning as more favorable in Silicon Valley. Negatives for Silicon Valley were mostly related to cost, including cost of workers, utilities and local taxes.

Each of the survey participants was asked for things that the local government or community could do to make it easier for people to start and grow small businesses in Silicon Valley. The most frequent responses were to reduce the tax burden and administrative burden on small businesses. Consistent and streamlined systems regarding permitting and zoning, licensing and other regulations were urged by small business owners.

- “More online access to things we have to go into the government offices to accomplish.”
- “There should be a ‘one-stop shop’ for starting a business.” Small business loans and access to capital were also popular responses.
“A packet and checklist of what needs to be filed would be helpful.”

The survey results were consistent with feedback from BBC’s small business focus groups.

Is San José a desirable location within Silicon Valley? Most small business owners report no advantage or disadvantage to a Silicon Valley location within San José. Their experiences working with the City of San José were more positive than negative and overall ratings were consistent with other government agencies. However, other research identified barriers to building or expanding business facilities within the city, and there was some negative feedback concerning business licenses.

In the small business survey, BBC also asked owners about advantages and disadvantages to a location within the City of San José or outside the city (but still within Silicon Valley). More than one-half of the small business owners did not report an advantage or disadvantage to a San José location. Among the other small businesses, access and location were positives for San José and government regulations, permitting and zoning were offered as negatives.

About 60 percent of Santa Clara County business owners and managers surveyed had worked with local Silicon Valley governments in the past year regarding permitting, licensing, inspecting or other regulations related to their businesses. Positive ratings of the experience with the City of San José outpaced negative ratings by two to one, about the same as for other governments.

BBC conducted additional interviews of architects and business owners who had attempted to build or expand business facilities in the City of San José. Some of these business owners were identified through the small business survey. Because many firm owners had limited information on the steps needed to open or expand a business, there is an opportunity for the City to do more to clearly inform entrepreneurs about city processes. Interviewees had positive comments about staff at the City, but often expected a quicker review schedule.

Is the national small business credit crunch affecting entrepreneurs in Silicon Valley? Yes, based on focus group and survey results.

Consistent with other recent research conducted by BBC and others across the United States, many small business owners and potential entrepreneurs in Silicon Valley lack funds to start or expand businesses, and point to the current credit crunch as the culprit. Two comments from local small business owners participating in BBC focus groups sum up these perceptions:

“"I see entrepreneurs being frustrated, not being able to get their business off the ground because of lack of funding and not being able to grow their business because of lack of funding."

“Two factors —financing and business planning — probably stop 90 percent of the people who want to be small business owners.”
Businesses involved in BBC’s surveys and focus groups were very small, and the credit needs of these entrepreneurs tended to be less than $100,000. In the past, many entrepreneurs would tap the equity in their home or use credit cards to finance business start-up and expansion. Focus group participants report that these sources are now limited.

**Are there barriers to hiring the first employee? Yes.**

- BBC’s 2006 study found that many entrepreneurs, even in favorable economic conditions, were reticent to hire their first paid employee. Barriers included lack of knowledge of legal and HR issues, fear of hiring the wrong person, reluctance to move the business out of the home, and unwillingness to bear greater risk.

- The 2010 research showed that all of these barriers remain, and that uncertain economic conditions reinforce the reluctance to expand a business beyond the owner. Some small business assistance organizations admitted that they were advising one-person businesses not to take the risk of hiring their first employee.

**Do entrepreneurs have the skills necessary to start and expand businesses?** Most entrepreneurs have some but not all of the skills to start or expand businesses.

In the 2006 study, BBC identified that many local entrepreneurs are experts in their fields but lack the skills to plan, start, operate and expand a business. The 2010 focus groups and small business survey confirm these findings. Consistent with the prior research, business owner needs include accounting, business planning, financial planning, legal, HR, technology, marketing and understanding government licensing and regulations.

**Are current and potential entrepreneurs aware of local business assistance?** Mostly no.

Small business owners in the focus groups had limited awareness of the breadth of small business assistance that is available. Some mentioned SCORE and programs offered by a chamber or professional or trade association. None knew of the BOS website.

Business owners interviewed in the small business survey tended to point toward courses or other training offered through colleges as business training they had accessed. Some survey participants reported taking classes at the San José Entrepreneur Center, including Silicon Valley SCORE.

Many small business assistance providers report that they do very little marketing of their services and mostly rely on word-of-mouth. Many do not have the funds to market services or cannot use their public funds for marketing. Some indicate that they do not have the capacity to handle any growth in clients.

**Implications.** Although BBC’s 2006 research on Silicon Valley small businesses and entrepreneurs was performed during a more favorable economic climate, many of the findings were confirmed with the 2010 research.

- Overall rates of business ownership and entrepreneurship in Silicon Valley and San José lag the United States. Data as far back as 1980 show this result. Many local residents
still hope to eventually own a business, however. The need for general assistance among potential entrepreneurs is still high.

- Awareness of a network of local resources appears to be low. More can be done to improve the quality and promote awareness of local small business assistance as a network. Small business owners’ suggestions for more help are in-line with the “one-stop” online assistance recommended in the 2006 study.

- Barriers to accessing capital and hiring the company’s first employee persist (probably even greater in 2010 than in 2006). Although only a portion of entrepreneurs or existing business owners are looking to borrow or hire, the number of businesses needing this assistance still suggests an efficient delivery system (online and large group forums) that can accommodate the demand. work2future and the City of San José would also need to identify effective means to market this assistance.

Survey information also suggests that the worst of the unfavorable climate for small businesses and entrepreneurs may be over. Small businesses see current economic conditions in Silicon Valley as unfavorable, but expect improvement over the next six months.

Silicon Valley and the City of San José continue to be seen as desirable locations for the surveyed small business owners, primarily because of access to customers, suppliers, skilled workers and advisor networks. Local public services are rated favorably and, overall, experiences with local governments are rated as mostly positive. Local governments may need to do more through online resources and other efficiencies to maintain these generally positive ratings given current staffing constraints.

**Indices of entrepreneurship and small business health.** BBC recommends that work2future and the City of San José regularly update statistics on entrepreneurship and small business health as Census and other data are released (usually available every year). It may also be useful to perform the household and small business surveys once every two to four years using the methodology and survey instruments provided in Appendices F and G. Appendix H provides the general approach to holding small business focus groups.

BBC studied a number of attempts to develop composite indices of small business health, as discussed in Appendix D. We conclude that it is simpler and more comprehensible to just update individual indicators of local entrepreneurship and small business conditions rather than combine multiple factors into a composite index. Composite indices are generally not developed at the local level (these are usually national), and BBC recommends against creating a composite index for Silicon Valley.
3. Policies and Programs that can Improve the Local Environment for Small Businesses and Entrepreneurship

From focus groups, surveys and interviews with local entrepreneurs and others, and research throughout the country, BBC identified a number of key ways work2future, the City of San José and other groups could improve prospects for entrepreneurs in Silicon Valley and San José.

Getting assistance in the hands of the entrepreneur. Research with people starting businesses and potentially expanding small businesses in Silicon Valley found that local business assistance providers could improve the connections between entrepreneurs and needed assistance.

Network of connected services. BusinessOwnerSpace.com (BOS) is a loose network of local business assistance providers in the San José metro area. These “BOS partners” regularly meet to discuss services and the BOS website provides links to each partner. The website also contains pages offering simple guidance on starting and expanding a business. This initiative was launched based in part on 2006 study results that found a need for a web-based, one-stop resource for business assistance.

The BOS website has been surpassed in recent years by similar one-stop resources in other regions. It does not have the design, functionality or content of the leading business assistance websites. In addition, the links to BOS partners often lead to websites that were poorly designed to meet small business needs. Appendix J examines different approaches other regions use to deliver assistance online and better connect businesses to individual assistance providers. These include:

- **SourceLink model.** The website [http://www.kcsourcelink.com/](http://www.kcsourcelink.com/) was created in Kansas City in 2003 with support of the Kauffman Foundation and other groups. The website is designed to identify the assistance needs of the individual entrepreneur (through Resource Navigator) and then link that entrepreneur with available assistance. There are currently 140 resource providers located in the Kansas City region that are linked on this site. This service is also available by telephone. The design, functionality and content of the website is superior to the current BOS website.

  Based on the success of the KCSourceLink model, the Kauffman Foundation has supported the expansion of the concept, including equivalent websites for Missouri, Alaska, Oklahoma, and Kentucky as well as a national umbrella organization called USSourceLink (USSourceLink.com).

- **New York City model.** The focus of the assistance website is to direct individuals to the right services with a minimum number of clicks; the services themselves are often provided in person. [http://www.nyc.gov/html/sbs/nycbiz/html/home/home.shtml](http://www.nyc.gov/html/sbs/nycbiz/html/home/home.shtml). New York City also has a transaction-based website that allows certain steps in licensing and permitting to be completed online. [http://www.nyc.gov/portal/site/businessexpress](http://www.nyc.gov/portal/site/businessexpress)

- **Austin model.** Austin has one of the best developed and integrated small business assistance networks in the country. A centerpiece of the network is the city’s Small Business Development Program. [http://www.ci.austin.tx.us/sbdp/default.htm](http://www.ci.austin.tx.us/sbdp/default.htm)
Increasing awareness. Few if any of the potential entrepreneurs and small business owners interviewed as part of this study referred to the BOS network or website by name. When these individuals were aware of any assistance, they mentioned organizations such as SCORE or the Entrepreneurship Center. They also perceived colleges as a key avenue to obtain needed training in how to start and operate a business.

Because local businesses are likely finding online assistance through key word searches, it may not be critical to achieve high awareness of BOS for the website to be successful. It appears that finding the BOS website leads to individual assistance providers, not vice-versa, however. Individual BOS partners do not link back to the BOS network.

Segmenting assistance. To efficiently meet needs of small businesses and entrepreneurs, multiple levels of assistance should be provided. For example, every potential entrepreneur may need information about licenses and taxes. Fewer need assistance with hiring their first employee. Fewer still require help with business loans to expand or purchase a facility.

The most common models for segmenting businesses are by:

- Industry or business cluster (see Appendix J for a discussion of New York City’s and Kansas City’s approaches);
- Individual type of assistance needed (for any type of business, an organization does lending, another does international trade assistance, etc.);
- Race/ethnicity/gender or low-income status of the business owners (seen across many cities including Silicon Valley); and
- Delivery method (e.g., SCORE had one-to-one assistance for any business from retirees with general business experience).

Each method has advantages and disadvantages. Assistance in Silicon Valley combines these methods of segmentation, which also has strengths and weaknesses.

Another model is that of USSourceLink (the generalized version of the Kansas City model), which finds that businesses (and the assistance they require) cluster into four main groups:

- Innovation-led. These businesses include high-growth potential start-ups in the life sciences and technology sectors.
- Second stage. Second stage companies have between 10 and 99 employees and at least $750,000 in revenue. These firms already have collateral for debt and are seeking to grow. To do this they need marketing intelligence and assistance in reaching export markets. (According to the Edward Lowe Foundation, these firms are responsible for most job creation.\(^\text{12}\))

\(^{12}\) Information on the Edward Lowe Foundation is available on the websites: www.youreconomy.org and www.edwardlowe.org.
- **Lifestyle.** Representing the majority of U.S. small businesses, lifestyle firms include those that have grown to a certain size but wish to remain small. These firms may need access to micro-lenders and business courses.

- **Microenterprises.** Related to lifestyle business, microenterprises need less than $35,000 to start and may be run by dislocated workers or retirees to replace lost income from other sources. These firms may need additional basic assistance.

Some version of the above approach, perhaps with more segments, may be more useful than the hybrid method of segmentation currently used in Silicon Valley. Most individuals potentially needing assistance in Silicon Valley would fit into the microenterprises segment, and delivery methods could be designed to best meet these needs (the target market might exceed 100,000 individuals in Silicon Valley). Because fewer individuals are within the innovation-led and second stage segments, and the economic contribution of these businesses might be higher, more hands-on, customized assistance could be delivered to these groups.

**Tracking, evaluation and improvement.** Although research with individuals interacting with local business assistance providers was beyond the scope of the 2010 study, it is nevertheless important. work2future, the City of San José and other BOS partners should conduct a coordinated online survey of individuals accessing the BOS and partner websites and participating in local programs. Survey methodology should be consistent across partners to allow comparisons of results between programs and over time.

BOS partners should also develop a consistent method for reporting assistance results, including number of individual firms reached, types of assistance provided, customer satisfaction and some simple measures of outcomes. This information should be shared among partners.

**Summary**

BBC’s 2010 Small Business Study answered three areas of questions.

1. Small businesses in Silicon Valley account for a relatively small portion of total jobs, and once established, appear to be net job destroyers. However, new business start-ups, which are often small, are important job creators. Net job creation in Silicon Valley primarily comes from firm births.

2. The 2010 economic climate in Silicon Valley is largely the same as other parts of the country — currently unfavorable for entrepreneurs and small businesses. Small business owners value Silicon Valley and San José as a location for their businesses, highlighting access to customers, skilled workers and supplies as key advantages. Survey data also suggest that many people are currently starting businesses or hope to do so in the future, and that more small businesses may start expanding and hiring in the near future. Access to business credit is traditionally a barrier to business start-up and growth, but 2010 credit conditions are especially difficult for small businesses and entrepreneurs in Silicon Valley.
3. Entrepreneurs and small business owners in Silicon Valley continue to need certain types of training and other assistance. Because of the large number of people possibly needing assistance, business assistance providers in Silicon Valley will need to improve efficiency and effectiveness of their marketing and assistance delivery. Online tools and large group training may be key delivery models. Specialized, high-touch assistance might be reserved for start-ups with considerable growth potential, and for other targeted groups. To maximize effectiveness and efficiently use scarce resources, BusinessOwnersSpace partners should do more to market and deliver assistance as an integrated network. BBC recommends that work2future, the City of San José and other BOS partners examine business assistance models in other regions when considering future direction for the BOS network.
APPENDIX A.
Background on the Importance of Entrepreneurship and Small Businesses to a Local Economy
APPENDIX A.
Background on the Importance of Entrepreneurship and Small Businesses to a Local Economy

This appendix explores the evidence for the importance of entrepreneurs and small businesses to a local economy. Following a brief introduction to the topic, we summarize recent academic research that has examined this issue. Information on how to periodically update the research presented here is provided at the end of the appendix.

Introduction

Only a few decades ago, small businesses were a largely overlooked part of the economy as a whole. However, starting in the late 1970s, researchers began to examine the role of small businesses and entrepreneurs. This research has led to the current widely-held view that small businesses are of considerable importance to economic success and vitality. ¹ This appendix considers the importance and impact of small businesses from both a static and dynamic perspective, examining evidence that small firms and start-ups exert a positive and measurable influence on an economy. BBC examined the importance of small businesses and start-ups in terms of:

- Share of total employment and payroll;
- Job creation and destruction;
- Wages and quality of employment;
- Economic growth;
- Innovation; and
- Economic stability.

The study team also explored a number of other possible impacts and benefits of small business formation and growth, including benefits to the individual.

**Share of Employment and Payroll**

A useful starting point is to consider the size of small businesses relative to other firms in the economy. Figure A-1 shows the size of the small business sector (firms with fewer than 20 employees) in the San José Metropolitan Statistical Area (MSA), California and the nation, in terms of share of total employment. Figure A-2 shows the size of small businesses in terms of total payroll. (A detailed discussion of the size of the small businesses sector in Silicon Valley — including separate analyses for the City of San José — is presented in Appendix B.)

Firms with fewer than 20 employees represent a small share of total employment and payroll, generally less than one-fifth. Nationally, small businesses represent about 18 percent of all private sector jobs. In the San José Metropolitan Statistical Area, small businesses account for 15 percent of private sector employment.

**Figure A-1.**
Share of total employment by number of employees, 2007

- **San José MSA**
  - 0-19 employees: 16%
  - 20-99 employees: 69%
  - 100+ employees: 15%

- **California**
  - 0-19 employees: 19%
  - 20-99 employees: 62%
  - 100+ employees: 19%

- **United States**
  - 0-19 employees: 17%
  - 20-99 employees: 65%
  - 100+ employees: 18%


At 15 percent, small firms’ share of total private sector payroll nationally is slightly less than their share of employment, reflecting the fact that wages are often lower among small firms and start-ups (this is discussed further below). Small firms’ share of total private sector payroll is 9 percent in the San José MSA.

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2 Note that the precise definition of a small business is somewhat arbitrary, with different researchers using different definitions. For example, the Small Business Administration defines small firms as those with less than 500 employees. By this definition, small businesses represent about one-half of all private sector employment, nationally.
Figures A-1 and A-2 present a "static" view of the economy — a snapshot of economic activity at a particular moment in time. From this perspective, the relatively small share of employment and payroll of firms with fewer than 20 employees might not seem to warrant the importance given to promoting and supporting these firms. However, a more “dynamic” view of the economy takes into consideration job creation and destruction, economic growth and innovation. We examine evidence for the importance of small businesses and entrepreneurship in terms of these and other factors.

Job Creation

New jobs in a local economy may be created by births of new firms, expansion of existing ones, or relocations of businesses from elsewhere. Existing jobs may be lost through firm contraction, closure (death) or businesses moving to another location. A number of studies have examined the role that small businesses and start-ups play in these processes.

In 1979, David Birch and others stimulated interest in researching small businesses with the claim that “small firms are the most important source of job creation in the U.S. economy.” Although some of his research methods were subsequently criticized, more recent research supports the view that firm births play a particularly significant role in job creation. It is important to distinguish between new firms and small businesses in general; but the fact that most start-ups are small businesses means that small firms do play an important role in job creation.

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A recent study by David Neumark et al. used National Establishment Time Series (NETS) data for California to examine job creation and destruction in the state. The study found that the birth of new establishments played a major role in net job growth, while growth of existing establishments was also important. The study also found that relocation of establishments from one state to another had a negligible net effect on employment in California. BBC found that this is also true at a more local level.

In Appendix E, we present similar findings for Silicon Valley. BBC used NETS data to extend the analysis performed in the 2006 study by Neumark et al., improving upon the methodology applied in that paper by examining births, deaths, expansion, contracting and relocation at the firm level rather than the establishment level. BBC’s analysis includes a separate examination of job creation and destruction in Santa Clara County.

Figure A-3 shows the relative importance of firm births, expansion and relocation on job creation in California, based on BBC’s analysis. These results, though different from the Neumark et al. study, also show that firm birth is an important source of job creation.

Figure A-3.
Sources of job creation 1993-2007, California

Figure A-4 illustrates the role of firm deaths, contraction and relocation in total job destruction in California. In each time period, firm birth and death are important causes of job creation and destruction.

Figure A-4.
Sources of job destruction 1993-2007, California

Another recent study, published by the Kauffman Foundation, goes further. In addition to finding that start-ups are the primary and largest creator of jobs, the author argues that, “net job growth in the United States comes from firms less than one year old.” He concludes that “without start-ups, there would be no net job growth in the U.S. economy.” Figure A-5 shows job creation and destruction in California, by age of firm, based on BBC’s analysis of NETS data. Based on these data, firms one year old or older are net job destroyers.

6 Ibid., 2.
A report by the Small Business Administration (SBA) also supports this view, observing that “small firms provide the greater share of net new jobs.”\(^7\) Consistent with other studies, the report emphasizes the importance of job creation at the time of a firm’s birth. Taken in aggregate, the biggest impact on employment that businesses exert is at the time of birth.

Although other studies sound a more cautious or skeptical note, the balance of evidence in the literature indicates that small firms — in particular start-ups — are an important source of job creation.\(^8\) It has also been noted that the net effect on job creation by small firms differs from industry to industry.\(^9\)

The vast majority of new firms are also small businesses (about 95 percent of newly established firms have fewer than 20 employees). Although some new firms grow to become giants, many small businesses start small, remain small and close after a few years, with about one-half of all start-ups closing in the first five years.\(^10\) Thus new enterprises are both the most significant job creators and job destroyers, in line with what Schumpeter called creative destruction. The main conclusion of much of the research is that there is more job creation than destruction for new firms and that established firms are net job destroyers.

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\(^7\) Ibid., 3.
However, a few start-ups — “gazelle firms,” or firms with high growth prospects — account for a large share of the net job growth attributed to small businesses. Several studies argue that without this small number of potential high-growth employers, small businesses would have little or no positive effect on employment. Some have argued that programs which support entrepreneurship with an aim to creating jobs should effectively target those firms with the desired characteristics for employment growth.

**Wages and Quality of Employment**

Given the positive impact on job creation from entrepreneurial activity, one might then ask how these jobs compare to other jobs. BBC reviewed research on average wages and other factors that may reflect the quality of jobs created by start-ups and small businesses.

**Wages.** Several studies show that small firms generally pay lower wages than large firms. This phenomenon has been confirmed in research both in the United States and abroad. There may be several reasons for this. One study, for example, found that small firms’ pay is lower than large firms’ but that workers’ education and full-time/part-time status account for one-third of this difference in average pay.

Some researchers have explored whether the pay gap is related to business size or age. A recent study in Germany distinguished between small firms and start-ups. The study — examining existing and newly founded German firms between 1997 and 2001 — showed that even when controlling for firm size, start-ups tend to pay lower wages. However, it was also found that this wage disparity diminishes after four to five years, as the new firm becomes an incumbent firm and financial resources are more readily available.

Another paper by Malchow-Møller et al. investigated the importance of entrepreneurs in job creation and wage growth. The dataset allowed the authors to distinguish new firms from new establishments. Their findings indicate that “establishments of new self-employed and new employers have a clear negative effect on the average wage level, revealing that these create mostly low-wage jobs.”

It should be noted that a higher prevalence of under-reporting incomes among small businesses may explain some of the differences observed in wages. However, studies have found this aspect difficult to quantify.

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Quality of jobs. In addition to wages, there are a number of other attributes that may reflect the quality of a job. For example, new or small firms may offer jobs with lower benefits, less job security, or that are more likely to be part-time.

However, conclusive evidence for any of these positions is scarce. A recent SBA analysis compared the quality of employment between small and large firms by examining the percentage of part-time employees. The study found that about 21 percent of small firm workers were part-time in 2008, compared with 18 percent of large firm workers, a small difference. However, a German study concluded that young firms employ significantly more part-time workers than older firms. The study also found that start-ups had relatively fewer low-qualification workers, although the difference between new and old firms in this regard was slight. Other studies report somewhat conflicting results.

- One researcher found that an “individual’s employment stability was higher in incumbent than in newly founded firms while their risk of becoming unemployed was lower.”

- Other researchers report that that new jobs in new firms last considerably longer than new jobs in incumbent firms.

However, lower wages and benefits received by individuals working in new or small businesses may be compensated for by other, less tangible benefits. These are discussed in more detail later in this appendix.

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Economic Growth

Another argument for supporting small businesses is based on the assumption that higher rates of entrepreneurship correspond with higher rates of economic growth. A number of studies have compared entrepreneurship and job growth across regions or countries. While some find that entrepreneurship positively impacts economic growth, other papers report that only specific types of entrepreneurship are linked to job growth.

- Carree and Thurik published a paper reviewing the literature on this subject. They report that a number of people find that “higher levels of entrepreneurial activity are strongly positively associated with higher growth rates, even after controlling for establishment size, and agglomeration effects.”

- In 2009, Stam et al. found that, “ambitious entrepreneurship contributes more strongly to macroeconomic growth than entrepreneurial activity in general.” In contrast to other findings, they find that, “with job creation it is not new firms that are the key, but the relatively small number of fast-growing ‘gazelles’ that make up the lion’s share of jobs in new firms.”

- Along that same lines, Wong et al. find that, “only high growth potential entrepreneurship is found to have a significant impact on economic growth.” They go on to argue that, “this provides food for thought for policy makers in terms of targeting entrepreneurial activation measures,” noting that instead governments should target high-growth businesses and industries.

- In a similar vein, Acs makes a distinction between “necessity” and “opportunity” entrepreneurship, where the former is entered into when no other options are available while the latter is engaged in when a significant business opportunity or innovation makes an entrepreneurial venture worthwhile. He asserts that, “necessity entrepreneurship has no effect on economic development while opportunity entrepreneurship has a positive and significant effect.”

It appears that, as with job creation, it is “gazelle” firms among business start-ups that are particularly important in stimulating economic growth.

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22 Ibid., 91.
24 Ibid., 345.
Innovation

Innovation and economic growth are closely related. Several studies have examined how entrepreneurship can support economic growth through relatively high levels of innovation. Start-ups may stimulate technological change through new products, processes or organizational innovation. Their ability to do so stems in part from their willingness to take on riskier ventures. Edward Malecki observes that small businesses have “the ability to react quickly to market opportunities, a willingness to accept risk, and the power to communicate efficiently and informally.” He goes on to say that “small firms ... bring a diversity and energy not found, and not possible within large organizations.”

Acs and Audretsch contend that “small entrepreneurial firms as well as large established incumbents play an important role in innovation and the process of technological change.” Citing an SBA study, they find that “small firms introduce 2.38 more innovations per employee than do their larger counterparts.” Furthermore, small businesses have structural advantages in innovation over larger businesses, being less bureaucratic and lacking the “layers of ‘abominable no-men’ who block daring ventures.” These advantages are particularly pronounced in the high-tech industry, where small firms have contributed to the bulk of innovations over the past few years.

Small firms can also have a comparative advantage in capitalizing on knowledge spillover from the region in which they are located, particularly if they are near a large research university. Audretsch notes that “the spill over (sic) of knowledge and its transformation into economic knowledge is not automatic. Rather, entrepreneurship plays a crucial role in promoting economic growth by serving as a mechanism facilitating the spill over (sic) of knowledge.” Start-ups may also play the role of “a ‘knowledge’ filter that transforms inventions into commercially viable products and processes.” Because entrepreneurs may take risks that others might not take, much of the innovation in processes and services comes from firm start-ups as they take things that have been developed elsewhere and commercialize them.

27 Ibid., 144.
29 Ibid., 60.
31 Ibid., 66.
In part through innovation, new firms can help regions avoid “negative regional lock-ins.” Firm creation can alleviate the decay that may occur when a city gets locked into an industry — for example Detroit and the car industry.

Finally, there is evidence that small firms are particular suited to an increasingly dynamic, globalized marketplace. Acs and Audretsch observe that while originally it was thought that smaller firms would not be able to compete in a globalized market, “more recent scholarship has produced a revised view that identifies entrepreneurial small firms as making a crucial contribution to innovative activity and technological change.” In a separate paper, Audretsch states that the enhanced innovative capacity of small firms is “because the economic and social environment actually changed in such a way as to shift the innovative advantage more towards small firms.”

**Economic Stability**

There is some evidence that entrepreneurship is to a certain degree counter-cyclical, with rates of entrepreneurial activity increasing during times of recession and high unemployment.

- In analyzing self-employment data under certain conditions, Eisenhauer concludes that, “the positive relationship between self-employment and unemployment indicated that entrepreneurship rises more when the economy is relatively weak than when it is strong. Thus, self-employment has exhibited some countercyclical variation.”

- Similarly, Kolko and Neumark find that local headquarters and small businesses dampen the effect of an economic downturn for a local region. They write that, “We do find evidence consistent with muting of downward regional shocks for locally-owned single-establishment firms and establishment of smaller firms.”

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Consistent with these findings, the Kauffmann Institute’s index of entrepreneurial activity reached its highest level in 14 years in the recent recession beginning in 2008. This is also in line with the Schumpeterian model of creative destruction — as old firms die out, new firms arise to take advantage of technological change and new opportunities. From this perspective, a vibrant small business community may lend an element of economic stability to a region.

Entrepreneurial activity can also increase out of necessity during recessions. Workers who have lost their jobs may start their own business due to the lack of alternative employment. In Santa Clara County, for example, BBC found that the rate of “necessity” entrepreneurship roughly doubled between 2006 and 2010, possibly as a result of the recession. BBC’s findings for Silicon Valley parallel recent nationwide increases in necessity entrepreneurship reported by the Global Entrepreneurship Monitor.

However, given the importance of relatively few high-growth firms, it may be that necessity entrepreneurship during recessions does not make up for the reduced level of investment in potential high-growth business during periods of limited venture capital and other. Data from the recent recession indicate a decline in venture capital investment in the United States, as well as a shift away from early stage investment and high-growth potential ventures. 39, 40

**Other Impacts**

BBC explored a number of other possible impacts and benefits resulting from entrepreneurial activity.

**Tax receipts.** To the extent that higher entrepreneurial activity leads to more job growth, firm start-ups lead to higher tax receipts. Although start-ups create many jobs, as noted above, wages in new businesses are typically lower. All else equal, a job in a larger firm creates more tax receipts than a job in a small business (whether corporate or personal income taxes, sales taxes or property taxes).

**Benefits to the individual.** Many factors other than financial gain may drive individuals to start their own business or work for a small firm or start-up. These benefits may include the increased freedom of working for oneself, improved economic and social mobility, and a greater sense of personal fulfillment.

As noted earlier, the fact that individuals often work at start-ups or small businesses for less pay, compared to larger, more established businesses, provides some indirect evidence of non-financial benefits. A number of studies support this view.

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For example, in a 1998 paper examining U.S. workers, Blanchflower and Oswald found: 41

- On average, entrepreneurs are significantly more satisfied with their work than wage workers;
- Entrepreneurs are significantly more satisfied with their work, even when controlling for several individual and work-related characteristics; and
- Entrepreneurs also report significantly higher levels of 'life satisfaction,' after controlling for the same individual and work-related characteristics.

More recent studies find similar results, although in some cases, “the magnitude of the difference is relatively modest.” 42 While one explanation for these results could be the intrinsic differences between people who are entrepreneurs and people who are not, studies that have tracked individuals who move between one group and the other indicate that individuals who start their own business subsequently report higher levels of job satisfaction.

Other research has focused on the benefits of personal mobility and self-improvement, particular as these relate to traditionally disadvantaged groups.

- Robert Fairlie points out that “it has been argued … that the economic success of earlier immigrant groups in the United States … is in part due to their ownership of small businesses.” 43
- A paper by Holtz-Eakin et al. also explores the long-term benefits for minority entrepreneurs. The authors note that, “a striking result is that, on average, entrepreneurship was a more successful long-term strategy for blacks than for non-blacks, ceteris paribus.” 44 However, the initial earnings of black entrepreneurs is lower in the short-term, meaning that these entrepreneurs must tolerate lower earnings for a few years before achieving higher average earning over the long-term.

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Another paper that looks at wealth mobility for entrepreneurs comes from Bradford, who considers the differences in entrepreneurial earnings between white and black families and their subsequent wealth accumulation. He finds that “both black and white continuing entrepreneurs have more upward mobility and less downward mobility in the wealth distribution than continuing workers in their respective race group.” In other words, both black and white entrepreneurs are more upwardly mobile than their salary/wage earning counterparts.

Similarly, in a forthcoming book, Melvin Delgado argues that “[small businesses] increasingly provide an alternative path to economic wealth and mobility in the United States.” Dr. Delgado also argues that small business owners play an important role in maintaining strong social networks in a community. A local retailer or service establishment that is locally-owned may help create strong neighborhoods while a branch of a national firm might not.

Past studies, including many by BBC in California and other states, have found disparities in the rates of business ownership among African Americans and certain other racial or ethnic minority groups, even after controlling for age, education and other personal characteristics. More opportunities for business ownership might help address disparities in incomes and wealth for African Americans and certain other minority groups.

Summary
Small businesses and new firms have a positive impact on the economy, but this impact is more nuanced than it might first appear.

Birth of new firms plays a critical role in net job creation. However, many entrepreneurial ventures start small, stay small and close within a few years.

Overall, the biggest impact of new firms in terms of employment growth occurs in the first year of existence.

Most of the positive impact of job creation attributed to small firms and start-ups comes from a small number of firms with high-growth potential. These “gazelle” businesses have a disproportionate significance in new job creation.

Studies in the United States and elsewhere consistently report that wages at start-ups and small businesses are typically lower compared to larger, established firms, even when taking into account other factors. Over time, however, successful small firms are likely to see wages increase to be in line with other businesses.

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A number of studies link high rates of entrepreneurship to high economic growth rates. These include studies comparing regional economies in the United States. As with job creation, however, much of this linkage is attributed to gazelle firms.

Innovation is closely linked to economic growth. Start-ups can play an important role in bringing innovation to the marketplace and taking advantage of knowledge spillovers.

Several studies find evidence for significant non-financial benefits to the individual small business owner, including improved job satisfaction and personal mobility.

In sum, the greatest economic payoff to a local community may come from new business start-ups, especially potential high-growth businesses, rather than from small businesses in general.

**Updating this Information in the Future**

Much of the information provided here was obtained through a detailed review of the academic literature. As this is an active area of research, new studies are published on a regular basis. There are a number of approaches to updating the information presented here. These include searching for new academic articles by author or keyword using online scholarly search engines such as Google Scholar, CiteSeer\(^x\) and Scirus, or similar facilities at academic libraries. In particular there are a number of authors who are very active in this field; several are mentioned in this appendix and the footnotes provide further detail on their recent work.

While some academic publications require subscriptions, other sources — including the SBA, Kauffman Foundation and Global Entrepreneurship Monitor — make their articles freely available on the internet.
APPENDIX B.
Profile of Entrepreneurship and Small Businesses in Silicon Valley
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Profile of Entrepreneurship and Small Businesses in Silicon Valley

In this appendix, BBC provides a profile of entrepreneurs and small businesses in Silicon Valley. BBC examined the role of small businesses and entrepreneurs in terms of:

- The size of the small business sector;
- Self-employment rates; and
- Wages paid to small firms relative to large firms.

Related to these topics, Appendix C presents regression analyses of self-employment in the San José MSA. Appendix E summarizes BBC’s analysis of National Establishment Time Series (NETS) data.

Much of the information presented here builds on the analysis reported in BBC’s 2006 study for work2future and the City of San José. Where possible, BBC used the latest available data to reflect the current profile of small businesses and entrepreneurship in Silicon Valley. In addition, BBC used historical data to examine trends over time, which we also summarize here.

Size of the Small Business Sector in San José

BBC used data from the U.S. Census Bureau’s Economic Survey as well as County Business Patterns data to examine the size of the small business sector in the San José Metropolitan Statistical Area (MSA), California and the nation. The study team also separately examined employment in non-tech-related industries.

Small businesses’ share of total employment. Figure B-1 shows the percentage of employees working in small firms (those with 1-19 employees) in 1997, 2002 and 2007 in the San José MSA, California and the United States. (The earliest date for which the U.S. Census Bureau has reported these data for the San José metro area is 1997.)

In 2007, firms with fewer than twenty employees made up 15 percent of all private sector employment in the San José MSA, compared to 18 percent in California and 19 percent nationally. Although the San José figure was a slight increase from previous years, small businesses continued to represent a lower share of total employment in the San José MSA compared to elsewhere in California or the U.S. This difference is only partly explained by the particular mix of industries present in the MSA compared with the state as a whole. When taking industry mix into account (assuming the same distribution of workers by industry as found in California), small firms in the San José MSA represented 16 percent of employment, still less that the state or nation.
The study team also examined the size of the small business sector in terms of payroll. Based on 2007 Census data, firms with fewer than 20 workers represent just 9 percent of total private sector payroll in the San José MSA. Using payroll as a measure of economic contribution to the local economy, small businesses account for relatively little of the San José area economic activity, with large employers representing the major economic drivers.

Size of non-tech-related small business sector. BBC also sought to measure the strength of the Silicon Valley small business sector by examining the share of employment for small business in industries that are not traditionally seen as high-tech. While Silicon Valley has a reputation for strong business creation in the high-tech fields, the size of the small business sector in other industries also provides an important indicator of the role small businesses play in the San José metro area.

To investigate the relative importance of small businesses in the non-tech sector, BBC examined Economic Census data for 1997, 2002 and 2007. As discussed below, the San José metro area small business sector employs relatively fewer people in some non-tech industries and relatively more in others compared with the state as a whole.

Size of non-tech-related small business sector, 1997. In most non-tech-related industries, small businesses in the San José MSA comprised a smaller share of total employment compared to California in 1997. Exceptions included transportation, communication and utilities and finance, insurance and real estate. B-2 shows these results.
**Size of non-tech-related small business sector, 2002.** The 2002 data include new industry classifications not used in 1997. In only one non-tech-related industry does the size of the San José MSA small business sector exceed that of the state — finance and insurance. In all other industry classifications, the San José MSA small business sector had a similar or smaller share of total employment as small businesses statewide, although the gap narrowed slightly from 1997 to 2002. As in 1997, small businesses’ share of total employment in the San José MSA wholesale trade sector was much smaller in 2002 compared to California.
Size of non-tech-related small business sector, 2007. As observed in 1997 and 2002, small businesses represented a particularly low share of employment in the San José MSA wholesale trade (12 percent) compared to California as a whole (23 percent) in 2007. Small businesses in the San José MSA construction sector also had a consistently smaller share of all employment during 1997-2007 compared to small firms in California, although the difference is not a great.

In 2007, small business in the San José MSA finance and insurance industry represented roughly twice the share of total industry employment (15 percent) compared to California (8 percent). In the health care and social assistance, accommodation and food services and other services industries, small businesses in the San José MSA had a similar or larger share of total employment, compared to California. In other industries, the share of employment was less in the San José MSA.

Figure B-4.
Non-tech-related share of total employment in small business, 2007

Source:

Rates of Self-Employment

Another measure of the importance of small businesses and entrepreneurship is the rate of self-employment. BBC used decennial Census and American Community Survey (ACS) data to examine the percentage of the workforce that is self-employed in the City of San José, the San José MSA (or Santa Clara County) and California. The study team examined rates across all industries and separately analyzed self-employment rates for 15 different industries and for workers with and without a college degree. In the following discussion the terms “self-employment” and “business ownership” are used interchangeably.


In each period, entrepreneurship rates in the City of San José were lower than both Santa Clara County and California rates. Similarly, self-employment rates in Santa Clara County have been consistently lower than rates in California since 1980. Over the last few decades, rates of business ownership have steadily increased in the City of San José, Santa Clara County and the state.
However, based on 2006-2008 ACS data, rates for the City of San José (about 5.2%) and Santa Clara County (5.8%) remain substantially lower than in the state as a whole (about 6.8% of workers).

**Figure B-5.** Self-employment rates in San José, Santa Clara County and California

Note: Estimates for the City of San José are based on an approximation of the City’s incorporated area using Public Use Microdata Areas (PUMAs).

Source: BBC Research & Consulting from 1980, 1990 and 2000 U.S. Census 5% sample and 2006-2008 American Community Survey Public Use Microdata Series samples. The raw data extract was obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

**Self-employment rates by industry.** BBC separately examined self-employment rates in 15 industries in the San José MSA and California for workers and without a college degree. BBC used data for the San José MSA rather than the City of San José to take advantage of larger sample sizes at this level.

The following pages show self-employment rates in 1980, 1990, 2000 and 2006-2008. Where results are indicated to be statistically significant in the following analyses, BBC’s regression analysis showed that the San José metro area had lower (or higher) rates of self-employment than California, even after controlling for age, race/ethnicity, gender, educational attainment and other demographic characteristics. (Appendix C provides detailed results from BBC’s regression analyses of self-employment rates.)

**Self-employment rates in 1980.** Self-employment rates in 1980 for workers with a college degree are shown in Figure B-6. Self-employment rates for workers in the San José MSA were lower than those statewide in the following industries:

- Manufacturing;
- Professional, scientific and technical services; and
- Other services (excluding public administration).

These differences are statistically significant at the 95 percent confidence level and cannot be explained by demographic differences.
Figure B-6. Percentage of San José MSA workforce that is self-employed (workers with a college degree), 1980

Note:
* Difference between San José MSA and California is statistically significant at a 95 percent confidence level.

Source:

Figure B-7 shows self-employment rates in 1980 for workers without a college degree. Workers without a degree were significantly less likely to be self-employed in the San José MSA compared to California in the following industries:

- Construction;
- Manufacturing;
- Retail; and
- Other services (except public administration).

Workers without a college degree in the San José MSA were significantly more likely than workers without a college degree in California to be self-employed in the following sectors:

- Arts, entertainment and recreation; and
- Accommodation and food services.
Self-employment rates in 1990. Self-employment rates for workers with a college degree in the San José MSA and California in 1990 are shown in Figure B-8. In four industries, college-educated workers in San José were significantly less likely than their counterparts statewide to be self-employed:

- Manufacturing;
- Wholesale trade;
- Information; and
- Professional, scientific and technical services.
Figure B-8 presents 1990 self-employment rates for workers without a college degree in the San José MSA and California. Compared with workers in California, San José MSA workers without a degree were significantly less likely to be self-employed if they worked in:

- Manufacturing;
- Wholesale trade;
- Retail trade;
- Transportation and warehousing;
- Professional, scientific and technical services;
- Other services (except public administration);
Self-employment rates in 2000. Figure B-10 shows self-employment rates for workers with a college degree in the San José MSA and California in 2000. Compared to California, self-employment rates among graduates were significantly lower in the following industries:

- Manufacturing;
- Wholesale trade;
- Retail trade;
- Information; and
- Professional, scientific and technical services.

Compared to California, business ownership rates among workers with a college degree were significantly higher in the San José MSA in the educational services, accommodation and food services and finance and insurance industries.
Figure B-10. Percentage of San José MSA workforce that is self-employed (workers with a college degree), 2000

Note:
* Difference between San José and California is statistically significant at a 95 percent confidence level.

Source:

Figure B-11 shows self-employment rates in 2000 for workers without a college degree. Similar to workers with a college degree, workers without a degree were significantly less likely to be self-employed in San José compared to California in the following industries:

- Manufacturing;
- Retail trade;
- Information; and
- Professional, scientific and technical services.

However, workers without a college degree were also less likely to be self-employed in the construction, arts and entertainment and recreation and other services industries.

Among workers without a college degree, only workers in the San José area finance and insurance industry were significantly more likely to be business owners compared to California.
Figure B-11. Percentage of San José MSA workforce that is self-employed (workers without a college degree), 2000

Note:
* Difference between San José MSA and California is statistically significant at a 95 percent confidence level.

Source:

Self employment rates in 2006-2008. BBC used American Community Survey data for 2006-2008 to develop the data shown in Figure B-12. Business ownership rates in some industries continued to be significantly lower in the San José MSA than in California.

Lower rates in the San José metro area were evident in:

- Manufacturing;
- Retail trade;
- Wholesale trade;
- Information;
- Professional, scientific and technical services;
- Accommodation and food services.

In the educational services and finance and insurance industries, the rate of business ownership was significantly higher among college graduates in the San José MSA than in California in 2006-2008.
Figure B-12. 
Percentage of San José MSA workforce that is self-employed (workers with a college degree), 2006-2008

Note: 
* Difference between San José MSA and California is statistically significant at a 95 percent confidence level.

Source: 

Figure B-13 compares 2006-2008 self-employment rates in the San José MSA and California for workers without a college degree. As in 2000, lower rates in the following industries in San José could not be explained by demographic factors:

- Manufacturing;
- Retail trade; and
- Professional, scientific and technical industries.

Among workers without a college degree in the San José MSA in 2006-2008, there were no industries where the self-employment rate was significantly higher than in California.
Figure B-13.
Percentage of San José MSA workforce that is self-employed (workers without a college degree), 2006-2008

Note:
* Difference between San José MSA and California is statistically significant at a 95 percent confidence level.

Source:

Small Firm and Large Firm Employee Compensation

BBC also calculated the ratio of small firm payroll per employee to large firm payroll per employee. Small firms represent a relatively small share of payroll in the San José MSA compared to large firms. While the disparity appears larger in San José compared to California, a number of national and international studies have found that employees of small firms generally receive lower wages and other compensation than those working for larger firms. This finding is discussed in more detail in Appendix A.

Using data from the Census Bureau’s Economic Census, BBC compared the payroll per employee for firms with fewer than 20 workers to firms with more than 500 employees. BBC examined 1997, 2002 and 2007 payroll data for selected industries. Payroll includes several different types of compensation and so is a more robust measure of employees’ overall compensation than wages alone.
Small firm compensation relative to large firm compensation in 1997. Figure B-14 shows the ratio of small firm payroll per employee to large firm payroll per employee in 1997.

- In the engineering and management services sector, employees of small firms received about the same compensation, on average, as employees of large firms, both in the San José MSA and California.

- In manufacturing, employees of small firms received less than two-thirds the compensation received by employees of large firms, on average. However, the disparity was slightly less in the San José MSA than in California.

- On average, employees working in the computer processing and data services industry in the San José MSA received only about two-thirds of the compensation as those working in large firms in this industry. This difference was greater than that observed in California.

Figure B-14.
Ratio of small firm payroll per employee to large firm payroll per employee, 1997

![Bar chart](chart.png)

Note: Ratios expressed such that, for the manufacturing sector in California, for every dollar of per-employee payroll in larger firms there is $0.56 for smaller firms.

Small firm compensation relative to large firm compensation in 2002. Relatively lower compensation for small business employees in the San José MSA compared to California was also evident in 2002. As shown in Figure B-15, large payroll disparities existed between San José MSA small business employees and California small business employees in the professional, scientific and technical services sector and in the information sector. In the San José MSA information sector, small business employees earned $0.59 for every dollar paid to workers in a large firm, while California small business employees earned $1.18 for every dollar paid to workers in large firms in this industry.

Figure B-15.
Ratio of small firm payroll per employee to large firm payroll per employee, 2002

![Bar chart showing payroll ratios for different sectors.](chart.png)

Note: Ratios expressed such that, for the Manufacturing sector in California, for every dollar of per-employee payroll in larger firms there is $0.55 for smaller firms.


Small firm compensation relative to large firm compensation in 2007. Figure B-16 compares the ratio of small firm to large firm payroll in three industries in the San José MSA and California in 2007. The ratio of small firm to large firm employee compensation is smaller in the San José MSA than California in each of the industries that BBC examined.

- In the professional, scientific and technical services industry, workers in small firms received substantially less compensation compared to workers in large firms, both in the San José MSA and California. However, San José metro area small firms pay workers relatively less compared to large firms than small firms in California. Since 2002, the share of payroll going to workers in small firms has decreased in San José and California in this industry.

- In the manufacturing industry, employees in small firms in San José metro area receive compensation that is less than one-half that received by employees in large firms. This was also true in 2002, but not in 1997. Workers in small manufacturing firms in
California also receive less in compensation than workers in large firms, but the disparity is not as great.

- In the information industry, a wide gap existed in the ratio of small firm to large firm worker compensation between the San José MSA and California. In California, workers in small firms receive about the same compensation as workers in large firms. However, in the San José MSA, small firm employees receive less than one-half the compensation of large firm employees in this industry. This disparity was also evident in 2002.

It is important to note that the ratios presented in Figures B-14, B-15 and B-16 reflect relative, not absolute, levels of compensation. For example, the relatively low ratio of small firm to large firm payroll in the San José area information industry may reflect high wages paid to employees of a small number of very large international companies. While small firms in some San José industries receive relatively less than large firms, compared to California, it is possible that the absolute level of small firm compensation per employee in the San José MSA is higher.

**Figure B-16.**
*Ratio of small firm payroll per employee to large firm payroll per employee, 2007*

<table>
<thead>
<tr>
<th>Industry</th>
<th>San José MSA</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, scientific and technical services</td>
<td>$0.60</td>
<td>$0.76</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$0.44</td>
<td>$0.53</td>
</tr>
<tr>
<td>Information</td>
<td>$0.49</td>
<td>$1.04</td>
</tr>
</tbody>
</table>

Note: Ratios expressed such that, for the manufacturing sector in California, for every dollar of per-employee payroll in larger firms there is $0.53 for smaller firms.

**Updating this information**

The above analyses were based on publicly available U.S. Census Bureau data, downloaded from the iPUMS.org website ([http://www.ipums.org](http://www.ipums.org)) or directly from the Census Bureau website ([http://www.census.gov](http://www.census.gov)). BBC used a number of different types of Census data:

- Data on the size of the small business sector in terms of employment and payroll (including the ratio of small firm to large firm payroll per employee) were obtained from the Census Bureau’s Economic Survey and County Business Patterns data. The Economic Survey is conducted every five years, the most recent survey having been completed in 2007. County Business Patterns data are updated annually.

- BBC’s analysis of self-employment rates is based on decennial Census data and American Community Survey (ACS) data. The ACS is conducted every year and single-year and multi-year datasets are available. Newly released Census data are made available on the iPUMS.org website at regular intervals.

Dataset are freely available to download on the Census Bureau website. Downloading datasets from the iPUMS.org website is also relatively straightforward, but requires registering as a user. It is important to note that industry classifications and other variables may change between datasets and some variables used in the analyses presented here may be revised, modified, replaced or omitted in future datasets.

BBC performed the statistical analyses using the statistical software program, STATA. Other commercially available statistical packages (e.g., SAS, SPSS) are also capable of performing the analyses presented here.
APPENDIX C.
Self-Employment Regression Results
APPENDIX C.
Self-Employment Regression Results

BBC statistically analyzed whether rates of self employment among workers living in the San José Metropolitan Statistical Area (MSA) differ from workers in California as a whole. BBC developed regression models of business ownership for people working within 15 industries. Models were separately developed for workers with college degrees and workers without college degrees. Regression models were created for 1980, 1990, 2000 and 2006-2008 using U.S. Census Public-Use Microdata Series (PUMS) data. BBC used a probit regression specification and included PUMS weights in the calculation of the coefficients using the survey probit function in STATA.

This appendix presents the results of these probit regression models. The terms “business owner” and “self-employed” are used interchangeably in the following discussion. Summary statistics for rates of business ownership in the City of San José and San José MSA are presented in Appendix B. BBC’s regression analysis focused on the MSA rather than the City of San José to take advantage of the larger sample sizes available at this level.

Following a summary of model results and an overview of methodology, we present detailed tables of regression output. Information on how to update this analysis is provided at the end of the appendix.

Summary

The impact of residence in the San José MSA on business ownership varied in direction, magnitude and degree of statistical significance based on the industry and educational level of the worker. However, there were considerably more instances where Silicon Valley residents had lower rates of business ownership than similar California workers. These differences tend to persist over time based on BBC’s analysis of data beginning in 1980. Low rates of self-employment in the San José metro area are not a recent phenomenon.

As shown in Figure C-1, there were no industries in which San José metro area residents had rates of self-employment consistently higher than the state, after accounting for other factors.
Figure C-1.
Regression model results indicating that San José MSA residents had lower or higher rates of self-employment than other California residents (statistically significant differences)

<table>
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<td>—</td>
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<td>Lower</td>
<td>Lower</td>
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<td>Accommodation and food services</td>
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</table>

Regression Methodology

BBC used a standard probit methodology for analyzing self-employment data. The probit model is based on a normal cumulative distribution function. In *Basic Econometrics*, Damodar N. Gujarati derives probit analysis from a utility framework, assuming that an individual becomes self-employed due to a perceived increase in utility.¹ Gujarati borrows this utility-based analysis from Daniel McFadden.² This approach for dichotomous dependent variables has become the standard econometric technique for analyzing individual decisions such as self-employment.³

The coefficients of probit analysis return the change in the cumulative normal probability distribution given one unit change in the dependent variable. In other words, the coefficients measure “the effect of the independent [variable] on the Z score of the dependent [variable].”⁴ Positive coefficients indicate an increase in the probability of self-employment and the larger the magnitude of a coefficient, the greater the relative impact of the given independent variable.

For these analyses, BBC assumed the effect of demographic characteristics such as race, ethnicity and marital status was consistent between the San José MSA and the rest of California. BBC separated the self-employment analysis by education level, constructing two models for each sector. The effect of residing within the San José MSA on the probability of being self-employed is modeled by an indicator variable for the San José MSA.

BBC created one model for individuals with at least a college degree and another model for individuals with no college degree. This method allows for variation of the impact of the included independent variables across these groups of workers.

Regression Variables

Dependent and independent variables are derived from a range of characteristics of individuals available in Census PUMS data.

**Dependent variable.** BBC used the “class of worker” variable from the PUMS data set for determining self-employment. Residents were counted as self-employed if they indicated they were either “self-employed in unincorporated business or company,” or “self-employed in incorporated business or company.” In the probit analysis, self-employment was represented as a binary variable.

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Independent variables. BBC selected independent variables based on a review of the literature pertaining to self-employment. Independent variables were adapted from PUMS variables. The specific variable definitions are:

- San José MSA — One represents a San José MSA resident, zero represents an individual from the rest of California;
- Female — One represents female, zero represents male;
- Age and age squared — Integer variables;
- Race and ethnicity — A series of binary variables for specific race-ethnicity combinations: one represents an individual race group and zero represents non-Hispanic white residents;
- Homeowner — One represents a homeowner, zero represents a home renter or other non-paying occupant;
- Bachelor’s degree — One represents completion of a bachelor’s degree only, zero represents no bachelor’s degree or completion of a graduate degree;
- Graduate degree — One represents the completion of a graduate or professional degree, zero represents no graduate degree;
- English proficient — One represents a native English speaker or an individual who speaks English “very well” or “well,” zero represents “not well” or “not at all” regarding ability to speak English;
- Married — One represents currently married, zero represents currently unmarried;
- Some college — One represents completion of any college without earning a degree, zero represents no college coursework;
- High school diploma — One represents completion of a high school diploma with no additional education, zero represents no high school diploma or earning a diploma in addition to some college coursework; and
- Other worker in the home — One represents more than one worker in the family, zero represents no additional workers in the family.

Regression Results

The following pages present the probit regression output for each industry/education combination examined here. Figures C-2 to C-16 show the output for the with-college-degree models; Figures C-17 to C-31 show the output for the no-college-degree models.
Figure C-2. 
Self-employment in the construction sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0473 (0.176)</td>
<td>-0.119 (0.0811)</td>
<td>-0.0969 (0.0900)</td>
<td>-0.00912 (0.0679)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.477 *** (0.141)</td>
<td>-0.29 *** (0.0563)</td>
<td>-0.434 *** (0.0571)</td>
<td>-0.510 ** (0.0393)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0735 *** (0.0221)</td>
<td>0.0785 *** (0.0103)</td>
<td>0.0907 *** (0.00987)</td>
<td>0.0892 * (0.00730)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00074 *** (0.000248)</td>
<td>-0.00066 *** (0.000109)</td>
<td>-0.00071 *** (9.91e-05)</td>
<td>-0.000665 * (7.60e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.131 * (0.0711)</td>
<td>-0.0322 (0.0396)</td>
<td>0.0307 (0.0416)</td>
<td>-0.0141 (0.0269)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.0201 (0.0816)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td>-0.0343 (0.0433)</td>
<td>0.0480 (0.0447)</td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td></td>
<td></td>
<td>-0.0915 (0.0348)</td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td>0.679 * (0.353)</td>
<td>-0.123 (0.365)</td>
<td>0.285 (0.167)</td>
</tr>
<tr>
<td>Married</td>
<td>-0.268 *** (0.0815)</td>
<td>0.0508 (0.0431)</td>
<td>-0.0365 (0.0448)</td>
<td>0.00763 (0.0379)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.157 (0.257)</td>
<td>-0.341 *** (0.123)</td>
<td>-0.195 (0.132)</td>
<td>-0.387 (0.0664)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.257 (0.169)</td>
<td>-0.0763 (0.107)</td>
<td>-0.193 ** (0.0842)</td>
<td>-0.241 (0.0484)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0618 (0.329)</td>
<td>0.429 (0.313)</td>
<td>-0.122 (0.195)</td>
<td>-0.309 (0.118)</td>
</tr>
<tr>
<td>Asian</td>
<td>-1.189 *** (0.184)</td>
<td>-0.415 *** (0.0677)</td>
<td>-0.292 *** (0.0638)</td>
<td>-0.205 (0.0368)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.261 (0.618)</td>
<td>-0.471 (0.335)</td>
<td>-0.212 (0.284)</td>
<td></td>
</tr>
<tr>
<td>Other race</td>
<td>0.00956 (0.408)</td>
<td>-0.209 (0.166)</td>
<td>-0.255 ** (0.102)</td>
<td>-0.0309 (0.0726)</td>
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<tr>
<td>Constant</td>
<td>-2.015 *** (0.458)</td>
<td>-3.28 *** (0.412)</td>
<td>-2.859 *** (0.425)</td>
<td>-3.189 ** (0.225)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. 
*** statistically significant at the 99% confidence level 
** statistically significant at the 99% confidence level 
* statistically significant at the 99% confidence level 
Figure C-3.
Self-employment in the manufacturing sector – residents with a college degree

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
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<td></td>
<td>(Standard error)</td>
<td>(Standard error)</td>
<td>(Standard error)</td>
<td>(Standard error)</td>
</tr>
<tr>
<td>San José MSA</td>
<td>-0.459 ***</td>
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<td>-0.503 ***</td>
<td>-0.465 ***</td>
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<td>(0.0730)</td>
<td>(0.0395)</td>
<td>(0.0443)</td>
<td>(0.0447)</td>
</tr>
<tr>
<td>Female</td>
<td>0.167 ***</td>
<td>0.165 ***</td>
<td>-0.00694</td>
<td>-0.0758 *</td>
</tr>
<tr>
<td></td>
<td>(0.0636)</td>
<td>(0.0297)</td>
<td>(0.0316)</td>
<td>(0.0232)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0311 **</td>
<td>0.0338 ***</td>
<td>0.0183 **</td>
<td>-0.00447</td>
</tr>
<tr>
<td></td>
<td>(0.0131)</td>
<td>(0.00695)</td>
<td>(0.00725)</td>
<td>(0.00579)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000158</td>
<td>-0.000177 **</td>
<td>4.18e-05</td>
<td>0.000256 **</td>
</tr>
<tr>
<td></td>
<td>(0.000143)</td>
<td>(7.34e-05)</td>
<td>(7.41e-05)</td>
<td>(5.90e-05)</td>
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<tr>
<td>Other workers in the home</td>
<td>0.0962 **</td>
<td>0.0844 ***</td>
<td>0.0980 ***</td>
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</tr>
<tr>
<td></td>
<td>(0.0480)</td>
<td>(0.0284)</td>
<td>(0.0298)</td>
<td>(0.0218)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>-0.135 **</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td></td>
<td>(0.0583)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>—</td>
<td>—</td>
<td>0.0642 **</td>
<td>—</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>(0.0297)</td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td>—</td>
<td>-0.0739 **</td>
<td>—</td>
<td>-0.189 **</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0289)</td>
<td></td>
<td>(0.0292)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.235</td>
<td>-0.138</td>
<td>-0.124</td>
<td>-0.170</td>
</tr>
<tr>
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<td>(0.467)</td>
<td>(0.260)</td>
<td>(0.256)</td>
<td>(0.172)</td>
</tr>
<tr>
<td>Married</td>
<td>-0.155 ***</td>
<td>0.0162</td>
<td>-0.0360</td>
<td>0.0671</td>
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<tr>
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<td>(0.0575)</td>
<td>(0.0301)</td>
<td>(0.0326)</td>
<td>(0.0351)</td>
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<tr>
<td>Black</td>
<td>-0.498 **</td>
<td>-0.501 ***</td>
<td>-0.638 ***</td>
<td>-0.267</td>
</tr>
<tr>
<td></td>
<td>(0.194)</td>
<td>(0.110)</td>
<td>(0.127)</td>
<td>(0.0965)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.184 *</td>
<td>-0.189 ***</td>
<td>0.00336</td>
<td>-0.271 **</td>
</tr>
<tr>
<td></td>
<td>(0.106)</td>
<td>(0.0715)</td>
<td>(0.0644)</td>
<td>(0.0608)</td>
</tr>
<tr>
<td>American Indian</td>
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<td>0.125</td>
<td>-0.0137</td>
<td>-0.546</td>
</tr>
<tr>
<td></td>
<td>(0.353)</td>
<td>(0.201)</td>
<td>(0.200)</td>
<td>(0.224)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.182 **</td>
<td>-0.298 ***</td>
<td>-0.180 ***</td>
<td>-0.281 **</td>
</tr>
<tr>
<td></td>
<td>(0.0803)</td>
<td>(0.0401)</td>
<td>(0.0350)</td>
<td>(0.0332)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>—</td>
<td>—</td>
<td>-0.136</td>
<td>-0.718</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.310)</td>
<td>(0.374)</td>
</tr>
<tr>
<td>Other race</td>
<td>—</td>
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<td>-0.140</td>
<td>-0.271 *</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.117)</td>
<td>(0.0899)</td>
<td>(0.0921)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.563 ***</td>
<td>-2.502 ***</td>
<td>-2.367 ***</td>
<td>-1.615 **</td>
</tr>
<tr>
<td></td>
<td>(0.537)</td>
<td>(0.297)</td>
<td>(0.322)</td>
<td>(0.219)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-4.
Self-employment in the wholesale trade sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0590 (0.149)</td>
<td>-0.266 *** (0.0758)</td>
<td>-0.266 *** (0.0820)</td>
<td>-0.348 ** (0.0687)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.0409 (0.110)</td>
<td>-0.155 *** (0.0462)</td>
<td>-0.189 *** (0.0440)</td>
<td>-0.192 ** (0.0313)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0947 *** (0.0237)</td>
<td>0.0533 *** (0.0110)</td>
<td>0.0463 *** (0.0101)</td>
<td>0.0472 ** (0.0101)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000770 *** (0.000260)</td>
<td>-0.000299 *** (0.000116)</td>
<td>-0.000173 * (0.000102)</td>
<td>-0.000221 (9.97e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0932 (0.0847)</td>
<td>-0.0286 (0.0427)</td>
<td>0.0315 (0.0403)</td>
<td>-0.0190 (0.0372)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.116 (0.0961)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>-0.0363 (0.0481)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td>-0.0363 (0.0481)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>English proficient</td>
<td>-</td>
<td></td>
<td>1.058 ** (0.435)</td>
<td>0.993 (0.345)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0717 (0.0978)</td>
<td>0.119 ** (0.0467)</td>
<td>0.0279 (0.0450)</td>
<td>0.0706 (0.0449)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.709 ** (0.346)</td>
<td>-0.322 ** (0.160)</td>
<td>-0.238 (0.156)</td>
<td>-0.280 (0.140)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.349 (0.214)</td>
<td>0.0954 (0.113)</td>
<td>-0.111 (0.106)</td>
<td>-0.180 (0.0727)</td>
</tr>
<tr>
<td>American Indian</td>
<td>1.245 ** (0.629)</td>
<td>-0.692 (0.506)</td>
<td>-0.163 (0.248)</td>
<td>-0.418 (0.348)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.00183 (0.134)</td>
<td>0.129 *** (0.0499)</td>
<td>0.0745 * (0.0448)</td>
<td>-0.0225 (0.0365)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.121 (0.636)</td>
<td>0.323 (0.354)</td>
<td>-0.736 (0.377)</td>
<td></td>
</tr>
<tr>
<td>Other race</td>
<td>-0.236 (0.191)</td>
<td>-0.138 (0.142)</td>
<td>0.00300 (0.125)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-3.559 *** (0.501)</td>
<td>-2.726 *** (0.248)</td>
<td>-3.730 *** (0.500)</td>
<td>-3.476 ** (0.430)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
** statistically significant at the 99% confidence level
*** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level
### Figure C-5.
Self-employment in the retail trade sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0852 (0.107)</td>
<td>-0.103 * (0.0560)</td>
<td>-0.232 *** (0.0527)</td>
<td>-0.251 ** (0.0533)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.169 *** (0.0537)</td>
<td>-0.142 *** (0.0270)</td>
<td>-0.125 *** (0.0267)</td>
<td>-0.0826 * (0.0236)</td>
</tr>
<tr>
<td>Age</td>
<td>0.129 *** (0.0145)</td>
<td>0.117 *** (0.00716)</td>
<td>0.0854 *** (0.00643)</td>
<td>0.0740 *** (0.00566)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00114 *** (0.000162)</td>
<td>-0.000995 *** (7.73e-05)</td>
<td>-0.000591 *** (6.54e-05)</td>
<td>-0.000544 ** (5.81e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0160 (0.0525)</td>
<td>0.00486 (0.0291)</td>
<td>0.00296 (0.0278)</td>
<td>-0.0471 (0.0285)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.357 *** (0.0573)</td>
<td>-</td>
<td>-</td>
<td>-0.0131 (0.0301)</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>-</td>
<td>0.0341 (0.0317)</td>
<td>-</td>
<td>0.0196 (0.0283)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>-</td>
<td>0.0341 (0.0317)</td>
<td>-</td>
<td>0.0196 (0.0283)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.0960 (0.379)</td>
<td>0.381* * (0.199)</td>
<td>0.619 ** (0.283)</td>
<td>0.106 (0.219)</td>
</tr>
<tr>
<td>Married</td>
<td>0.264 *** (0.0569)</td>
<td>0.300 *** (0.0296)</td>
<td>0.225 *** (0.0296)</td>
<td>0.297 *** (0.0285)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.288 (0.184)</td>
<td>-0.125 (0.0866)</td>
<td>-0.248 *** (0.0920)</td>
<td>-0.182 (0.0921)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.261 ** (0.117)</td>
<td>-0.145 ** (0.0713)</td>
<td>-0.0179 (0.0621)</td>
<td>-0.0349 (0.0599)</td>
</tr>
<tr>
<td>American Indian</td>
<td>0.588 * (0.319)</td>
<td>-0.224 (0.228)</td>
<td>-0.299 * (0.166)</td>
<td>-0.499 (0.181)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.0628 (0.0760)</td>
<td>0.241 *** (0.0325)</td>
<td>0.0413 (0.0318)</td>
<td>0.126 * (0.0337)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.000135 (0.289)</td>
<td>-0.0659 (0.423)</td>
<td>-0.326 (0.225)</td>
<td>-1.265 * (0.408)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.251 (0.348)</td>
<td>-0.0194 (0.118)</td>
<td>0.0844 (0.0748)</td>
<td>-0.224 (0.0852)</td>
</tr>
<tr>
<td>Constant</td>
<td>-4.302 *** (0.480)</td>
<td>-4.402 *** (0.253)</td>
<td>-4.169 *** (0.321)</td>
<td>-3.294 *** (0.222)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-6.
Self-employment in the transportation and warehousing sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.217 (0.288)</td>
<td>0.0756 (0.122)</td>
<td>0.132 (0.126)</td>
<td>-0.184 (0.143)</td>
</tr>
<tr>
<td>Female</td>
<td>0.0421 (0.151)</td>
<td>-0.0719 (0.0620)</td>
<td>-0.376 *** (0.0747)</td>
<td>-0.285 ** (0.0482)</td>
</tr>
<tr>
<td>Age</td>
<td>0.117 *** (0.0392)</td>
<td>0.0261 (0.0168)</td>
<td>-0.0131 (0.0153)</td>
<td>0.0147 (0.0143)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00111 *** (0.000427)</td>
<td>-0.000101 (0.000174)</td>
<td>0.000214 (0.000161)</td>
<td>-8.65e-05 (0.000141)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.224 * (0.132)</td>
<td>0.127 ** (0.0637)</td>
<td>0.0287 (0.0621)</td>
<td>-0.00499 (0.0604)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.0356 (0.136)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td>-0.255 *** (0.0684)</td>
<td>-0.200 *** (0.0715)</td>
<td>-</td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td>-</td>
<td>-</td>
<td>0.0527 (0.0643)</td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td>-0.188 (0.556)</td>
<td>0.207 (0.486)</td>
<td>-0.557 (0.253)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0629 (0.145)</td>
<td>-0.00680 (0.0629)</td>
<td>-0.0309 (0.0644)</td>
<td>0.163 * (0.0487)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.464 (0.320)</td>
<td>-0.603 *** (0.156)</td>
<td>-0.245 * (0.128)</td>
<td>-0.142 (0.0909)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>0.0504 (0.221)</td>
<td>0.0438 (0.125)</td>
<td>-0.0580 (0.125)</td>
<td>0.0571 (0.0660)</td>
</tr>
<tr>
<td>American Indian</td>
<td></td>
<td>-0.285 (0.473)</td>
<td>-0.211 (0.347)</td>
<td>0.493 (0.266)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.340 (0.239)</td>
<td>-0.230 *** (0.0781)</td>
<td>-0.181 ** (0.0748)</td>
<td>-0.220 * (0.0552)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-</td>
<td>0.0737 (0.538)</td>
<td>-</td>
<td>-0.441 (0.329)</td>
</tr>
<tr>
<td>Other race</td>
<td></td>
<td>-0.393 (0.242)</td>
<td>0.0921 (0.160)</td>
<td>-0.0614 (0.0899)</td>
</tr>
<tr>
<td>Constant</td>
<td>-4.422 *** (0.857)</td>
<td>-1.920 *** (0.673)</td>
<td>-1.266 ** (0.610)</td>
<td>-1.206 (0.428)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

*** statistically significant at the 99% confidence level
** statistically significant at the 99% confidence level
* statistically significant at the 95% confidence level

Figure C-7.
Self-employment in the information sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.256 (0.206)</td>
<td>-0.387 *** (0.0876)</td>
<td>-0.287 *** (0.0705)</td>
<td>-0.659 *** (0.0746)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.382 ** (0.190)</td>
<td>-0.302 *** (0.0688)</td>
<td>-0.181 *** (0.0339)</td>
<td>-0.184 ** (0.0353)</td>
</tr>
<tr>
<td>Age</td>
<td>0.138 ** (0.0669)</td>
<td>0.101 *** (0.0211)</td>
<td>0.0470 *** (0.00824)</td>
<td>0.0428 ** (0.00883)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00164 ** (0.000818)</td>
<td>-0.000950 *** (0.000245)</td>
<td>-0.000307 *** (8.80e-05)</td>
<td>-0.000283 * (9.12e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.222 (0.151)</td>
<td>0.0147 (0.0671)</td>
<td>-0.0395 (0.0348)</td>
<td>-0.00450 (0.0306)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.163 (0.175)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td>0.000800 (0.0691)</td>
<td></td>
<td>0.182 ** (0.0498)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td></td>
<td>-0.0428 (0.0374)</td>
<td></td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>-0.170 (0.170)</td>
<td>-0.0394 (0.0684)</td>
<td>0.0192 (0.0354)</td>
<td>-0.0391 (0.0465)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.482 (0.535)</td>
<td>-0.692 *** (0.242)</td>
<td>-0.251 *** (0.0862)</td>
<td>-0.231 * (0.0915)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.540 (0.517)</td>
<td>-0.110 (0.240)</td>
<td>-0.297 *** (0.0872)</td>
<td>-0.488 *** (0.0762)</td>
</tr>
<tr>
<td>American Indian</td>
<td></td>
<td>0.316 (0.655)</td>
<td>0.148 (0.216)</td>
<td>0.554 * (0.181)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.303 (0.263)</td>
<td>-0.321 *** (0.0974)</td>
<td>-0.423 *** (0.0558)</td>
<td>-0.527 *** (0.0525)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>1.065 (0.911)</td>
<td>-0.428 (0.461)</td>
<td>-0.538 (0.463)</td>
<td></td>
</tr>
<tr>
<td>Other race</td>
<td></td>
<td>-0.454 (0.527)</td>
<td>0.00211 (0.116)</td>
<td>0.233 (0.118)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.717 *** (1.307)</td>
<td>-3.095 *** (0.442)</td>
<td>-2.515 *** (0.183)</td>
<td>-2.417 *** (0.189)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level, ** statistically significant at the 95% confidence level, * statistically significant at the 90% confidence level.

**Figure C-8.**
Self-employment in finance and insurance sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.104 (0.152)</td>
<td>0.0971 (0.0771)</td>
<td>0.317 *** (0.0649)</td>
<td>0.189 * (0.0465)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.596 *** (0.107)</td>
<td>-0.541 *** (0.0397)</td>
<td>-0.486 *** (0.0326)</td>
<td>-0.431 *** (0.0234)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0549 *** (0.0183)</td>
<td>0.0754 *** (0.00893)</td>
<td>0.0589 *** (0.00735)</td>
<td>0.0535 *** (0.00493)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000361 * (0.000193)</td>
<td>-0.000504 *** (9.25e-05)</td>
<td>-0.000330 *** (7.42e-05)</td>
<td>-0.000288 ** (4.87e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.133 * (0.0761)</td>
<td>-0.0113 (0.0372)</td>
<td>-0.0350 (0.0310)</td>
<td>0.0213 (0.0250)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.321 *** (0.0955)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td>0.0447 (0.0385)</td>
<td>0.133 *** (0.0315)</td>
<td>0.0348 (0.0238)</td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td></td>
<td>0.159 (0.478)</td>
<td>0.0437 (0.452)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0355 (0.0944)</td>
<td>0.0906 ** (0.0398)</td>
<td>0.0893 *** (0.0336)</td>
<td>0.0318 (0.0233)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.661 ** (0.302)</td>
<td>-0.367 *** (0.112)</td>
<td>-0.192 ** (0.0802)</td>
<td>-0.0888 (0.0632)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.229 (0.212)</td>
<td>-0.129 (0.103)</td>
<td>-0.107 (0.0723)</td>
<td>0.00330 (0.0446)</td>
</tr>
<tr>
<td>American Indian</td>
<td></td>
<td>-0.177 (0.385)</td>
<td>0.120 (0.177)</td>
<td>0.0142 (0.125)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.249 * (0.131)</td>
<td>-0.291 *** (0.0541)</td>
<td>-0.132 *** (0.0393)</td>
<td>-0.213 ** (0.0240)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td></td>
<td></td>
<td>-0.977 ** (0.430)</td>
<td>-0.113 (0.194)</td>
</tr>
<tr>
<td>Other race</td>
<td></td>
<td>0.106 (0.183)</td>
<td>0.0731 (0.0991)</td>
<td>-0.105 (0.0904)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.916 *** (0.395)</td>
<td>-3.286 *** (0.202)</td>
<td>-3.068 *** (0.508)</td>
<td>-2.776 ** (0.465)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 99% confidence level
* statistically significant at the 95% confidence level

Figure C-9.
Self-employment in the real estate, rental and leasing sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.237 * (0.136)</td>
<td>0.0678 (0.0800)</td>
<td>0.0316 (0.0761)</td>
<td>0.0345 (0.0573)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.480 *** (0.0787)</td>
<td>-0.376 *** (0.0371)</td>
<td>-0.307 *** (0.0379)</td>
<td>-0.238 ** (0.0290)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0977 *** (0.0203)</td>
<td>0.109 *** (0.00917)</td>
<td>0.0987 *** (0.00857)</td>
<td>0.0764 *** (0.00644)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000889 *** (0.000212)</td>
<td>-0.000903 *** (9.34e-05)</td>
<td>-0.000725 *** (8.31e-05)</td>
<td>-0.000550 ** (6.30e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0657 (0.0717)</td>
<td>-0.0165 (0.0385)</td>
<td>-0.0110 (0.0394)</td>
<td>-0.0978 (0.0368)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.409 *** (0.0888)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td>-0.00152 (0.0392)</td>
<td>0.0822 * (0.0424)</td>
<td>0.106 * (0.0358)</td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td></td>
<td>-0.00246 (0.577)</td>
<td>0.462 (0.609)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0587 (0.0803)</td>
<td>0.121 *** (0.0403)</td>
<td>0.0541 (0.0419)</td>
<td>0.234 ** (0.0330)</td>
</tr>
<tr>
<td>Black</td>
<td>0.0289 (0.227)</td>
<td>-0.211 * (0.120)</td>
<td>-0.246 ** (0.111)</td>
<td>-0.0373 (0.0698)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.201 (0.192)</td>
<td>-0.107 (0.125)</td>
<td>-0.0571 (0.0967)</td>
<td>-0.0266 (0.0661)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.131 (0.563)</td>
<td>0.269 (0.400)</td>
<td>-0.326 (0.240)</td>
<td>-0.132 (0.179)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.0229 (0.140)</td>
<td>-0.00185 (0.0564)</td>
<td>-0.156 *** (0.0529)</td>
<td>-0.150 * (0.0462)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.876 (0.777)</td>
<td>0.324 (0.516)</td>
<td>-1.013 * (0.531)</td>
<td>-0.834 (0.378)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.219 (0.754)</td>
<td>-0.0909 (0.215)</td>
<td>-0.334 ** (0.133)</td>
<td>-0.109 (0.0878)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.906 *** (0.450)</td>
<td>-3.203 *** (0.211)</td>
<td>-3.161 *** (0.615)</td>
<td>-2.980 ** (0.636)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level

Figure C-10.
Self-employment in the professional, scientific and technical services sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.207 *** (0.0767)</td>
<td>-0.287 *** (0.0416)</td>
<td>-0.363 *** (0.0274)</td>
<td>-0.341 *** (0.0207)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.456 *** (0.0473)</td>
<td>-0.175 *** (0.0228)</td>
<td>-0.0843 *** (0.0158)</td>
<td>-0.0385 * (0.0131)</td>
</tr>
<tr>
<td>Age</td>
<td>0.133 *** (0.00979)</td>
<td>0.132 *** (0.00528)</td>
<td>0.106 *** (0.00363)</td>
<td>0.0875 *** (0.00314)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.0011 *** (0.000104)</td>
<td>-0.00104 *** (5.44e-05)</td>
<td>-0.00074 *** (3.69e-05)</td>
<td>-0.00055 *** (3.01e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0735 ** (0.0371)</td>
<td>-0.0313 (0.0229)</td>
<td>0.0357 ** (0.0161)</td>
<td>0.0182 (0.0116)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.16 *** (0.0448)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>—</td>
<td>-0.2350 *** (0.0211)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>—</td>
<td>—</td>
<td>0.169 *** (0.0152)</td>
<td>0.074 ** (0.0132)</td>
</tr>
<tr>
<td>English proficient</td>
<td>—</td>
<td>-0.0312 (0.441)</td>
<td>0.162 (0.236)</td>
<td>-0.318 (0.171)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0117 (0.0435)</td>
<td>0.104 *** (0.0240)</td>
<td>0.0691 *** (0.0170)</td>
<td>0.0729 ** (0.0154)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.2440 * (0.132)</td>
<td>-0.0923 (0.0719)</td>
<td>-0.305 *** (0.0459)</td>
<td>-0.29 ** (0.0367)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.0149 (0.0973)</td>
<td>-0.145 ** (0.0635)</td>
<td>-0.107 *** (0.0398)</td>
<td>-0.0383 (0.0279)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.567 (0.380)</td>
<td>0.4440 ** (0.216)</td>
<td>-0.128 (0.0869)</td>
<td>-0.0149 (0.0856)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.628 *** (0.0893)</td>
<td>-0.5 *** (0.0411)</td>
<td>-0.368 *** (0.0223)</td>
<td>-0.435 *** (0.0220)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>—</td>
<td>-0.180 (0.345)</td>
<td>-0.0203 (0.163)</td>
<td>0.117 (0.179)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.0109 (0.297)</td>
<td>-0.0669 (0.112)</td>
<td>-0.0574 (0.0557)</td>
<td>-0.101 (0.0491)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.6030 *** (0.207)</td>
<td>-3.8200 *** (0.457)</td>
<td>-3.877 *** (0.252)</td>
<td>-3.039 *** (0.180)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-11.
Self-employment in the administrative support, waste management and remediation services sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.146 (0.295)</td>
<td>0.102 (0.233)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.173 (0.129)</td>
<td>0.0953 (0.111)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0128 (0.0335)</td>
<td>0.0747 (0.0348)</td>
</tr>
<tr>
<td>Age squared</td>
<td>0.000104 (0.000341)</td>
<td>-0.000418 (0.000362)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0844 (0.144)</td>
<td>0.137 (0.119)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>-0.0342 (0.142)</td>
<td>-0.0628 (0.125)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>English proficient</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Married</td>
<td>-0.0777 (0.140)</td>
<td>-0.0400 (0.147)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.149 (0.294)</td>
<td>—</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.51 * (0.301)</td>
<td>0.175 (0.192)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0794 (0.654)</td>
<td>—</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.87 *** (0.222)</td>
<td>0.0771 (0.147)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>—</td>
<td>-0.222 (0.473)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.400 (0.313)</td>
<td>-0.986 (0.366)</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.465 * (0.811)</td>
<td>-3.37 * (0.790)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level. ** statistically significant at the 95% confidence level. * statistically significant at the 90% confidence level.

**Figure C-12.**
Self-employment in the educational services sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0309 (0.110)</td>
<td>-0.0176 (0.0776)</td>
<td>0.139 *** (0.0530)</td>
<td>0.0772 (0.0405)</td>
</tr>
<tr>
<td>Female</td>
<td>0.147 *** (0.0529)</td>
<td>0.0555 (0.0377)</td>
<td>0.0140 (0.0303)</td>
<td>-0.0124 (0.0192)</td>
</tr>
<tr>
<td>Age</td>
<td>-0.0275 ** (0.0125)</td>
<td>-0.0156 ** (0.00763)</td>
<td>0.00686 (0.00610)</td>
<td>0.00860 (0.00596)</td>
</tr>
<tr>
<td>Age squared</td>
<td>0.00043 *** (0.000131)</td>
<td>0.00025 *** (7.89e-05)</td>
<td>5.85e-05 (6.31e-05)</td>
<td>2.80e-05 (6.20e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0197 (0.0570)</td>
<td>0.0171 (0.0412)</td>
<td>0.00663 (0.0320)</td>
<td>-0.0141 (0.0284)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>-0.0490 (0.0690)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td></td>
<td>0.0558 (0.0374)</td>
<td>0.0961 *** (0.0293)</td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td></td>
<td></td>
<td>-0.253 ** (0.0263)</td>
</tr>
<tr>
<td>English proficient</td>
<td></td>
<td>-0.257 (0.439)</td>
<td>-0.164 (0.326)</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>0.0248 (0.0644)</td>
<td>-0.0757 * (0.0410)</td>
<td>-0.0619 * (0.0321)</td>
<td>-0.0531 (0.0262)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.3820 ** (0.174)</td>
<td>-0.1790 * (0.102)</td>
<td>-0.29 *** (0.0773)</td>
<td>-0.373 ** (0.0626)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.445 ** (0.197)</td>
<td>-0.209 ** (0.0905)</td>
<td>-0.246 *** (0.0709)</td>
<td>-0.254 ** (0.0533)</td>
</tr>
<tr>
<td>American Indian</td>
<td></td>
<td>-0.0954 (0.250)</td>
<td>0.0351 (0.129)</td>
<td>-0.0376 (0.105)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.312 * (0.175)</td>
<td>-0.0673 (0.0760)</td>
<td>0.086 * (0.0461)</td>
<td>0.118 * (0.0349)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.475 (0.445)</td>
<td>0.500 (0.363)</td>
<td>0.149 (0.266)</td>
<td>0.242 (0.204)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.276 (0.398)</td>
<td>-0.383 * (0.212)</td>
<td>-0.269 ** (0.113)</td>
<td>-0.159 (0.0749)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.0220 *** (0.267)</td>
<td>-1.7030 *** (0.474)</td>
<td>-2.26 *** (0.356)</td>
<td>-2.188 *** (0.128)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

** statistically significant at the 99% confidence level
*** statistically significant at the 95% confidence level
** statistically significant at the 90% confidence level
* statistically significant at the 90% confidence level

**Figure C-13.**
Self-employment in the health care and social assistance sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0307 (0.0656)</td>
<td>0.0397 (0.0480)</td>
<td>-0.0720 (0.0446)</td>
<td>-0.0893 (0.0347)</td>
</tr>
<tr>
<td>Female</td>
<td>-1.049 *** (0.0357)</td>
<td>-0.583 *** (0.0212)</td>
<td>-0.482 *** (0.0201)</td>
<td>-0.399 *** (0.0171)</td>
</tr>
<tr>
<td>Age</td>
<td>0.114 *** (0.00869)</td>
<td>0.0269 *** (0.00585)</td>
<td>0.0568 *** (0.00529)</td>
<td>0.0476 *** (0.00456)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00095 *** (9.07e-05)</td>
<td>-0.00014 ** (5.95e-05)</td>
<td>-0.00041 *** (5.26e-05)</td>
<td>-0.00027 ** (4.39e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.152 *** (0.0323)</td>
<td>-0.069 *** (0.0244)</td>
<td>-0.066 *** (0.0219)</td>
<td>-0.0155 (0.0255)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.525 *** (0.0433)</td>
<td></td>
<td></td>
<td>-0.825 *** (0.0195)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td>0.853 *** (0.0234)</td>
<td>0.822 *** (0.0221)</td>
<td></td>
</tr>
<tr>
<td>English proficient</td>
<td>0.293 (0.513)</td>
<td>0.281 (0.364)</td>
<td>-0.206 (0.268)</td>
<td>-0.719 * (0.219)</td>
</tr>
<tr>
<td>Married</td>
<td>0.146 *** (0.0372)</td>
<td>0.324 *** (0.0256)</td>
<td>0.238 *** (0.0233)</td>
<td>0.133 ** (0.0211)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.5600 *** (0.0913)</td>
<td>-0.4060 *** (0.0635)</td>
<td>-0.376 *** (0.0574)</td>
<td>-0.266 ** (0.0499)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.32 *** (0.0852)</td>
<td>-0.124 ** (0.0564)</td>
<td>-0.167 *** (0.0491)</td>
<td>-0.192 ** (0.0429)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.4290 * (0.245)</td>
<td>0.00663 (0.185)</td>
<td>-0.0209 (0.114)</td>
<td>0.137 (0.139)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.307 *** (0.0527)</td>
<td>-0.258 *** (0.0307)</td>
<td>-0.241 *** (0.0260)</td>
<td>-0.183 ** (0.0227)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.201 (0.291)</td>
<td>0.289 (0.443)</td>
<td>-0.167 (0.266)</td>
<td>-1.129 (0.404)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.390 (0.274)</td>
<td>-0.129 (0.101)</td>
<td>0.0314 (0.0654)</td>
<td>-0.0817 (0.0654)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.7890 *** (0.548)</td>
<td>-2.3570 *** (0.390)</td>
<td>-2.707 *** (0.299)</td>
<td>-1.325 ** (0.257)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. **statistically significant at the 99% confidence level, ***statistically significant at the 95% confidence level, *statistically significant at the 90% confidence level. Source: BBC Research & Consulting from 1980, 1990, 2000 and 2006-2008 U.S. Census Public-Use Micro Sample Data.
Figure C-14.
Self-employment in the arts and entertainment sector – residents with a college degree

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Standard error)</td>
<td>(Standard error)</td>
<td>(Standard error)</td>
<td>(Standard error)</td>
</tr>
<tr>
<td>San José MSA</td>
<td>0.251</td>
<td>-0.0126</td>
<td>-0.0193</td>
<td>0.129</td>
</tr>
<tr>
<td></td>
<td>(0.257)</td>
<td>(0.147)</td>
<td>(0.100)</td>
<td>(0.0837)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.193 **</td>
<td>-0.262 ***</td>
<td>0.0360</td>
<td>-0.0456</td>
</tr>
<tr>
<td></td>
<td>(0.0948)</td>
<td>(0.0482)</td>
<td>(0.0377)</td>
<td>(0.0326)</td>
</tr>
<tr>
<td>Age</td>
<td>0.124 ***</td>
<td>0.0880 ***</td>
<td>0.0675 ***</td>
<td>0.0723 ***</td>
</tr>
<tr>
<td></td>
<td>(0.0281)</td>
<td>(0.0129)</td>
<td>(0.00800)</td>
<td>(0.00590)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00137 ***</td>
<td>-0.000862 ***</td>
<td>-0.000511 ***</td>
<td>-0.000615 **</td>
</tr>
<tr>
<td></td>
<td>(0.000316)</td>
<td>(0.000143)</td>
<td>(8.02e-05)</td>
<td>(6.23e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0876</td>
<td>-0.0416</td>
<td>-0.0760 *</td>
<td>-0.144 *</td>
</tr>
<tr>
<td></td>
<td>(0.0923)</td>
<td>(0.0500)</td>
<td>(0.0404)</td>
<td>(0.0336)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>-0.142</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>(0.0998)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>-0.155 *</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.0384)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>—</td>
<td>0.0904</td>
<td>0.180 ***</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0551)</td>
<td>(0.0426)</td>
<td></td>
</tr>
<tr>
<td>English proficient</td>
<td>—</td>
<td>-0.00726</td>
<td>-0.285</td>
<td>-0.0750</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.630)</td>
<td>(0.431)</td>
<td>(0.299)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0690</td>
<td>0.0258</td>
<td>0.0472</td>
<td>0.0272</td>
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<tr>
<td></td>
<td>(0.0997)</td>
<td>(0.0517)</td>
<td>(0.0411)</td>
<td>(0.0419)</td>
</tr>
<tr>
<td>Black</td>
<td>5.61e-05</td>
<td>0.131</td>
<td>-0.147</td>
<td>-0.0779</td>
</tr>
<tr>
<td></td>
<td>(0.245)</td>
<td>(0.133)</td>
<td>(0.102)</td>
<td>(0.0720)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.540 **</td>
<td>-0.121</td>
<td>-0.337 ***</td>
<td>-0.0993</td>
</tr>
<tr>
<td></td>
<td>(0.242)</td>
<td>(0.136)</td>
<td>(0.0959)</td>
<td>(0.0668)</td>
</tr>
<tr>
<td>American Indian</td>
<td>—</td>
<td>-0.702</td>
<td>-0.433 **</td>
<td>-0.233</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.478)</td>
<td>(0.189)</td>
<td>(0.189)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.669 **</td>
<td>-0.188 *</td>
<td>-0.402 ***</td>
<td>-0.512 **</td>
</tr>
<tr>
<td></td>
<td>(0.310)</td>
<td>(0.101)</td>
<td>(0.0738)</td>
<td>(0.0726)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>1.044</td>
<td>-0.213</td>
<td>0.307</td>
<td>-0.0794</td>
</tr>
<tr>
<td></td>
<td>(0.681)</td>
<td>(0.582)</td>
<td>(0.369)</td>
<td>(0.363)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.415</td>
<td>-0.0259</td>
<td>0.123</td>
<td>-0.314 *</td>
</tr>
<tr>
<td></td>
<td>(0.710)</td>
<td>(0.246)</td>
<td>(0.122)</td>
<td>(0.103)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.118 ***</td>
<td>-2.761 ***</td>
<td>-1.958 ***</td>
<td>-1.890 **</td>
</tr>
<tr>
<td></td>
<td>(0.579)</td>
<td>(0.686)</td>
<td>(0.472)</td>
<td>(0.287)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-15.
Self-employment in accommodation and food services sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.527 (0.438)</td>
<td>0.365 (0.297)</td>
<td>0.272 ** (0.114)</td>
<td>-0.395 * (0.145)</td>
</tr>
<tr>
<td>Female</td>
<td>0.139 (0.165)</td>
<td>-0.283 ** (0.120)</td>
<td>-0.194 *** (0.0508)</td>
<td>-0.197 ** (0.0533)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0810 ** (0.0384)</td>
<td>0.163 *** (0.0404)</td>
<td>0.107 *** (0.0122)</td>
<td>0.101 *** (0.0131)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000942 ** (0.000418)</td>
<td>-0.00133 *** (0.000395)</td>
<td>-0.000843 *** (0.000128)</td>
<td>-0.000751 ** (0.000133)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.447 ** (0.174)</td>
<td>-0.0302 (0.130)</td>
<td>0.0718 (0.0525)</td>
<td>0.0185 (0.0440)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.533 *** (0.170)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>-0.0582 (0.129)</td>
<td></td>
<td></td>
<td>-0.143 (0.0679)</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>-</td>
<td>-</td>
<td>0.0537 (0.0602)</td>
<td>-</td>
</tr>
<tr>
<td>English proficient</td>
<td>-</td>
<td>-</td>
<td>0.560 * (0.305)</td>
<td>0.154 (0.203)</td>
</tr>
<tr>
<td>Married</td>
<td>0.550 *** (0.163)</td>
<td>0.286 ** (0.127)</td>
<td>0.526 *** (0.0547)</td>
<td>0.501 *** (0.0679)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.0371 (0.645)</td>
<td>-0.270 (0.452)</td>
<td>-0.221 (0.160)</td>
<td>-0.472 * (0.161)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.142 (0.314)</td>
<td>-1.046 *** (0.344)</td>
<td>-0.311 *** (0.115)</td>
<td>-0.329 * (0.134)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-</td>
<td>0.228 (0.617)</td>
<td>-0.354 (0.347)</td>
<td>0.403 (0.334)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.289 (0.239)</td>
<td>0.165 (0.125)</td>
<td>0.0267 (0.0547)</td>
<td>0.228 ** (0.0521)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-</td>
<td>-</td>
<td>-0.230 (0.398)</td>
<td>-0.820 (0.460)</td>
</tr>
<tr>
<td>Other race</td>
<td>-</td>
<td>0.443 (0.471)</td>
<td>0.0842 (0.135)</td>
<td>-0.401 (0.195)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.006 *** (0.833)</td>
<td>-5.816 *** (0.989)</td>
<td>-4.765 *** (0.426)</td>
<td>-4.218 *** (0.384)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ** statistically significant at the 99% confidence level. *** statistically significant at the 99% confidence level. ** statistically significant at the 95% confidence level. * statistically significant at the 90% confidence level. Source: BBC Research & Consulting from 1980, 1990, 2000 and 2006-2008 U.S. Census Public-Use Micro Sample Data.
Figure C-16.
Self-employment in the other services (except public administration) sector – residents with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.321 *** (0.0921)</td>
<td>-0.0927 (0.0652)</td>
<td>-0.127 (0.0859)</td>
<td>-0.0748 (0.0532)</td>
</tr>
<tr>
<td>Female</td>
<td>0.00625 (0.0567)</td>
<td>-0.0784 ** (0.0321)</td>
<td>0.0868 ** (0.0377)</td>
<td>0.0784 (0.0325)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0337 ** (0.0133)</td>
<td>0.131 *** (0.00840)</td>
<td>0.0835 *** (0.00921)</td>
<td>0.0767 *** (0.00769)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000195 (0.000140)</td>
<td>-0.00121 *** (9.03e-05)</td>
<td>-0.000785 *** (9.48e-05)</td>
<td>-0.000674 ** (8.04e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0464 (0.0539)</td>
<td>-0.0249 (0.0350)</td>
<td>0.106 *** (0.0404)</td>
<td>0.0584 (0.0320)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.185 *** (0.0610)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td></td>
<td></td>
<td>0.299 *** (0.0419)</td>
<td></td>
</tr>
<tr>
<td>Graduate degree</td>
<td></td>
<td>0.0126 (0.0388)</td>
<td></td>
<td>-0.480 *** (0.0265)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.0687 (0.709)</td>
<td>-0.134 (0.328)</td>
<td>-0.350 (0.241)</td>
<td>-0.256 (0.171)</td>
</tr>
<tr>
<td>Married</td>
<td>0.160 *** (0.0612)</td>
<td>0.146 *** (0.0347)</td>
<td>-0.0162 (0.0408)</td>
<td>-0.0663 (0.0340)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.250 * (0.144)</td>
<td>-0.466 *** (0.0911)</td>
<td>-0.266 *** (0.0950)</td>
<td>-0.264 (0.100)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.149 (0.115)</td>
<td>-0.256 *** (0.0818)</td>
<td>-0.0208 (0.0771)</td>
<td>0.0744 (0.0665)</td>
</tr>
<tr>
<td>American Indian</td>
<td>0.122 (0.360)</td>
<td>-0.459 ** (0.229)</td>
<td>-0.00581 (0.163)</td>
<td>-0.248 (0.170)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.304 *** (0.109)</td>
<td>-0.200 *** (0.0500)</td>
<td>0.149 *** (0.0491)</td>
<td>0.0313 (0.0415)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.0975 (0.485)</td>
<td>-0.186 (0.481)</td>
<td>-0.160 (0.313)</td>
<td></td>
</tr>
<tr>
<td>Other race</td>
<td>-0.550 (0.524)</td>
<td>0.0695 (0.121)</td>
<td>0.317 *** (0.0950)</td>
<td>0.00217 (0.0774)</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.700 ** (0.768)</td>
<td>-3.469 *** (0.379)</td>
<td>-3.060 *** (0.328)</td>
<td>-2.553 *** (0.233)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level

Figure C-17.
Self-employment in the construction sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0873 ** (0.0375)</td>
<td>-0.0478 (0.0370)</td>
<td>-0.0872 ** (0.0357)</td>
<td>-0.0369 (0.0563)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.516 *** (0.0298)</td>
<td>-0.339 *** (0.0251)</td>
<td>-0.374 *** (0.0264)</td>
<td>-0.406 *** (0.0303)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0638 *** (0.00344)</td>
<td>0.0691 *** (0.00336)</td>
<td>0.0564 *** (0.00302)</td>
<td>0.0618 *** (0.00430)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000563 *** (3.97e-05)</td>
<td>-0.000572 *** (3.75e-05)</td>
<td>-0.000354 *** (3.28e-05)</td>
<td>-0.000416 *** (4.82e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0735 *** (0.0162)</td>
<td>-0.0613 *** (0.0161)</td>
<td>0.00718 (0.0148)</td>
<td>-0.0404 (0.0221)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.124 *** (0.0174)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>0.0428 ** (0.0206)</td>
<td>0.0240 (0.0196)</td>
<td>0.0826 ** (0.0283)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.239 *** (0.0164)</td>
<td>0.163 *** (0.0202)</td>
<td>0.172 *** (0.0195)</td>
<td>0.159 *** (0.0303)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.0755 (0.0951)</td>
<td>0.238 *** (0.0613)</td>
<td>0.122 *** (0.0418)</td>
<td>0.0230 (0.0462)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0513 *** (0.0186)</td>
<td>0.161 *** (0.0168)</td>
<td>0.0660 *** (0.0154)</td>
<td>0.0277 (0.0192)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.419 *** (0.0440)</td>
<td>-0.257 *** (0.0471)</td>
<td>-0.399 *** (0.0408)</td>
<td>-0.247 ** (0.0546)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.416 *** (0.0260)</td>
<td>-0.350 *** (0.0270)</td>
<td>-0.301 *** (0.0226)</td>
<td>-0.298 *** (0.0257)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.239 *** (0.0749)</td>
<td>-0.234 *** (0.0741)</td>
<td>-0.0676 (0.0476)</td>
<td>-0.000165 (0.0595)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.161 *** (0.0619)</td>
<td>0.0281 (0.0470)</td>
<td>0.0993 *** (0.0372)</td>
<td>0.0477 (0.0461)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.408 ** (0.180)</td>
<td>-0.232 (0.152)</td>
<td>-0.113 (0.114)</td>
<td>-0.196 (0.126)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.000755 (0.0971)</td>
<td>-0.0539 (0.0335)</td>
<td>0.00532 (0.0247)</td>
<td>0.0710 * (0.0268)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.512 *** (0.116)</td>
<td>-2.900 *** (0.0920)</td>
<td>-2.595 *** (0.0778)</td>
<td>-2.496 *** (0.110)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level Source: BBC Research & Consulting from 1980, 1990, 2000 and 2006-2008 U.S. Census Public-Use Micro Sample Data.
Figure C-18.
Self-employment in the manufacturing sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.29 *** (0.0288)</td>
<td>-0.266 *** (0.0316)</td>
<td>-0.288 *** (0.0370)</td>
<td>-0.258 ** (0.0670)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.191 *** (0.0162)</td>
<td>-0.112 *** (0.0157)</td>
<td>-0.102 *** (0.0178)</td>
<td>-0.0948 ** (0.0284)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0314 *** (0.00325)</td>
<td>0.0215 *** (0.00318)</td>
<td>0.00650 ** (0.00325)</td>
<td>0.00927 (0.00455)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00022 *** (3.71e-05)</td>
<td>-0.00001 *** (3.45e-05)</td>
<td>8.96e-05 *** (3.38e-05)</td>
<td>6.99e-05 (4.68e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0391 ** (0.0157)</td>
<td>0.00902 (0.0173)</td>
<td>-0.000667 (0.0178)</td>
<td>-0.0435 (0.0301)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.13 *** (0.0166)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>0.0176 (0.0212)</td>
<td>0.0800 *** (0.0243)</td>
<td>0.0408 (0.0364)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.224 *** (0.0153)</td>
<td>0.11 *** (0.0204)</td>
<td>0.159 *** (0.0232)</td>
<td>0.0945 ** (0.0320)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.123 ** (0.0620)</td>
<td>0.124 *** (0.0467)</td>
<td>0.0831 ** (0.0416)</td>
<td>0.264 ** (0.0880)</td>
</tr>
<tr>
<td>Married</td>
<td>0.12 *** (0.0175)</td>
<td>0.190 *** (0.0170)</td>
<td>0.185 *** (0.0188)</td>
<td>0.153 ** (0.0337)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.675 *** (0.0500)</td>
<td>-0.652 *** (0.0563)</td>
<td>-0.562 *** (0.0540)</td>
<td>-0.627 *** (0.0790)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.389 *** (0.0226)</td>
<td>-0.370 *** (0.0261)</td>
<td>-0.462 *** (0.0283)</td>
<td>-0.519 *** (0.0392)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.166 ** (0.0812)</td>
<td>-0.222 ** (0.0888)</td>
<td>-0.266 *** (0.0696)</td>
<td>-0.263 * (0.118)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.175 *** (0.0335)</td>
<td>-0.184 *** (0.0266)</td>
<td>-0.274 *** (0.0269)</td>
<td>-0.292 *** (0.0400)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.451 *** (0.148)</td>
<td>-0.372 ** (0.164)</td>
<td>-0.558 *** (0.165)</td>
<td>-0.845 ** (0.244)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.21 ** (0.104)</td>
<td>-0.0676 ** (0.0314)</td>
<td>0.0383 (0.0288)</td>
<td>-0.103 (0.0563)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.897 *** (0.0892)</td>
<td>-2.499 *** (0.0819)</td>
<td>-2.215 *** (0.0843)</td>
<td>-2.330 *** (0.157)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

## Figure C-19.
Self-employment in the wholesale trade sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0332 (0.0563)</td>
<td>-0.204 *** (0.0558)</td>
<td>-0.135 ** (0.0674)</td>
<td>0.0400 (0.121)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.333 *** (0.0274)</td>
<td>-0.229 *** (0.0252)</td>
<td>-0.176 *** (0.0263)</td>
<td>-0.127 ** (0.0384)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0547 *** (0.00486)</td>
<td>0.0439 *** (0.00504)</td>
<td>0.0245 *** (0.00473)</td>
<td>0.0335 ** (0.00845)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000389 *** (5.33e-05)</td>
<td>-0.000273 *** (5.37e-05)</td>
<td>-4.40e-05 (4.91e-05)</td>
<td>-0.000124 (8.84e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0280 (0.0247)</td>
<td>0.0190 (0.0269)</td>
<td>-0.0445 * (0.0255)</td>
<td>-0.160 ** (0.0422)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.152 *** (0.0271)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>-0.00128 (0.0348)</td>
<td>0.0617 * (0.0366)</td>
<td>0.124 * (0.0457)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.206 *** (0.0241)</td>
<td>0.145 *** (0.0329)</td>
<td>0.224 *** (0.0347)</td>
<td>0.249 *** (0.0504)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.549 *** (0.181)</td>
<td>-0.0257 (0.101)</td>
<td>0.00725 (0.0663)</td>
<td>0.104 (0.117)</td>
</tr>
<tr>
<td>Married</td>
<td>0.168 *** (0.0289)</td>
<td>0.175 *** (0.0268)</td>
<td>0.165 *** (0.0269)</td>
<td>0.227 *** (0.0412)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.374 *** (0.0714)</td>
<td>-0.325 *** (0.0736)</td>
<td>-0.392 *** (0.0719)</td>
<td>-0.224 (0.105)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.408 *** (0.0430)</td>
<td>-0.291 *** (0.0431)</td>
<td>-0.383 *** (0.0428)</td>
<td>-0.391 *** (0.0659)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0169 (0.144)</td>
<td>-0.161 (0.146)</td>
<td>-0.172 (0.113)</td>
<td>-0.243 (0.143)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.00422 (0.0522)</td>
<td>0.0830 * (0.0427)</td>
<td>0.166 *** (0.0387)</td>
<td>0.124 (0.0611)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.138 (0.192)</td>
<td>-0.566 ** (0.245)</td>
<td>-0.0574 (0.166)</td>
<td>0.462 (0.569)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.293 ** (0.141)</td>
<td>0.0414 (0.0545)</td>
<td>0.0795 * (0.0456)</td>
<td>-0.0728 (0.0678)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.547 *** (0.206)</td>
<td>-2.677 *** (0.159)</td>
<td>-2.392 *** (0.129)</td>
<td>-2.666 *** (0.196)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

## Figure C-20.
Self-employment in the retail trade sector -- residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0559 ** (0.0273)</td>
<td>-0.0624 ** (0.0288)</td>
<td>-0.184 *** (0.0374)</td>
<td>-0.200 ** (0.0607)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.375 *** (0.0118)</td>
<td>-0.230 *** (0.0120)</td>
<td>-0.181 *** (0.0141)</td>
<td>-0.117 *** (0.0169)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0992 *** (0.00242)</td>
<td>0.0854 *** (0.00229)</td>
<td>0.0669 *** (0.000254)</td>
<td>0.0678 *** (0.00345)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000859 *** (2.79e-05)</td>
<td>-0.000677 *** (2.52e-05)</td>
<td>-0.000473 *** (2.75e-05)</td>
<td>-0.000492 *** (3.61e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0158 (0.0124)</td>
<td>0.0565 *** (0.0135)</td>
<td>-0.0305 ** (0.0151)</td>
<td>-0.0789 ** (0.0241)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.221 *** (0.0129)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>0.00657 (0.0162)</td>
<td>-0.153 *** (0.0202)</td>
<td>-0.0958 ** (0.0311)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.225 *** (0.0121)</td>
<td>0.146 *** (0.0155)</td>
<td>-0.0281 (0.0187)</td>
<td>0.00962 (0.0300)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.255 *** (0.0657)</td>
<td>0.207 *** (0.0463)</td>
<td>-0.0790 * (0.0472)</td>
<td>-0.225 ** (0.0620)</td>
</tr>
<tr>
<td>Married</td>
<td>0.288 *** (0.0140)</td>
<td>0.316 *** (0.0134)</td>
<td>0.301 *** (0.0155)</td>
<td>0.292 *** (0.0252)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.328 *** (0.0339)</td>
<td>-0.345 *** (0.0406)</td>
<td>-0.294 *** (0.0393)</td>
<td>-0.241 ** (0.0542)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.177 *** (0.0194)</td>
<td>-0.140 *** (0.0213)</td>
<td>-0.0763 *** (0.0227)</td>
<td>-0.0951 ** (0.0293)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.214 *** (0.0752)</td>
<td>-0.121 (0.0778)</td>
<td>-0.191 *** (0.0571)</td>
<td>-0.195 * (0.0875)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.195 *** (0.0224)</td>
<td>0.270 *** (0.0182)</td>
<td>0.246 *** (0.0220)</td>
<td>0.169 *** (0.0329)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.0392 (0.0986)</td>
<td>-0.348 *** (0.124)</td>
<td>-0.290 ** (0.120)</td>
<td>-0.262 (0.153)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.00139 (0.0778)</td>
<td>0.0575 ** (0.0274)</td>
<td>0.0580 ** (0.0263)</td>
<td>0.0328 (0.0387)</td>
</tr>
<tr>
<td>Constant</td>
<td>-4.132 *** (0.0801)</td>
<td>-3.878 *** (0.0672)</td>
<td>-3.147 *** (0.0742)</td>
<td>-3.047 *** (0.102)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level

### Figure C-21.
Self-employment in the transportation and warehousing sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0586 (0.0611)</td>
<td>-0.18 *** (0.0698)</td>
<td>-0.0670 (0.0723)</td>
<td>-0.0874 (0.0932)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.346 *** (0.0337)</td>
<td>-0.212 *** (0.0288)</td>
<td>-0.48 *** (0.0321)</td>
<td>-0.51 *** (0.0461)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0347 *** (0.00624)</td>
<td>0.0508 *** (0.00540)</td>
<td>0.0283 *** (0.00536)</td>
<td>0.0359 *** (0.00641)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00033 *** (7.11e-05)</td>
<td>-0.00043 *** (5.87e-05)</td>
<td>-0.00021 *** (5.76e-05)</td>
<td>-0.00029 ** (6.82e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.00958 (0.0274)</td>
<td>0.000797 (0.0276)</td>
<td>-0.1 *** (0.0252)</td>
<td>-0.102 * (0.0404)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.0601 ** (0.0291)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>High school diploma</td>
<td>—</td>
<td>-0.1580 *** (0.0343)</td>
<td>-0.1320 *** (0.0319)</td>
<td>-0.2420 *** (0.0376)</td>
</tr>
<tr>
<td>Some college</td>
<td>-0.0613 ** (0.0266)</td>
<td>-0.195 *** (0.0330)</td>
<td>-0.294 *** (0.0315)</td>
<td>-0.356 *** (0.0384)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.125 (0.264)</td>
<td>0.00125 (0.144)</td>
<td>0.137 (0.0888)</td>
<td>0.126 (0.109)</td>
</tr>
<tr>
<td>Married</td>
<td>0.152 *** (0.0312)</td>
<td>0.119 *** (0.0280)</td>
<td>0.17 *** (0.0266)</td>
<td>0.268 *** (0.0381)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.405 *** (0.0494)</td>
<td>-0.448 *** (0.0491)</td>
<td>-0.436 *** (0.0460)</td>
<td>-0.348 *** (0.0504)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.32 *** (0.0438)</td>
<td>-0.263 *** (0.0444)</td>
<td>-0.0869 ** (0.0371)</td>
<td>-0.169 ** (0.0416)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0731 (0.128)</td>
<td>0.120 (0.112)</td>
<td>-0.204 ** (0.0870)</td>
<td>-0.0724 (0.127)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.178 *** (0.0652)</td>
<td>-0.302 *** (0.0573)</td>
<td>-0.215 *** (0.0473)</td>
<td>-0.331 *** (0.0564)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.6590 ** (0.291)</td>
<td>-0.217 (0.222)</td>
<td>-0.435 *** (0.149)</td>
<td>-0.428 * (0.170)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.00519 (0.167)</td>
<td>0.0290 (0.0564)</td>
<td>0.0763 * (0.0408)</td>
<td>-0.0411 (0.0540)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.467 *** (0.291)</td>
<td>-2.566 *** (0.186)</td>
<td>-2.051 *** (0.147)</td>
<td>-2.056 *** (0.181)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-22.
Self-employment in the information sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.144 (0.128)</td>
<td>-0.155 (0.120)</td>
<td>-0.170 ** (0.0828)</td>
<td>-0.325 * (0.119)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.374 *** (0.0880)</td>
<td>-0.303 *** (0.0675)</td>
<td>-0.189 *** (0.0324)</td>
<td>-0.207 ** (0.0480)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0623 ** (0.0274)</td>
<td>0.0460 ** (0.0183)</td>
<td>0.0213 *** (0.00570)</td>
<td>0.0344 ** (0.00907)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000660 * (0.000357)</td>
<td>-0.000421 * (0.000220)</td>
<td>-0.000110 * (6.42e-05)</td>
<td>-0.000278 * (0.000102)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0260 (0.0876)</td>
<td>0.0743 (0.0746)</td>
<td>0.0332 (0.0538)</td>
<td>0.0507</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.207 ** (0.0934)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>High school diploma</td>
<td>—</td>
<td>-0.0851 (0.157)</td>
<td>-0.0466 (0.0609)</td>
<td>-0.109 (0.0931)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.0880 (0.0980)</td>
<td>0.163 (0.142)</td>
<td>0.0504 (0.0545)</td>
<td>0.00727 (0.0802)</td>
</tr>
<tr>
<td>English proficient</td>
<td>—</td>
<td>—</td>
<td>-0.0624 (0.200)</td>
<td>0.0507 (0.277)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0442 (0.0953)</td>
<td>0.150 ** (0.0703)</td>
<td>0.0154 (0.0347)</td>
<td>0.0335 (0.0476)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.313 (0.191)</td>
<td>—</td>
<td>-0.386 *** (0.0681)</td>
<td>-0.312 * (0.133)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.526 ** (0.243)</td>
<td>—</td>
<td>-0.376 *** (0.0598)</td>
<td>-0.366 ** (0.0806)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0421 (0.505)</td>
<td>0.208 (0.421)</td>
<td>0.0689 (0.118)</td>
<td>-0.0724 (0.174)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.348 * (0.190)</td>
<td>-0.252 ** (0.124)</td>
<td>-0.268 *** (0.0630)</td>
<td>-0.240 * (0.0950)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>0.480 (0.621)</td>
<td>-0.300 (0.510)</td>
<td>-0.347 (0.220)</td>
<td>-0.767 (0.477)</td>
</tr>
<tr>
<td>Other race</td>
<td>—</td>
<td>-0.574 *** (0.198)</td>
<td>-0.00581 (0.0733)</td>
<td>-0.205 (0.114)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.799 *** (0.493)</td>
<td>-2.320 *** (0.359)</td>
<td>-1.983 *** (0.230)</td>
<td>-2.230 *** (0.341)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level
Figure C-23.
Self-employment in finance and insurance sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.00726 (0.0811)</td>
<td>-0.0681 (0.0781)</td>
<td>0.198 *** (0.0767)</td>
<td>0.0161 (0.140)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.994 *** (0.0362)</td>
<td>-0.825 *** (0.0303)</td>
<td>-0.814 *** (0.0310)</td>
<td>-0.699 *** (0.0418)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0462 *** (0.00640)</td>
<td>0.0518 *** (0.00625)</td>
<td>0.0439 *** (0.00611)</td>
<td>0.0438 *** (0.00746)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000262 *** (6.86e-05)</td>
<td>-0.000383 *** (6.64e-05)</td>
<td>-0.000250 *** (6.26e-05)</td>
<td>-0.000244 ** (7.92e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.153 *** (0.0338)</td>
<td>-0.0480 (0.0347)</td>
<td>-0.0928 *** (0.0326)</td>
<td>-0.111 * (0.0441)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.113 *** (0.0388)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>High school diploma</td>
<td>—</td>
<td>-0.217 *** (0.0661)</td>
<td>-0.140 ** (0.0674)</td>
<td>-0.0284 (0.107)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.207 *** (0.0367)</td>
<td>-0.0553 (0.0623)</td>
<td>0.0442 (0.0610)</td>
<td>0.114 (0.0949)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.270 (0.437)</td>
<td>-0.0643 (0.266)</td>
<td>0.135 (0.254)</td>
<td>0.00767 (0.268)</td>
</tr>
<tr>
<td>Married</td>
<td>0.108 *** (0.0400)</td>
<td>0.185 *** (0.0335)</td>
<td>0.230 *** (0.0336)</td>
<td>0.276 *** (0.0471)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.368 *** (0.0925)</td>
<td>-0.199 *** (0.0664)</td>
<td>-0.345 *** (0.0734)</td>
<td>-0.409 ** (0.106)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.324 *** (0.0734)</td>
<td>-0.161 ** (0.0669)</td>
<td>-0.196 *** (0.0563)</td>
<td>-0.0458 (0.0555)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.188 (0.259)</td>
<td>-0.132 (0.250)</td>
<td>0.0951 (0.127)</td>
<td>0.175 (0.140)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.309 *** (0.0812)</td>
<td>-0.283 *** (0.0661)</td>
<td>-0.210 *** (0.0526)</td>
<td>-0.234 ** (0.0644)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>—</td>
<td>-0.583 (0.436)</td>
<td>-0.578 ** (0.229)</td>
<td>-0.0453 (0.251)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.242 (0.289)</td>
<td>-0.136 (0.0990)</td>
<td>0.00545 (0.0721)</td>
<td>-0.0240 (0.0901)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.092 *** (0.457)</td>
<td>-2.422 *** (0.295)</td>
<td>-2.596 *** (0.287)</td>
<td>-2.546 *** (0.293)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level

Figure C.24.
Self-employment in the real estate, rental and leasing sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.0465 (0.0566)</td>
<td>-0.0658 (0.0709)</td>
<td>0.0439 (0.0705)</td>
<td>0.123 (0.0839)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.476 *** (0.0266)</td>
<td>-0.368 *** (0.0270)</td>
<td>-0.14 *** (0.0282)</td>
<td>-0.177 *** (0.0334)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0588 *** (0.00522)</td>
<td>0.0607 *** (0.00532)</td>
<td>0.0783 *** (0.00502)</td>
<td>0.0632 *** (0.00549)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00043 *** (5.43e-05)</td>
<td>-0.00043 *** (5.39e-05)</td>
<td>-0.00056 *** (4.96e-05)</td>
<td>-0.00047 *** (5.28e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0685 ** (0.0280)</td>
<td>0.0330 (0.0299)</td>
<td>-0.0635 ** (0.0302)</td>
<td>-0.14 ** (0.0343)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.586 *** (0.0314)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>High school diploma</td>
<td>0.1160 ** (0.0502)</td>
<td>0.1670 *** (0.0502)</td>
<td>0.3310 *** (0.0675)</td>
<td>—</td>
</tr>
<tr>
<td>Some college</td>
<td>0.379 *** (0.0279)</td>
<td>0.464 *** (0.0447)</td>
<td>0.511 *** (0.0454)</td>
<td>0.614 *** (0.0678)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.0547 (0.296)</td>
<td>0.212 (0.201)</td>
<td>0.0716 (0.156)</td>
<td>0.741 * (0.330)</td>
</tr>
<tr>
<td>Married</td>
<td>0.00241 (0.0307)</td>
<td>0.0788 *** (0.0295)</td>
<td>0.135 *** (0.0306)</td>
<td>0.33 *** (0.0376)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.421 *** (0.0815)</td>
<td>-0.385 *** (0.0883)</td>
<td>-0.327 *** (0.0712)</td>
<td>-0.509 *** (0.0823)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.268 *** (0.0607)</td>
<td>-0.14 ** (0.0559)</td>
<td>-0.179 *** (0.0487)</td>
<td>-0.158 * (0.0618)</td>
</tr>
<tr>
<td>American Indian</td>
<td>0.0318 (0.162)</td>
<td>0.0410 (0.163)</td>
<td>-0.00476 (0.105)</td>
<td>-0.120 (0.125)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.0839 (0.0835)</td>
<td>-0.0500 (0.0652)</td>
<td>-0.0354 (0.0570)</td>
<td>-0.0137 (0.0670)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.662 (0.505)</td>
<td>-0.437 (0.319)</td>
<td>-0.424 * (0.230)</td>
<td>-0.286 (0.259)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.334 * (0.192)</td>
<td>-0.0855 (0.0848)</td>
<td>-0.0836 (0.0621)</td>
<td>-0.122 (0.0757)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.843 *** (0.318)</td>
<td>-2.891 *** (0.242)</td>
<td>-3.531 *** (0.200)</td>
<td>-3.668 *** (0.404)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ** statistically significant at the 99% confidence level *** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level ** statistically significant at the 95% confidence level

Figure C-25.
Self-employment in the professional, scientific and technical services sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0506 (0.0620)</td>
<td>-0.174 *** (0.0586)</td>
<td>-0.165 *** (0.0312)</td>
<td>-0.301 *** (0.0531)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.518 *** (0.0285)</td>
<td>-0.398 *** (0.0268)</td>
<td>-0.332 *** (0.0139)</td>
<td>-0.330 *** (0.0167)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0612 *** (0.00547)</td>
<td>0.0498 *** (0.00496)</td>
<td>0.0505 *** (0.00258)</td>
<td>0.0529 *** (0.00395)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000396 *** (5.91e-05)</td>
<td>-0.000313 *** (5.27e-05)</td>
<td>-0.000332 *** (2.78e-05)</td>
<td>-0.000372 *** (4.25e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0199 (0.0307)</td>
<td>-0.0134 (0.0297)</td>
<td>0.0239 * (0.0143)</td>
<td>-0.0690 ** (0.0219)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.0678 ** (0.0327)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>High school diploma</td>
<td>—</td>
<td>-0.0436 (0.0545)</td>
<td>-0.113 *** (0.0209)</td>
<td>-0.130 *** (0.0283)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.500 *** (0.0333)</td>
<td>0.167 *** (0.0490)</td>
<td>-0.0430 ** (0.0188)</td>
<td>-0.0777 ** (0.0268)</td>
</tr>
<tr>
<td>English proficient</td>
<td>-0.244 (0.378)</td>
<td>-0.523 ** (0.225)</td>
<td>0.216 *** (0.0401)</td>
<td>0.224 ** (0.0574)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0298 (0.0334)</td>
<td>0.229 *** (0.0293)</td>
<td>0.180 *** (0.0144)</td>
<td>0.172 *** (0.0197)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.298 *** (0.0842)</td>
<td>-0.452 *** (0.0712)</td>
<td>-0.501 *** (0.0314)</td>
<td>-0.533 *** (0.0402)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.337 *** (0.0649)</td>
<td>-0.252 *** (0.0558)</td>
<td>-0.126 *** (0.0215)</td>
<td>-0.137 *** (0.0252)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.131 (0.186)</td>
<td>-0.386 ** (0.176)</td>
<td>-0.105 ** (0.0512)</td>
<td>-0.106</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.489 *** (0.0798)</td>
<td>-0.234 *** (0.0626)</td>
<td>-0.210 *** (0.0264)</td>
<td>-0.244 *** (0.0372)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.497 (0.312)</td>
<td>-0.584 ** (0.291)</td>
<td>-0.307 *** (0.108)</td>
<td>-0.297 * (0.128)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.0126 (0.258)</td>
<td>-0.119 (0.0891)</td>
<td>-0.0192 (0.0233)</td>
<td>0.0195</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.662 *** (0.396)</td>
<td>-1.901 *** (0.250)</td>
<td>-2.398 *** (0.0715)</td>
<td>-2.287 *** (0.111)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ***, **, * statistically significant at the 99%, 95%, and 90% confidence level respectively. Source: BBC Research & Consulting from 1980, 1990, 2000 and 2006-2008 U.S. Census Public-Use Micro Sample Data.
Figure C-26.
Self-employment in the administrative support, waste management and remediation services sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.311 * (0.166)</td>
<td>0.110 (0.260)</td>
</tr>
<tr>
<td>Female</td>
<td>0.0596 (0.0817)</td>
<td>-0.162 (0.0988)</td>
</tr>
<tr>
<td>Age</td>
<td>0.00247 (0.0131)</td>
<td>0.0229 (0.0194)</td>
</tr>
<tr>
<td>Age squared</td>
<td>0.000189 (0.000139)</td>
<td>-5.59e-05 (0.000204)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0606 (0.0738)</td>
<td>-0.219 * (0.0961)</td>
</tr>
<tr>
<td>Homeowner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td>0.2390 ** (0.103)</td>
<td>-0.0319 (0.125)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.423 *** (0.102)</td>
<td>0.234 (0.133)</td>
</tr>
<tr>
<td>English proficient</td>
<td>-0.0959 (0.194)</td>
<td>-0.399 (0.198)</td>
</tr>
<tr>
<td>Married</td>
<td>0.198 ** (0.0816)</td>
<td>0.174 (0.110)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.473 *** (0.154)</td>
<td>-0.223 (0.167)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.165 (0.110)</td>
<td>-0.362 ** (0.128)</td>
</tr>
<tr>
<td>American Indian</td>
<td>0.236 (0.194)</td>
<td>-0.355 (0.352)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.0484 (0.155)</td>
<td>-0.0973 (0.204)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.147 (0.486)</td>
<td>-1.059 (0.521)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.130 (0.122)</td>
<td>-0.221 (0.153)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.084 *** (0.363)</td>
<td>-1.731 ** (0.506)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ** *** statistically significant at the 99% confidence level. ** statistically significant at the 95% confidence level. * statistically significant at the 90% confidence level. Source: BBC Research & Consulting from 1980, 1990, 2000 and 2006-2008 U.S. Census Public-Use Micro Sample Data.
Figure C-27.
Self-employment in the educational services sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.0267 (0.0798)</td>
<td>0.0459 (0.0851)</td>
<td>0.0363 (0.0801)</td>
<td>0.0841 (0.0913)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.112 *** (0.0398)</td>
<td>-0.163 *** (0.0468)</td>
<td>-0.245 *** (0.0365)</td>
<td>-0.313 *** (0.0466)</td>
</tr>
<tr>
<td>Age</td>
<td>-0.00863 (0.00731)</td>
<td>-0.00781 (0.00794)</td>
<td>-0.00275 (0.00610)</td>
<td>-0.00194</td>
</tr>
<tr>
<td>Age squared</td>
<td>0.000260 *** (8.04e-05)</td>
<td>0.000184 ** (8.62e-05)</td>
<td>9.69e-05 (6.77e-05)</td>
<td>9.67e-05 (9.39e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0575 (0.0406)</td>
<td>0.0791 (0.0490)</td>
<td>0.0250 (0.0373)</td>
<td>-0.0267 (0.0454)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.0348 (0.0446)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>-0.101 (0.0743)</td>
<td>-0.100 (0.0614)</td>
<td>-0.0870 (0.0760)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.336 *** (0.0428)</td>
<td>0.0218 (0.0665)</td>
<td>0.0204 (0.0534)</td>
<td>0.0319 (0.0675)</td>
</tr>
<tr>
<td>English proficient</td>
<td>-0.0637 (0.370)</td>
<td></td>
<td>-0.0627 (0.232)</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>-0.0397 (0.0460)</td>
<td>-0.0602 (0.0544)</td>
<td>-0.0498 (0.0411)</td>
<td>-0.0544 (0.0542)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.582 *** (0.104)</td>
<td>-0.292 *** (0.0968)</td>
<td>-0.496 *** (0.0813)</td>
<td>-0.429 ** (0.0950)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.369 *** (0.0744)</td>
<td>-0.323 *** (0.0816)</td>
<td>-0.301 *** (0.0580)</td>
<td>-0.495 *** (0.0672)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.107 (0.222)</td>
<td>-0.248 (0.293)</td>
<td>-0.0864 (0.133)</td>
<td>-0.408 * (0.181)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.131 (0.0910)</td>
<td>-0.0447 (0.0844)</td>
<td>0.0113 (0.0577)</td>
<td>-0.0302 (0.0861)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.186 (0.376)</td>
<td></td>
<td>-0.541 * (0.277)</td>
<td>-0.281 (0.248)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.310 (0.358)</td>
<td>-0.318 ** (0.139)</td>
<td>-0.211 *** (0.0742)</td>
<td>0.0322 (0.110)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.336 *** (0.399)</td>
<td>-2.055 *** (0.159)</td>
<td>-1.729 *** (0.268)</td>
<td>-1.637 *** (0.193)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. *** statistically significant at the 99% confidence level ** statistically significant at the 95% confidence level * statistically significant at the 90% confidence level

Figure C-28.
Self-employment in the health care and social assistance sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.0508 (0.0581)</td>
<td>0.0284 (0.0392)</td>
<td>0.0585 (0.0423)</td>
<td>0.0897 (0.0606)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.436 *** (0.0288)</td>
<td>0.431 *** (0.0280)</td>
<td>0.496 *** (0.0270)</td>
<td>0.398 *** (0.0390)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0162 *** (0.00499)</td>
<td>-0.00745 ** (0.00316)</td>
<td>0.00213 (0.00281)</td>
<td>0.0340 *** (0.00461)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-3.67e-06 (5.53e-05)</td>
<td>0.00011 *** (3.54e-05)</td>
<td>2.64e-05 (3.07e-05)</td>
<td>-0.000250 *** (5.00e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0407 (0.0282)</td>
<td>0.0501 ** (0.0197)</td>
<td>0.0629 *** (0.0177)</td>
<td>-0.0289 (0.0248)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.134 *** (0.0296)</td>
<td>-0.178 *** (0.0242)</td>
<td>-0.277 *** (0.0230)</td>
<td>-0.237 *** (0.0280)</td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>-0.4 *** (0.0227)</td>
<td>-0.477 *** (0.0211)</td>
<td>-0.410 *** (0.0320)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.0515 * (0.0274)</td>
<td>-0.777 *** (0.0585)</td>
<td>-0.430 *** (0.0470)</td>
<td>-0.682 *** (0.0666)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.505 ** (0.254)</td>
<td>-0.0074 ** (0.0774)</td>
<td>-0.232 *** (0.0609)</td>
<td>-0.0850 (0.0797)</td>
</tr>
<tr>
<td>Married</td>
<td>0.192 *** (0.0291)</td>
<td>0.163 *** (0.0185)</td>
<td>0.157 *** (0.0173)</td>
<td>0.115 ** (0.0266)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.278 *** (0.0490)</td>
<td>-0.129 *** (0.0321)</td>
<td>-0.405 *** (0.0279)</td>
<td>-0.000856 (0.0408)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.206 *** (0.0470)</td>
<td>-0.131 *** (0.0271)</td>
<td>-0.0167 (0.0250)</td>
<td>(0.0327)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.0925 (0.126)</td>
<td>-0.232 *** (0.0774)</td>
<td>-0.0850 (0.0609)</td>
<td>-0.0797 (0.0797)</td>
</tr>
<tr>
<td>Asian</td>
<td>0.0300 (0.0532)</td>
<td>-0.273 *** (0.0352)</td>
<td>-0.171 ** (0.0319)</td>
<td>(0.0389)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.277 (0.237)</td>
<td>-0.110 (0.147)</td>
<td>-0.178 (0.101)</td>
<td>-0.137 (0.137)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.179 (0.156)</td>
<td>-0.0904 (0.0340)</td>
<td>-0.0224 (0.0277)</td>
<td>-0.0327 (0.0327)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.943 *** (0.275)</td>
<td>-1.275 *** (0.0895)</td>
<td>-1.818 *** (0.0808)</td>
<td>(0.117)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level

Figure C-29.
Self-employment in the arts and entertainment sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.175 ** (0.0822)</td>
<td>-0.0224 (0.0862)</td>
<td>-0.232 *** (0.0835)</td>
<td>-0.235 * (0.0983)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.337 *** (0.0333)</td>
<td>-0.287 *** (0.0316)</td>
<td>-0.182 *** (0.0293)</td>
<td>-0.161 ** (0.0384)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0820 *** (0.00685)</td>
<td>0.0972 *** (0.00610)</td>
<td>0.0855* *** (0.00494)</td>
<td>0.0746 *** (0.00726)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000862 *** (8.29e-05)</td>
<td>-0.000975 *** (7.06e-05)</td>
<td>-0.000766 *** (5.58e-05)</td>
<td>-0.000684 *** (8.31e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>0.0104 (0.0334)</td>
<td>0.0380 (0.0346)</td>
<td>-0.202 *** (0.0301)</td>
<td>-0.150 ** (0.0435)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>-0.101 *** (0.0336)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>0.105 ** (0.0493)</td>
<td>0.160 *** (0.0475)</td>
<td>0.166 ** (0.0588)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.230 *** (0.0334)</td>
<td>0.331 *** (0.0438)</td>
<td>0.364 *** (0.0424)</td>
<td>0.390 *** (0.0557)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.395 (0.273)</td>
<td>-0.461 *** (0.135)</td>
<td>0.0257 (0.131)</td>
<td>-0.121 (0.179)</td>
</tr>
<tr>
<td>Married</td>
<td>0.0880 ** (0.0381)</td>
<td>0.126 *** (0.0360)</td>
<td>0.0193 (0.0319)</td>
<td>0.170 ** (0.0393)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.252 *** (0.0747)</td>
<td>-0.148 * (0.0756)</td>
<td>-0.104 * (0.0574)</td>
<td>0.0251 (0.0784)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.372 *** (0.0634)</td>
<td>-0.247 *** (0.0597)</td>
<td>-0.310 *** (0.0515)</td>
<td>-0.475 *** (0.0615)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.101 (0.190)</td>
<td>-0.295 * (0.171)</td>
<td>-0.293 *** (0.0860)</td>
<td>-0.255 (0.130)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.215 ** (0.0987)</td>
<td>-0.144 ** (0.0770)</td>
<td>-0.465 *** (0.0602)</td>
<td>-0.435 *** (0.0755)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.0820 (0.245)</td>
<td>-0.351 (0.259)</td>
<td>-0.187 (0.300)</td>
<td>-0.633 ** (0.218)</td>
</tr>
<tr>
<td>Other race</td>
<td>-0.0273 (0.220)</td>
<td>-0.125 (0.0835)</td>
<td>-0.00942 (0.0623)</td>
<td>-0.0124 (0.0912)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.187 *** (0.302)</td>
<td>-2.916 *** (0.183)</td>
<td>-3.000 *** (0.165)</td>
<td>-2.666 *** (0.242)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ** statistically significant at the 99% confidence level, *** statistically significant at the 95% confidence level, * statistically significant at the 90% confidence level.

Figure C-30.
Self-employment in accommodation and food services sector – residents without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>0.154 ** (0.0781)</td>
<td>-0.0247 (0.160)</td>
<td>-0.00317 (0.0498)</td>
<td>-0.102 (0.0793)</td>
</tr>
<tr>
<td>Female</td>
<td>0.0880 ** (0.0369)</td>
<td>-0.345 *** (0.0527)</td>
<td>-0.183 *** (0.0214)</td>
<td>-0.138 *** (0.0267)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0290 *** (0.00615)</td>
<td>0.0386 *** (0.00948)</td>
<td>0.0675 *** (0.00387)</td>
<td>0.0788 *** (0.00600)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.000293 *** (7.00e-05)</td>
<td>-0.000246 ** (9.94e-05)</td>
<td>-0.000482 *** (4.27e-05)</td>
<td>-0.000541 *** (6.60e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.0318 (0.0339)</td>
<td>-0.0572 (0.0589)</td>
<td>-0.00788 (0.0221)</td>
<td>0.0137 (0.0324)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.410 *** (0.0335)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td>-0.148 (0.102)</td>
<td>-0.0969 (0.139)</td>
<td>0.245 *** (0.0557)</td>
<td>0.202 ** (0.0658)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.262 *** (0.0357)</td>
<td>0.170 ** (0.0674)</td>
<td>0.199 *** (0.0270)</td>
<td>0.182 ** (0.0450)</td>
</tr>
<tr>
<td>English proficient</td>
<td>-0.148 (0.102)</td>
<td>-0.0969 (0.139)</td>
<td>0.245 *** (0.0557)</td>
<td>0.202 ** (0.0658)</td>
</tr>
<tr>
<td>Married</td>
<td>0.493 *** (0.0356)</td>
<td>0.259 *** (0.0529)</td>
<td>0.338 *** (0.0227)</td>
<td>0.338 *** (0.0361)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.489 *** (0.0686)</td>
<td>-0.359 ** (0.144)</td>
<td>-0.281 *** (0.0629)</td>
<td>-0.271 * (0.0981)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.467 *** (0.0506)</td>
<td>-0.381 *** (0.0863)</td>
<td>-0.112 *** (0.0346)</td>
<td>-0.213 ** (0.0481)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.178 (0.161)</td>
<td>-0.501 ** (0.209)</td>
<td>-0.126 (0.0815)</td>
<td>-0.278 (0.160)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.236 *** (0.0667)</td>
<td>0.0288 (0.0786)</td>
<td>0.329 *** (0.0284)</td>
<td>0.225 ** (0.0497)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.252 (0.158)</td>
<td></td>
<td>-0.0806 (0.149)</td>
<td>-0.145 (0.260)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.0762 (0.167)</td>
<td>-0.0867 (0.106)</td>
<td>0.0711 * (0.0363)</td>
<td>0.00898 (0.0630)</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.352 *** (0.158)</td>
<td>-2.872 *** (0.259)</td>
<td>-3.832 *** (0.0985)</td>
<td>-4.152 *** (0.142)</td>
</tr>
</tbody>
</table>

Note: The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable. ** statistically significant at the 99% confidence level. *** statistically significant at the 95% confidence level. * statistically significant at the 90% confidence level.

**Figure C-31.**
Self-employment in the other services (except public administration) sector – residents without a college degree

Note: The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.
*** statistically significant at the 99% confidence level
** statistically significant at the 95% confidence level
* statistically significant at the 90% confidence level


<table>
<thead>
<tr>
<th>Independent variable</th>
<th>1980 Coefficient (Standard error)</th>
<th>1990 Coefficient (Standard error)</th>
<th>2000 Coefficient (Standard error)</th>
<th>2006-2008 Coefficient (Standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San José MSA</td>
<td>-0.124 *** (0.0336)</td>
<td>-0.142 *** (0.0330)</td>
<td>-0.157 *** (0.0404)</td>
<td>-0.0345 (0.0587)</td>
</tr>
<tr>
<td>Female</td>
<td>-0.355 *** (0.0151)</td>
<td>-0.0474 *** (0.0141)</td>
<td>0.268 *** (0.0146)</td>
<td>0.396 *** (0.0230)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0804 *** (0.00291)</td>
<td>0.0834 *** (0.00282)</td>
<td>0.0681 *** (0.00272)</td>
<td>0.0644 *** (0.00384)</td>
</tr>
<tr>
<td>Age squared</td>
<td>-0.00067 *** (3.28e-05)</td>
<td>-0.000723 *** (3.11e-05)</td>
<td>-0.000608 *** (2.96e-05)</td>
<td>-0.000559 *** (4.14e-05)</td>
</tr>
<tr>
<td>Other workers in the home</td>
<td>-0.00478 (0.0157)</td>
<td>0.0355 ** (0.0158)</td>
<td>-0.0148 (0.0152)</td>
<td>-0.0279 (0.0232)</td>
</tr>
<tr>
<td>Homeowner</td>
<td>0.207 *** (0.0159)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school diploma</td>
<td></td>
<td>0.0297 (0.0198)</td>
<td>0.0171 (0.0194)</td>
<td>-0.0341 (0.0259)</td>
</tr>
<tr>
<td>Some college</td>
<td>0.153 *** (0.0152)</td>
<td>0.137 *** (0.0189)</td>
<td>-0.0586 *** (0.0191)</td>
<td>-0.104 ** (0.0273)</td>
</tr>
<tr>
<td>English proficient</td>
<td>0.288 *** (0.0843)</td>
<td>0.203 *** (0.0520)</td>
<td>0.0631 * (0.0354)</td>
<td>0.0717 (0.0396)</td>
</tr>
<tr>
<td>Married</td>
<td>0.122 *** (0.0167)</td>
<td>0.201 *** (0.0152)</td>
<td>0.0735 *** (0.0154)</td>
<td>0.0519 * (0.0212)</td>
</tr>
<tr>
<td>Black</td>
<td>-0.355 *** (0.0312)</td>
<td>-0.395 *** (0.0312)</td>
<td>-0.234 *** (0.0338)</td>
<td>-0.152 ** (0.0481)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-0.257 *** (0.0231)</td>
<td>-0.192 *** (0.0234)</td>
<td>-0.0968 *** (0.0216)</td>
<td>-0.0499 (0.0252)</td>
</tr>
<tr>
<td>American Indian</td>
<td>-0.139 * (0.0789)</td>
<td>-0.0990 (0.0710)</td>
<td>-0.160 *** (0.0545)</td>
<td>-0.112 (0.0711)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.0946 *** (0.0366)</td>
<td>-0.185 *** (0.0282)</td>
<td>-0.0943 *** (0.0258)</td>
<td>-0.304 *** (0.0389)</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>-0.386 *** (0.135)</td>
<td>-0.240 * (0.127)</td>
<td>-0.286 ** (0.114)</td>
<td>-0.415 * (0.173)</td>
</tr>
<tr>
<td>Other race</td>
<td>0.0396 (0.0908)</td>
<td>-0.127 *** (0.0297)</td>
<td>-0.0242 (0.0226)</td>
<td>-0.0267 (0.0291)</td>
</tr>
<tr>
<td>Constant</td>
<td>-3.058 *** (0.102)</td>
<td>-3.041 *** (0.0802)</td>
<td>-2.450 *** (0.0693)</td>
<td>-2.321 *** (0.0967)</td>
</tr>
</tbody>
</table>
Information on Updating these Analyses

The above regression analyses were based on publicly available U.S. Census Bureau data, downloaded from the iPUMS.org website (http://www.ipums.org). Regressions may be updated with decennial Census data or American Community Survey (ACS) data. The ACS is conducted every year and single-year and multi-year datasets are available. Newly released Census data are made available on the iPUMS.org website at regular intervals.

Downloading the datasets is relatively straightforward and requires only registering as a user on the website. Note that individual variables change between Census and ACS years and some variables used in the models presented here may be revised, modified, replaced or omitted in future datasets.

BBC developed the probit regressions using the statistical software program, STATA. Other commercially available statistical packages (e.g., SAS, SPSS) are also capable of running probit regressions if the proper modules are installed. Per the www.stata.com website, a single-user government license can be purchased, with printed documentation, for $1,995.
APPENDIX D.
Review of Small Business Indices

There are a number of indices that are used to measure the outlook and development of the small business environment. This appendix summarizes some of the most important indices, discussing the metrics and methodology used, the organizations responsible for each index, and what each index seeks to measure. A table summarizing the key features of the indices examined in this appendix is shown in Figure D-1. Information on how to update these indices is presented at the end of the appendix. BBC examined questions in many of these surveys before designing the 2010 survey of small business owners in Santa Clara County.

Figure D-1.
Summary of small business indices.

<table>
<thead>
<tr>
<th>Index name</th>
<th>Organization(s) responsible</th>
<th>Purpose of index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business Index</td>
<td>House Small Business Committee</td>
<td>Reflect small business climate and near-term performance of sector</td>
</tr>
<tr>
<td>Small Business Survival Index</td>
<td>Small Business &amp; Entrepreneurship Council</td>
<td>Compare Impact of government on small business at the state level</td>
</tr>
<tr>
<td>Index of Small Business Optimism</td>
<td>National Federation of Independent Businesses</td>
<td>Assess outlook for small business climate</td>
</tr>
<tr>
<td>Small Business Confidence Index</td>
<td>BusinessWeek and Capital One</td>
<td>Assess outlook for small business climate</td>
</tr>
<tr>
<td>Small Business Index</td>
<td>Wells Fargo and Gallup</td>
<td>Assess outlook for small business climate</td>
</tr>
<tr>
<td>Small Business Watch</td>
<td>Discover and Rasmussen Reports</td>
<td>Assess outlook for small business climate</td>
</tr>
<tr>
<td>Small Business Vitality</td>
<td>Portfolio.com</td>
<td>Compare vitality of small business environment in large metro areas</td>
</tr>
<tr>
<td>Index of Entrepreneurial Activity</td>
<td>Kauffman Foundation</td>
<td>Measure entrepreneurial activity</td>
</tr>
<tr>
<td>Total Early-Stage Entrepreneurial Activity</td>
<td>Global Entrepreneurship Monitor</td>
<td>Measure early-stage entrepreneurial activity</td>
</tr>
</tbody>
</table>

Source: BBC Research & Consulting.
The Small Business Index (SBI) was first developed by members of the House Small Business Committee in the late nineties in order to “[reflect] the current small business climate, while also providing insights into near-term performance of the small business sector.”\(^1\) It was published annually between 1998 and 2002 and quarterly from 2003 to 2006. Although the index has not been published since 2006, it includes a number of features that are relevant to this study and is therefore included here.

The SBI is representative of a number of indices that exist primarily for the purpose of advocacy. These indices tend to be composed of a wide range of different inputs that are combined into one measure. As such, these indices are the most difficult to update independently and the most open to criticisms of bias.

**Methodology and composition.**\(^2\) The SBI provides a broad measure of small business creation and viability by reflecting current economic conditions facing small businesses. A national index, the SBI incorporates macro- and micro-level measures. The index includes seventeen metrics, grouped into four categories:

- Cost factors;
- Credit conditions;
- Trade competitiveness; and
- Industry metrics.

Of particular note is the fact that, “business starts and failures … were removed from the index due to the substantial lag in the issuance of the data series.”\(^3\)

**Cost factors.** The variables that are included in this category measure the costs of operating a small business. These costs can be separated into resource costs, labor costs and input costs. Resource costs include oil and natural gas costs, raw materials, and inventory purchases. Labor costs are reflected in the cost for providing health care, as well as total employee compensation and employee retirement and savings costs. Additionally, input costs are measured using the Producer Price Index, which measures wholesale prices for inputs. Finally, there are a number of regulatory costs that are also measured in the index.

**Credit conditions and access to capital.** Variables in this category reflect the availability and cost of obtaining credit as a small business. These include the budget deficit, which is negatively correlated with the availability of private loans. Also included is a variable representing the lending activity of banks, to reflect how many loans are being made. This is a particularly important measure, since


\(^3\) Ibid., 11.
many small businesses rely on commercial bank loans for investment. The prime interest rate is also included as a measure of the overall cost of borrowing, since almost all capital that is extended to small businesses is linked to the prime interest rate.

One of the ways that small businesses raise equity capital is through venture capital investment, so a measure of venture capital is included in the SBI.

**Trade competitiveness.** As many exporting businesses in the United States are small businesses, the index also reflects the trade competitiveness of U.S. businesses. In order to measure this, the SBI incorporates the trade deficit, which measures how competitive U.S. firms are against other firms. Another (and possibly more precise) metric of trade competitiveness is the value of new orders that manufacturers receive, which is also included in this category.

**Industry metrics.** Although referred to in publications as “industry metrics,” the final group of measures is designed to reflect conditions in the small business sector. The first of these measures is the National Federation of Independent Businesses (NFIB) Index of Small Business Optimism (ISBO), which is discussed later in this appendix. The ISBO measures the extent to which small business owners are optimistic about the next six months for the business climate and for their business in particular. Additionally, net farm income is used as an input into the SBI, since a number of farms operate as small businesses. The Russell 2000 stock index is also incorporated into the SBI, as it is a stock index specific to the small business sector. Finally, the number of unemployed workers is also measured, since this indicates the hiring practices of all businesses. These final metrics are used to measure the short-term prospects for growth of small businesses.

**Reporting.** For each reporting period, the percentage change in each individual measure is calculated and these are then aggregated to calculate the percentage change in the SBI. The value of the index reported is relative to a nominal value of 100 in 1998. Between 1998 and 2002, the SBI was published annually. Between 2003 and the second quarter of 2006, the index was published each quarter. Since 1998, the index has reached a high of approximately 109 in 2000 and a low of roughly 69 in the fourth quarter of 2005. For most of the time since 2002, the index has remained in the 70-75 range.

**Criticism.** More recent index values have not been released. Moreover, between 2003 and 2006, successive releases have included revised figures for previous time periods, calling into question the reliability of the index. (For this reason, BBC has not included detailed historical figures for this index). Another criticism of the index is that it is too politicized, having been used by the minority party during 2000-2006 to criticize the incumbent administration.

The SBI could also be criticized for incorporating many subjects that relate to the broader economic climate and not specifically to small businesses. In this sense, one could view the SBI as simply a business index. Moreover, the number of different components and the time taken to compile and publish the index means that it is a lagging indicator of the small business environment. The index is arguably trying to do two things: reflect the business climate and measure the performance of small businesses. Whether it succeeds in this is unclear. Finally, the index is national and not producible by region.
Small Business Survival Index – Small Business & Entrepreneurship Council

The Small Business Survival Index (SBSI) is a measurement that aggregates government-imposed or related costs that impact the potential for entrepreneurs to be successful. It is the creation of the Small Business & Entrepreneurship Council (SBE Council), a 501c (4) advocacy organization that works to protect and promote the interests of the small business community. The index is published in December of each year and is available for every year since 1996.

Methodology and composition. The SBSI is calculated for each state, enabling comparison between states on how easy or hard it is to start a business according to the SBE Council. The most recent publication (December 2009) includes 36 separate measures. In order to calculate the SBSI, these metrics are added together so that the lower the SBSI number, the lighter the burden on the nascent entrepreneur and therefore the better the environment for small businesses. The 36 measures can be grouped into three categories:

- Taxation;
- Health care costs; and
- Other costs to entrepreneurs.

Taxation. As noted elsewhere in this report, tax policy can have an impact on small business creation and survival rates. There are a number of measurements of tax levels included in the SBSI.

- Individual taxes. The SBSI includes the levels of personal income tax, individual capital gains tax, individual alternative minimum tax, indexing personal income tax brackets, and death taxes.

- Corporate taxes. The index includes corporate income tax, corporate capital gains tax, additional income tax on S-Corporations, corporate alternative minimum tax and unemployment tax rates.

- Other taxes. There are a number of other taxes measured, including sales, gross receipts and excise taxes, property taxes, internet taxes, gas taxes, diesel taxes and tax limitation states.

While taxes can play a role in encouraging or discouraging business creation, the rationale behind the taxes included in the SBSI is not entirely clear — except for personal and corporate income tax and capital gains tax, there is little evidence in the academic literature that the other taxes used in the index have a direct impact on business creation.

Health care costs. These costs include health savings accounts, the presence of state high-risk pools for health insurance, and a number of health care regulation costs. The index also scores states based on the presence or absence of a number of regulations that — in the view of the SBE Council — are likely to raise costs for small businesses.

Other costs. There are a number of other costs not included above that are a part of the SBSI. First, electricity costs, worker compensation costs and state legal liability costs are directly related to the cost
of starting and operating a business. Furthermore, states that have more regulatory flexibility, right-to-work legislation or a lower minimum wage are theoretically more attractive to entrepreneurs. Other government policies that the SBE Council believes affect small businesses are trends in state and local government spending, per capita state and local government spending, number of government employees, and the protection of private property. Finally, highway cost efficiency, paid family leave and total crime rate are also included in the SBSI.

**Limitations.** While it may be important to factor in the costs of starting a business, the SBSI clearly does not tell the entire story—the most index at the time of this study identified South Dakota as the number one place to start a small business. By focusing on costs by state and ignoring the benefits of starting a business in a particular state, the index presents a somewhat distorted picture. While costs may be high for starting a business in California (which is ranked 49th out of 50 according to the SBSI), the benefits may be higher too. In fact, California has the tenth highest rate of entrepreneurial activity, based on the KIEA.

**Index of Small Business Optimism – National Federation of Independent Businesses**

The Index of Small Business Optimism (ISBO) is a survey of small business owners that is conducted on a monthly basis by the National Federation of Independent Businesses (NFIB). The NFIB is a non-profit organization whose members are small businesses. The organization has conducted research on small businesses since 1973 and the index has been reported since the mid-1970s.

**Methodology and composition.** This index is a forward-looking reflection of the business climate, asking small business owners what they expect the next few months to hold, rather than reporting what occurred in the past months or year. The index is based on a survey of small, independently-owned businesses across the nation. The survey questions address the following ten issues:

- Plans to increase employment;
- Plans to make capital outlays;
- Plans to increase inventories;
- Expectations of an improving economy;
- Expectations of improving sales;
- Current inventory levels;
- Current job openings;
- Expected credit conditions;
- Advantages of expanding in the current period; and
- Earnings trends.
Responses are aggregated in the index so that a higher index score reflects a greater level of optimism among small businesses. The definition used by NFIB of small business is rather nebulous; according to the study it is “small-business owners/members.” Each month, a survey is mailed to just under 11,000 business owners, a sample drawn from the membership files of NFIB. In July 2010, the response rate was 19 percent.

Figure D-8 shows the value of the index in July of each year from 2005 to 2010.

**Figure D-8.**
**Index of Small Business Optimism, 2005-2010**

![Graph showing index values from 2005 to 2010](image_url)

**Notes:**
- Index scores are for July of each year.

**Capital One Small Business Confidence Index – BusinessWeek/Capital One**

The Capital One Small Business Confidence Index (SBCI) was developed as part of a 2007 study of small business owners throughout the United States, where a small business is defined as a business that employs fewer than 10 employees. The survey of 750 business owners was conducted by BusinessWeek Research Services, a division of BusinessWeek magazine.

The index is a measurement from zero to 100 of perceptions of growth in the next six months. If the SBCI is 50, then on average, small businesses believe that growth will be flat, while if the SBCI is above 50, then on average, small business owners believe that growth will increase in the next period. Likewise, if the index is below 50, small business owners believe that there will be negative growth.

The SBCI reflects four different factors of business success: profits, revenue, demand for products and services, and industry performance. Similar to the ISBO, the SBCI is a forward-looking index, asking small business owners what they expect the next period to be like for their business.

The SBCI was developed as part of a pilot study in 2007. The index has not been regularly updated since then.

**Small Business Index – Wells Fargo/Gallup Organization**

The index compiled by Wells Fargo and Gallup is a survey of small business owners that measures perceived conditions on a number of metrics related to small business. Respondents are asked to give their current situation and expectations for the next twelve months. These metrics include the financial situation of the company, revenue, cash flow, capital spending, number of employees and credit availability. A positive index score means that more owners are optimistic, while a negative index score means more owners are pessimistic.

The Small Business Index is based on a monthly telephone survey of 600 small business owners. It began in 2003, and the most recent results were for July of 2010. Since reaching a high of 114 points in 2007, the index value of minus 28 for July 2010 represents the lowest index value since the survey began.

**Small Business Watch – Discover/Rasmussen Reports**

This index is compiled by Rasmussen Reports and is commissioned by Discover. It is based on a survey of approximately 750 owners of businesses with five or fewer employees. Each month, the owners in the sample are asked a number of questions. The first six questions are repeated every month, and capture the economic confidence of the small business owners. These first six questions are the basis for the ongoing index. These questions are listed below.

- Generally speaking, are the economic conditions for your business getting better or worse in the next 6 months?
- Over the past 90 days, has your business encountered any temporary cash flow issues that caused you to hold off on paying some bills?
- Over the course of the next few months, will your company be hiring more workers, laying off workers, or making no change in the workforce?
- Generally speaking, how would you rate the U.S. economy these days? Excellent, good, fair, or poor?
- Are economic conditions in the country getting better or worse?
- Over the next six months, will your company increase or decrease spending on business development activities such as advertising, inventories, and capital expenditures?

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The rest of the questions seek to gauge the attitudes that the small business owners have of their own business, as well as address any current events that may impact the small businesses. The index is updated on a monthly basis. It has been published since August 2006.

**Small Business Vitality — Portfolio.com**

The Small Business Vitality (SBV) index was developed by Portfolio.com, an affiliate of bizjournals, the online business media division of American City Business Journals. The SBV is intended to reflect the vitality of the small business environment in each of the nation’s 100 largest metropolitan areas. The first ranking of metropolitan areas based on the index was published in 2009; a second ranking was recently released for 2010.

Figure D-10 on the following pages presents the rankings of the 100 largest metropolitan areas for 2009 and 2010. In 2010, Austin, Texas was the top-ranked metro area for small business vitality, with an index value of 51. Detroit was the bottom-ranked metro area in 2010, with an index value of -54. San José ranked 50th in 2009 and 75th in 2010.

**Composition.** The index has 6 components. These are:

- Number of small businesses per 1,000 residents;
- One-year change in number of small businesses per 1,000 residents;
- One-year growth rate in small businesses;
- One-year growth rate in private sector employment;
- Five-year growth rate in population; and
- Five-year growth rate in employment.

While each of these may reasonably be expected to influence the well-being of small businesses, there is no theoretical discussion of why each component is included. Moreover, Portfolio.com provides no indication of how each component is weighted in the overall index.

Figure D-10 on the following pages shows the 2010 and 2009 rankings for the 100 largest metropolitan areas based on the SBV.
### Figure D-10.
Small business vitality rankings for 100 largest metropolitan areas

<table>
<thead>
<tr>
<th>Metropolitan area</th>
<th>2010 rank</th>
<th>2009 rank</th>
<th>Small business vitality score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin, TX</td>
<td>1</td>
<td>4</td>
<td>51.05</td>
</tr>
<tr>
<td>Baton Rouge, LA</td>
<td>2</td>
<td>45</td>
<td>37.19</td>
</tr>
<tr>
<td>Raleigh, NC</td>
<td>3</td>
<td>1</td>
<td>32.89</td>
</tr>
<tr>
<td>Charleston, SC</td>
<td>4</td>
<td>18</td>
<td>32.49</td>
</tr>
<tr>
<td>Portland, ME</td>
<td>5</td>
<td>10</td>
<td>30.10</td>
</tr>
<tr>
<td>McAllen-Edinburg, TX</td>
<td>6</td>
<td>14</td>
<td>28.69</td>
</tr>
<tr>
<td>Miami-Fort Lauderdale, FL</td>
<td>7</td>
<td>12</td>
<td>28.50</td>
</tr>
<tr>
<td>Des Moines, IA</td>
<td>8</td>
<td>22</td>
<td>27.62</td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>9</td>
<td>6</td>
<td>27.08</td>
</tr>
<tr>
<td>Seattle, WA</td>
<td>10</td>
<td>3</td>
<td>26.51</td>
</tr>
<tr>
<td>Little Rock, AR</td>
<td>11</td>
<td>30</td>
<td>24.05</td>
</tr>
<tr>
<td>Columbia, SC</td>
<td>12</td>
<td>59</td>
<td>23.32</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>13</td>
<td>25</td>
<td>21.96</td>
</tr>
<tr>
<td>Omaha, NE</td>
<td>14</td>
<td>26</td>
<td>19.45</td>
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<tr>
<td>Oklahoma City, OK</td>
<td>15</td>
<td>8</td>
<td>19.34</td>
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<tr>
<td>Greenville, SC</td>
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<td>Washington</td>
<td>19</td>
<td>16</td>
<td>15.92</td>
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<tr>
<td>Poughkeepsie, NY</td>
<td>20</td>
<td>56</td>
<td>13.72</td>
</tr>
<tr>
<td>Virginia Beach-Norfolk, VA</td>
<td>21</td>
<td>19</td>
<td>13.53</td>
</tr>
<tr>
<td>Tulsa, OK</td>
<td>22</td>
<td>39</td>
<td>13.49</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>23</td>
<td>9</td>
<td>13.07</td>
</tr>
<tr>
<td>Jackson, MS</td>
<td>24</td>
<td>67</td>
<td>13.05</td>
</tr>
<tr>
<td>Dallas-Fort Worth, TX</td>
<td>25</td>
<td>21</td>
<td>12.40</td>
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<tr>
<td>Portland, OR</td>
<td>26</td>
<td>11</td>
<td>12.40</td>
</tr>
<tr>
<td>New York City, NY</td>
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<td>35</td>
<td>12.38</td>
</tr>
<tr>
<td>Nashville, TN</td>
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<td>11.52</td>
</tr>
<tr>
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<tr>
<td>Richmond, VA</td>
<td>34</td>
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<td>9.29</td>
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</table>

Source: Portfolio.com, part of the bizjournals network.
**Figure D-10. (continued)**  
Small business vitality rankings for 100 largest metropolitan areas

<table>
<thead>
<tr>
<th>Metropolitan area</th>
<th>2010 rank</th>
<th>2009 rank</th>
<th>Small business vitality score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oxnard-Thousand Oaks, CA</td>
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<td>91</td>
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<td>6.34</td>
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<td>5.38</td>
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<td>Kansas City, MO</td>
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<td>65</td>
<td>5.14</td>
</tr>
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<td>Chattanooga, TN</td>
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<td>Worcester, MA</td>
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<td>1.58</td>
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<td>Columbus, MO</td>
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<td>Honolulu, HI</td>
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<td>Palm Bay-Melbourne, FL</td>
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<td>Bradenton-Sarasota, FL</td>
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<td>-5.38</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>67</td>
<td>47</td>
<td>-5.72</td>
</tr>
</tbody>
</table>

Source: Portfolio.com, part of the bizjournals network.
### Figure D-10. (continued)
Small business vitality rankings for 100 largest metropolitan areas

<table>
<thead>
<tr>
<th>Metropolitan area</th>
<th>2010 rank</th>
<th>2009 rank</th>
<th>Small business vitality score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Las Vegas, NV</td>
<td>68</td>
<td>15</td>
<td>-6.07</td>
</tr>
<tr>
<td>Wichita, KS</td>
<td>69</td>
<td>70</td>
<td>-6.87</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>70</td>
<td>63</td>
<td>-7.39</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>71</td>
<td>66</td>
<td>-7.83</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>72</td>
<td>60</td>
<td>-8.83</td>
</tr>
<tr>
<td>New Orleans, LA</td>
<td>73</td>
<td>38</td>
<td>-9.88</td>
</tr>
<tr>
<td>Scranton-Wilkes-Barre, PA</td>
<td>74</td>
<td>73</td>
<td>-10.01</td>
</tr>
<tr>
<td>San Jose, CA</td>
<td>75</td>
<td>50</td>
<td>-11.63</td>
</tr>
<tr>
<td>Louisville, KY</td>
<td>76</td>
<td>69</td>
<td>-12.01</td>
</tr>
<tr>
<td>Providence, RI</td>
<td>77</td>
<td>89</td>
<td>-12.25</td>
</tr>
<tr>
<td>Cape Coral-Fort Myers, FL</td>
<td>78</td>
<td>20</td>
<td>-12.55</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>79</td>
<td>46</td>
<td>-13.20</td>
</tr>
<tr>
<td>Buffalo, NY</td>
<td>80</td>
<td>84</td>
<td>-13.28</td>
</tr>
<tr>
<td>Akron, OH</td>
<td>81</td>
<td>79</td>
<td>-13.82</td>
</tr>
<tr>
<td>Memphis, TN</td>
<td>82</td>
<td>92</td>
<td>-15.09</td>
</tr>
<tr>
<td>Cincinnati, OH</td>
<td>83</td>
<td>82</td>
<td>-15.30</td>
</tr>
<tr>
<td>Tucson, AZ</td>
<td>84</td>
<td>90</td>
<td>-15.31</td>
</tr>
<tr>
<td>Augusta, GA</td>
<td>85</td>
<td>87</td>
<td>-16.04</td>
</tr>
<tr>
<td>Lakeland, FL</td>
<td>86</td>
<td>81</td>
<td>-16.77</td>
</tr>
<tr>
<td>Modesto, CA</td>
<td>87</td>
<td>98</td>
<td>-18.38</td>
</tr>
<tr>
<td>Springfield, MA</td>
<td>88</td>
<td>94</td>
<td>-21.00</td>
</tr>
<tr>
<td>Greensboro, NC</td>
<td>89</td>
<td>29</td>
<td>-21.20</td>
</tr>
<tr>
<td>Fresno, CA</td>
<td>90</td>
<td>88</td>
<td>-21.64</td>
</tr>
<tr>
<td>Riverside-San Bernardino, CA</td>
<td>91</td>
<td>95</td>
<td>-22.41</td>
</tr>
<tr>
<td>Stockton, CA</td>
<td>92</td>
<td>85</td>
<td>-24.89</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
<td>93</td>
<td>80</td>
<td>-25.10</td>
</tr>
<tr>
<td>Cleveland, OH</td>
<td>94</td>
<td>83</td>
<td>-27.42</td>
</tr>
<tr>
<td>Sacramento, CA</td>
<td>95</td>
<td>78</td>
<td>-28.38</td>
</tr>
<tr>
<td>Milwaukee, WI</td>
<td>96</td>
<td>77</td>
<td>-103.00</td>
</tr>
<tr>
<td>Toledo, OH</td>
<td>97</td>
<td>99</td>
<td>-32.80</td>
</tr>
<tr>
<td>Dayton, OH</td>
<td>98</td>
<td>97</td>
<td>-33.43</td>
</tr>
<tr>
<td>Youngstown, OH</td>
<td>99</td>
<td>86</td>
<td>-38.79</td>
</tr>
<tr>
<td>Detroit, MI</td>
<td>100</td>
<td>100</td>
<td>-53.96</td>
</tr>
</tbody>
</table>

Source: Portfolio.com, part of the bizjournals network.
Index of Entrepreneurial Activity – Kauffman Foundation

The Kauffman Index of Entrepreneurial Activity (KIEA) is a measure of the rate of entrepreneurship based on matched data from the Current Population Survey (CPS), a survey performed monthly by the Census Bureau and the Bureau of Labor Statistics. The index is published by the Kauffman Foundation, a privately-endowed organization dedicated to advancing entrepreneurship.

In contrast to the SBI, which primarily reflects business conditions, the KIEA is simply an indicator of entrepreneurial activity, reporting the monthly business-creation rate at the individual entrepreneur level. The index defines a new entrepreneur as a person who in the first month of the CPS was working fewer than 15 hours on an entrepreneurial venture, and then in the second month of the CPS was working 15 hours or more on an entrepreneurial venture. This approach is possible because the CPS tracks the same individual over a period of several months. The index is released in May of each year, and reports the previous year’s entrepreneurship rate. An advantage of the KIEA is that the data files are publicly available and include the ethnicity of respondents, as well as their location, income level, educational attainment and marital status. In addition to providing the information for the index, these datasets can be used to analyze if certain demographic characteristics affect an individual’s likelihood of becoming an entrepreneur.

The KIEA has been published yearly since 1996, with the most recent data from 2009. The index is reported as a percentage: for example, if the index is 0.34 percent for a given year, then on average, about one in every 300 people started a business every month of that year. The KEIA can be viewed as a leading indicator of entrepreneurship as it reports activity in the earliest stages of business-creation. Figure D-2 shows the value of the index from 1996 to 2009. The 2009 rate is the highest recorded.

Figure D-2.
Kauffman Index of Entrepreneurial Activity, 1996-2009

Source: Kauffman Foundation.
**Detailed analysis.** The KIEA also enables examination of rates of entrepreneurship for different demographic groups, industries and regions.

**Entrepreneurship rates by gender.** Figure D-3 shows entrepreneurship rates for the last five years for men and women. Men have had a higher rate of entrepreneurship than women in each of the last five years, with the male rate increasing during this time and the female rate remaining relatively unchanged.

![Figure D-3. KIEA entrepreneurship rate by gender](source: Kauffman Foundation)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0.35 %</td>
<td>0.24 %</td>
<td>0.29 %</td>
</tr>
<tr>
<td>2006</td>
<td>0.35</td>
<td>0.23</td>
<td>0.29</td>
</tr>
<tr>
<td>2007</td>
<td>0.41</td>
<td>0.23</td>
<td>0.30</td>
</tr>
<tr>
<td>2008</td>
<td>0.42</td>
<td>0.24</td>
<td>0.32</td>
</tr>
<tr>
<td>2009</td>
<td>0.43</td>
<td>0.25</td>
<td>0.34</td>
</tr>
</tbody>
</table>

**Entrepreneurship rates by race/ethnicity.** Figure D-4 shows entrepreneurship rates for individual race/ethnicity groups for the last five years. The Latino population has had a higher rate of entrepreneurial activity than other groups, while the Black population has had the lowest rate of entrepreneurship.

![Figure D-4. KIEA entrepreneurship rates by race/ethnicity](source: Kauffman Foundation)

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Black</th>
<th>Latino</th>
<th>Asian</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0.29 %</td>
<td>0.24 %</td>
<td>0.32 %</td>
<td>0.27 %</td>
<td>0.29 %</td>
</tr>
<tr>
<td>2006</td>
<td>0.29</td>
<td>0.22</td>
<td>0.33</td>
<td>0.32</td>
<td>0.29</td>
</tr>
<tr>
<td>2007</td>
<td>0.30</td>
<td>0.23</td>
<td>0.40</td>
<td>0.29</td>
<td>0.30</td>
</tr>
<tr>
<td>2008</td>
<td>0.31</td>
<td>0.22</td>
<td>0.48</td>
<td>0.35</td>
<td>0.32</td>
</tr>
<tr>
<td>2009</td>
<td>0.33</td>
<td>0.27</td>
<td>0.46</td>
<td>0.31</td>
<td>0.34</td>
</tr>
</tbody>
</table>

**Entrepreneurship rates by industry.** Figure D-5 shows the entrepreneurial activity in different industry sectors, based on the KIEA. Consistent with other findings, construction has a higher rate of entrepreneurship than other sectors, more than double the next highest rate. The service sector also has a higher than average rate of entrepreneurship. In contrast, manufacturing has the lowest rates of entrepreneurship. In each of the industries examined, entrepreneurship has increased over the last five years.
Entrepreneurship rates by region. Figure D-6 displays entrepreneurship rates by region of the United States. In each of the past five years, the West region has had the highest rate of entrepreneurship, although it declined in 2009. The greatest regional increase in entrepreneurship rates has been in the South, which increased its rate from 0.29 percent in 2005 to 0.37 percent in 2009. As is the case nationwide, each region has increased its rate of entrepreneurship over the last five years.

Entrepreneurship rates in California and Silicon Valley. Figure D-7 shows KIEA entrepreneurship rates for the San José MSA, California and the United States. California has had a consistently higher level of entrepreneurial activity than the United States as a whole during the last fourteen years, and is currently ranked tenth nationally in entrepreneurial activity. However, the state’s edge in this regard has decreased somewhat between 2008 and 2009.

Consistent with BBC’s findings elsewhere, the San José MSA has typically had a lower rate of entrepreneurship than California or the nation during the last fourteen years. However, this was not true in 2003, when the region experienced a pronounced but relatively short-lived rise in the level of entrepreneurial activity. This increase may be associated with high local unemployment (and entrepreneurship out of necessity) or it may also be due to chance variation as the index is based on sample data.)
Figure D-7.
KIEA entrepreneurship rates in San José MSA, California and the U.S., 1996-2009

Source: Kauffman Foundation.

**Total Entrepreneurial Activity — Global Entrepreneurship Monitor**

The Global Entrepreneurship Monitor (GEM) provides one of the most rigorous and extensive global measures of entrepreneurial activity. A collaborative research program between the London Business School and Babson College, the GEM examines entrepreneurship from a number of different angles. As part of its 2009 study, the GEM conducted research in 56 different countries.

The problem that the GEM seeks to solve is the lack of “cross-national harmonized data sets on entrepreneurship.” To this end, the GEM, “[contributes] to increasing knowledge in this area by collecting relevant harmonized data on an annual basis.” Its main objectives are to measure the level of entrepreneurial activity in different nations, to uncover factors that determine national levels of entrepreneurship, and to identify policies that enhance entrepreneurship in the countries in which they are used.

Data for the United States are gathered through the program’s annual Adult Population Survey (APS). The sample frame for the APS is individuals ages 18-99. Using these data, the GEM develops a number of indices, including the Total Early-Stage Entrepreneurial Activity (TEA) index. Both nascent entrepreneurs (those in the process of starting a business) and those owning a business less than 3.5 years old are considered to be engaged in early-stage entrepreneurial activity. The latest available study reports a TEA rate of 6.9 percent in the U.S. in 2009, a marked decrease from 2005, when the index was 10.6 percent.

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7 Ibid., 9.
The GEM also compiles separate indices for necessity-based and opportunity-based entrepreneurship. Most entrepreneurship in the U.S. in recent years has been opportunity-based, although rates of necessity-based entrepreneurial activity have increased. Figure D-9 shows the percentage of those engaged in early-stage entrepreneurial activity who reported doing so out of necessity.

The 2009 report indicates a continued growth in necessity-driven activity along with a decline in “high-growth potential” ventures.

**Figure D-9.**
Percentage of early-stage entrepreneurial activity based on necessity, United States, 2001-2007


In addition to the measurement of early-stage entrepreneurial activity, GEM measures national policies in their GEM National Expert Survey. This survey examines nine different aspects of national policy and conditions that may help or hinder entrepreneurs:

- Financial support, especially the availability of financial resources for debt and equity financing;
- Government policies, such as taxes, regulations, application process, or other policies that encourage or discourage entrepreneurship;
- Government programs that assist new and growing firms at the national, regional and local level;

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^Ibid., 13.
Education and training for prospective entrepreneurs, as well as business classes for owners of small and young businesses;

Research and development transfer, which measures the extent to which firms spin off from discoveries made from research and development at the national level, as well as whether R&D are available for small firms;

Commercial and professional infrastructure, such as the presence of business services and commercial institutions that promote new business development;

Market openness and barriers to entry, which measures the ease of entry for new firms, both legally and commercially;

Access to physical infrastructure, which measures the extent to which useable roads, communications, utilities and land are available at a reasonable price; and

Cultural and social norms, which measures the extent to which cultural norms encourage or discourage entrepreneurship or breaking with tradition.

The GEM also examines how people start a business, the demographics of people who start businesses, where they find financing, and reasons why individuals start a business.

The GEM study started in 1996, and is performed annually. The most recent report for the United States was published in September 2010.

Information on Updating Indices

The indices examined here typically fall into one of two categories: those that measure a value or rate of a particular activity (for example the KIEA and TEA) and those that are composed of multiple indicators (for example the Small Business Survival Index). The KIEA index reports results by metropolitan area, including San José.

The multiple-indicators index is in many cases difficult to independently verify or to replicate for a region. These indices can have several inputs that may be weighted in a way that is not published. They often rely on national data, with only one, the Small Business Vitality (SBV) index, calculated by metropolitan area.

More detailed information on obtaining the latest version of each index is provided below.

Small Business Index — U.S. Congress. This index has been discontinued. When published, it had little relevance to San José.

Small Business Survival Index — Small Business & Entrepreneurship Council. The SBSI is published annually. The latest index values are provided in a summary report that is released around December each year and is available on the SBE Council website:

http://www.sbecouncil.org/survivalindex2009/
Due to the number of inputs and complexity of the index, it is not practical to independently update this index or apply it to San José.

**Index of Small Business Optimism – National Federation of Independent Businesses.** The ISBO is updated monthly and the new index is published in the “Small Business Economic Trends” report, available in the research section of the NFIB website:


The index for each month is usually available by the end of the following month. A similar survey effort could be developed for San José. (BBC’s 2010 telephone survey of small business owners is perhaps a better approach than the mail survey used by NFIB.)

**Capital One Small Business Confidence Index – BusinessWeek/Capital One.** The SBCI was developed as part of a multi-wave study of small businesses in 2007. Since then, it has not been regularly updated.

**Small Business Index – Wells Fargo/Gallup Organization.** The Small Business Index is calculated monthly and results are released in the first week of the following month. The latest index value and a more detailed discussion of changes in the index over time are available on the Gallup website:

[http://www.gallup.com](http://www.gallup.com)

It is possible that a similar telephone survey could be performed in San José, but after contacting survey research firms, BBC found that research organizations cannot replicate sponsored surveys for other clients.

**Small Business Watch – Discover/Rasmussen Reports.** Based on a survey, the SBW is updated monthly, with a new index value typically released during the month the survey is conducted. The latest index value, detailed survey results and archive of previous surveys is available on the Discover website:


**Small Business Vitality – Portfolio.com.** The index has been published twice, once in 2009 and once in 2010. Data are produced for metropolitan areas including San José. Future releases are likely to be available on the website:

[http://www.portfolio.com](http://www.portfolio.com)

**Index of Entrepreneurial Activity – Kauffman Foundation.** The KIEA is published annually, with the report for the previous year released in May. The latest overall index value and detailed analyses by industry, geography and race/ethnicity/gender can be found on the website:

BBC also performed additional analyses using KIEA data for the San José MSA. This level of analysis requires downloading the microdata and examining these in Excel or a statistical software package such as Stata, SPSS or SAS. The microdata are available from:


The detailed microdata are released around the same time as the summary report.

**Total Entrepreneurial Activity – Global Entrepreneurship Monitor.** The TEA index is based on an annual survey conducted in the United States. GEM publishes international and nation results on a yearly basis, typically within one year of the completion of the surveys. The TEA index for the United States is published in the U.S. national report. The report for 2009 (the most recent available, titled, “Global Entrepreneurship Monitor (GEM) 2009 National Entrepreneurial Assessment for the United States of America”) was released in September 2010. The report can be downloaded from:


More detailed data from the surveys is also available online. BBC’s 2006 and 2010 household telephone surveys in Santa Clara County were based, in part, on questions from GEM survey.
APPENDIX E.
Analysis of National Establishment Time Series Database
APPENDIX E.
Analysis of National Establishment Time Series Database

Appendix E analyzes job creation and destruction in Santa Clara County based on the National Establishment Time Series (NETS) database. Brief descriptions of the database and relevant literature are also included.

Background and Methodology

BBC analyzed the National Establishment Time Series database to quantify the role of small businesses and business start-ups in the employment dynamics of Silicon Valley. Dun & Bradstreet (D&B) and Walls & Associates worked jointly to create a time series of D&B establishment data since 1990. Recent research using the database, including a study by David Neumark, Brandon Wall and Junfu Zhang, has found that job creation by small businesses dominates job creation by larger businesses\(^1\) and that the birth of new establishments drives job creation.\(^2\)

BBC used NETS data to extend the analysis performed in a 2006 study by Neumark et al.\(^3\), improving upon the methodology applied in that paper by examining births, deaths, expansion, contracting and relocation at the firm level rather than the establishment level. BBC also examined components of job change in Santa Clara County compared with the state as a whole. Raw data for the years 1992 to 2008 came from the 2008 California NETS database. Additionally, BBC excluded government and educational establishments in order to focus the analysis on the role of the private sector in employment changes.

Job creation and job destruction by firm size. To avoid methodological issues affecting results of the early firm birth/death literature, BBC based the analysis on average annual employment of a firm over a two year period rather than employment at a single point in time. BBC calculated average annual employment as the average of the current year and previous year employment. This allows a better understanding of true firm size over time and mitigates short-term employment shocks and employment measurement errors. Firm-level employment data allowed BBC to analyze multiple establishments of the same firm as one observation. For example, multiple locations of a grocery store chain are analyzed as a single observation for the chain as a whole within Santa Clara County. BBC linked the firm-level employment data for a business in Santa Clara County to statewide employment for that firm. BBC’s categorization of firms into businesses of different sizes was based on the firm’s average annual statewide employment. In other words, BBC classified a 10-person San José branch of a business with 1,000 workers across California as a large firm, not a small business.

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Sources of job creation and destruction. In order to assess sources of job creation and destruction in Santa Clara County (and in California), BBC investigated employment changes in three mutually exclusive categories:

- **Relocation** captured employment changes through business relocation into or out of Santa Clara County (and into or out of California).

- **Births or deaths** captured new firm start-ups or closures of existing firms while excluding establishment relocations into or out of the geographic region of analysis.

- **Expansion or contraction** captured the hiring or dislocation of employees and is exclusive of relocation, start-up or closure.

Additionally, each of these analyses was replicated for specific industries in order to examine industry-specific contributions to total employment changes. Figure E-1 describes different actions and how they were categorized in BBC’s analysis. Note that this study may be one of the first times the NETS data have been used to examine firm-level changes for a region.

**Figure E-1.**
BBC definition of sources of job creation and job destruction

<table>
<thead>
<tr>
<th>Job creation</th>
<th>Source</th>
<th>Job destruction</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>New firm</td>
<td>Birth</td>
<td>Firm goes out of business</td>
<td>Death</td>
</tr>
<tr>
<td>Established firm, but new to</td>
<td>Expansion</td>
<td>Firm closed SCC location but</td>
<td>Contraction</td>
</tr>
<tr>
<td>Santa Clara County</td>
<td></td>
<td>still in business</td>
<td></td>
</tr>
<tr>
<td>Already in SCC and new</td>
<td>Expansion,</td>
<td>Sale of company and DUNS stops</td>
<td>Death</td>
</tr>
<tr>
<td>location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Established firm moves HQ</td>
<td>Expansion / Contraction</td>
<td>Move HQ out of SCC but keep a</td>
<td>Expansion /</td>
</tr>
<tr>
<td>into SCC</td>
<td></td>
<td>location in SCC</td>
<td>Contraction</td>
</tr>
<tr>
<td>Firm moves into SCC with no</td>
<td>Relocation into SCC</td>
<td>DUNS moves out of SCC</td>
<td></td>
</tr>
<tr>
<td>other changes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: BBC Research & Consulting.

Database description. The 2008 California NETS database uniquely identifies all establishments that have been located in California for the period 1990 to 2008. In addition to annual employment data for each establishment in each year, the database includes the location and the industry of each establishment in each year. The NETS data also identifies each establishment’s headquarters each year, allowing for firm-level analysis as multiple establishments may be part of a single firm. The California database consists of more than 4.6 million unique establishments identified by a unique Data Universal Numbering System (DUNS) number.
Data Analysis

BBC calculated the following results for Santa Clara County and compared them to California:

- Gross job creation, job destruction, and employment share for different firm sizes for all industries excluding government and education.

- Industry-specific results of job creation, destruction, and employment share for different firm sizes.

- The role of firm birth, death, expansion, contraction and relocation on annual employment changes in Santa Clara County and California as whole.

- Industry-specific results for birth, death, expansion, contraction and relocation.

**Job creation and job destruction by firm size.** Defining a small business as one that employees fewer than 20 people, BBC’s analysis of the NETS database for 1994 through 2008 finds a somewhat larger share of jobs in small businesses in both Santa Clara County (25.5%) and California (27.2%) than identified based on U.S. Census data. Firms with over 500 employees represented 43 percent of jobs in Santa Clara County and 40 percent of jobs in California over the study period. The two right-most columns of Figure E-2 present the share of jobs in Santa Clara County (SCC) and California from 1994 through 2008 based on the NETS data (after excluding government and education).

**Figure E-2.**
Job creation, destruction and employment share, Santa Clara County and California Firms, 1994-2008

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>Gross creation</th>
<th>Gross destruction</th>
<th>Net creation</th>
<th>Job creation share</th>
<th>Job destruction share</th>
<th>Employment share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SCC</td>
<td>CA</td>
<td>SCC</td>
<td>CA</td>
<td>SCC</td>
<td>CA</td>
</tr>
<tr>
<td>Start-up</td>
<td>9.4 %</td>
<td>8.4 %</td>
<td>10.5 %</td>
<td>9.7 %</td>
<td>-1.1 %</td>
<td>-1.2 %</td>
</tr>
<tr>
<td>1 to 19</td>
<td>9.4 %</td>
<td>7.5 %</td>
<td>9.2 %</td>
<td>7.5 %</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>20 to 49</td>
<td>9.5 %</td>
<td>7.6 %</td>
<td>10.3 %</td>
<td>7.8 %</td>
<td>-0.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>50 to 99</td>
<td>10.2 %</td>
<td>8.6 %</td>
<td>11.1 %</td>
<td>8.8 %</td>
<td>-0.9</td>
<td>-0.2</td>
</tr>
<tr>
<td>100 to 249</td>
<td>12.5 %</td>
<td>8.8 %</td>
<td>13.1 %</td>
<td>9.6 %</td>
<td>-0.6</td>
<td>-0.8</td>
</tr>
<tr>
<td>250 to 499</td>
<td>8.0 %</td>
<td>6.6 %</td>
<td>11.3 %</td>
<td>8.7 %</td>
<td>-3.2</td>
<td>-2.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0 %</td>
<td>100.0 %</td>
<td>100.0 %</td>
<td>100.0 %</td>
<td>100.0 %</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>


Figure E-2 also shows the rates of gross job creation (number of new jobs divided by existing jobs), gross job destruction (jobs lost divided by existing jobs) and net job creation (job gains minus job losses divided by existing jobs). 

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For example, the 9.4% gross creation rate for firms with 1 to 19 employees in Santa Clara County is one way of portraying new jobs as a percentage of total jobs for businesses of that size in the previous year. BBC calculated this statistic by adding jobs created by these businesses from 1994 through 2008 and dividing by the sum of jobs in that category in each year. This approach replicates the gross job creation rates calculated in other studies, except that BBC examines the data on a firm basis rather than an establishment basis.
Rates of job creation. The highest rates of job creation in Santa Clara County over this time period were for firms with 100 to 249 employees and those with 250 to 499 employees. The lowest rate of job creation was for firms with 500 or more employees. Results for California (second column of Figure E-2) are similar, but with lower gross job creation rates for each business size.

Rates of job destruction. The third and fourth columns of Figure E-2 present gross rates of job losses by size of firm for Santa Clara County and for California. In Santa Clara County, the rate of job losses is also higher for firms with 250 to 499 employees. Firms with 500 or more employees also had a high rate of job losses.

Rates of net job creation/loss. The fifth and sixth columns of Figure E-2 calculate rates of net job creation or loss by size of firm.

- Nearly every size category of established businesses was a net job destroyer for 1994 through 2008. As a group, only firms with 20 to 49 employees had job gains on par with job losses.
- Rates of job losses in Santa Clara County and in California were greatest for firms with 500 or more employees.
- Once established, firms with fewer than 20 people were net job destroyers in both Santa Clara County and in California.

Job creation share. The balance of Figure E-2 examines each business size category’s share of total job creation and job losses after including firm births into the analysis.

Firm births accounted for 19.9 percent of total job creation in Santa Clara County from 1994 through 2008. In California, firm births represented an even greater share of job creation (23.2%). Small firms were responsible for 21 percent of job creation in Santa Clara County and 23 percent in California. Firms larger than 500 employees were responsible for 31 percent and 27 percent of job creation in Santa Clara County and California, respectively.

Job destruction share. Small businesses were responsible for 24.4 percent of jobs lost within Santa Clara County from 1994 through 2008, lower than the share in California (29.4%). Firms with 500 or more employees accounted for 45 percent of job losses in Santa Clara County (39% for California).

Jobs created and destroyed by year. As can be seen in Figure E-3, the total number of jobs created and lost in Santa Clara County each year ranges from about 80,000 to 160,000, with net job growth or decline depending upon whether there is a peak in job creation (1996 through 2002) or job destruction (2003 through 2005). Toward the end of the time series, both job creation and job destruction declined, with little net change in jobs over 2006 through 2008.
As shown in Figure E-4, the pattern of job creation and job losses in California is similar to Santa Clara County from 1994 through 2008.

Figure E-4.
Jobs created and destroyed in California, 1994-2008
**Average job creation and destruction by age.** As presented in Appendix A, new firms tend to be net job creators while established firms tend to act as net job destroyers. BBC’s analysis of NETS data supported that conclusion in both Santa Clara County and in California as a whole. Unfortunately, limitations inherent in the 2008 NETS database do not allow for accurate examination of firms older than 9 years. The results were consistent for Santa Clara County firms (Figure E-5) and for California as a whole (Figure E-6).

**Figure E-5.**
Average job creation and destruction, by age of firm, Santa Clara County, 1999-2008

Note: Limitations inherent in the 2008 NETS database do not allow for accurate examination for firms older than 9 years.

Industry differences in employment share, job creation, and job destruction. Because small businesses represent a different share of employment within individual industries, one would expect differences in small businesses’ contribution to job creation and destruction by industry. For example, Santa Clara County construction jobs are concentrated in small firms (44 percent), but small businesses account for just 5 percent of high-wage manufacturing jobs. In general, the NETS Database shows that small businesses account for a smaller share of Santa Clara County employment than found for the same sector across California. Only the finance, insurance and real estate industry has a substantially larger small-firm employment share in Santa Clara County (35 percent) than in California (22 percent).

Figure E-7 illustrates the employment share, job creation share and job destruction share for small firms and large firms by industry for both Santa Clara County and California. Large firms consistently represent a much greater share of job destruction than job creation in both Santa Clara County and California. Small businesses account for a large share of job creation and job destruction in industries that have a large share of total employment in small businesses (construction, wholesale trade, retail trade, and low wage-services).
Sources of job creation and destruction. From 1993 to 2007, BBC estimates that firm births accounted for 39 percent of job creation in Santa Clara County (see Figure E-8) and 38 percent of job creation in California (see Figure E-9). Expansion of existing firms represented the largest portion of job creation at 56 percent and in Santa Clara County and 61 percent in California. Companies moving into Santa Clara County or California were a relatively small portion of total job creation.

Job destruction was largely due to firm contraction from 1993 to 2007 — 62 percent of Santa Clara County job loss was from contraction, compared to 31 percent from firm death. In California, relatively more job losses came from firm death.5

Because the current NETS database completes the time series in 2008, it is unknown if establishments died in 2008.

5 Figures E-8 and E-9 show sources of job creation and destruction in Santa Clara County between 1992 and 2007. Because the current NETS database completes the time series in 2008, it is unknown if establishments died in 2008. This is consistent with sources of job creation and destruction in California over the same time period.
BBC’s categorization of birth, death, expansion, contraction and relocation yield different results than Neumark, et al, in 2006 due to the method of tying employment dynamics to the firm rather than a single establishment. Figures E-10 and E-11 illustrate the sources of job creation and destruction in Santa Clara County over three-year time periods.
**Figure E-10. Sources of job creation, Santa Clara County, 1993-2007**


**Figure E-11. Sources of job destruction, Santa Clara County, 1993-2007**


**Jobs created by firm births and deaths over time.** Figures E-12 and E-13 examine annual job creation from firm births and annual job destruction from firm deaths from 1993 through 2007 for Santa Clara County and California. Jobs created from firm births peaked in 2001 for both Santa Clara County and California. Job growth from births generally declined since then (due to fewer births and fewer jobs created per birth). Santa Clara County destruction from firm deaths also peaked in 2001 and declined slowly through 2007.
BBC also considered employment changes from business expansion and contraction. Much like the birth and death analysis presented above, Santa Clara County generally tracked California trends in total jobs expanded and contracted per year. There was, however, a notable spike in the number of job losses from contraction between 2001 and 2003 in Santa Clara County. Nearly triple the number of businesses contracted in 2002 than contracted in 2001 and more than double than contracted in 2004. Overall, job growth expansion declined since 2000.
APPENDIX F.
Survey of Entrepreneurship in
Santa Clara County
APPENDIX F.
Survey of Entrepreneurship in Santa Clara County

This appendix provides detail on BBC’s 2010 survey of entrepreneurship in Santa Clara County. We discuss the methodology behind the survey, present survey results and examine differences from BBC’s 2006 survey. Following presentation of survey results, we provide information that may be useful for future updates, including the survey instrument.

Background and Methodology

There were three main objectives for BBC’s 2010 entrepreneurship survey:

- To estimate current rates of entrepreneurship in San José and Santa Clara County;
- To identify the characteristics of entrepreneurs in Silicon Valley; and
- To gauge attitudes towards entrepreneurship among the general population.

To achieve these objectives, BBC developed an approach that was in line with other, established methodologies for surveys of entrepreneurship. The approaches most relevant to BBC’s survey are those used by the Global Entrepreneurship Monitor (GEM) and the Panel Study of Entrepreneurial Dynamics (PSED).

- The GEM measures levels of entrepreneurship in several countries, including the United States. The GEM reports rates of “early-stage” entrepreneurial activity in the United States through its Adult Population Survey (APS). This survey forms the basis for the GEM’s Total Early-Stage Entrepreneurial Activity (TEA) index.

- The PSED measures entrepreneurship within the United States. The PSED compares levels of entrepreneurship across various demographic groups. The PSED offers data on the number of individuals pursuing new ventures, the characteristics of those individuals, and the steps the individuals are pursuing to start up the business.

These two groups of studies provide an approach to researching entrepreneurial activity in Santa Clara County. BBC’s 2006 survey of entrepreneurial activity in Silicon Valley was rooted in the GEM and PSED approaches. In 2010, BBC used the same survey methodology and employed the same sequence of survey questions, with some minor additions and deletions. For the 2010 research, BBC also used the same telephone survey firm — Opinion Research Corporation (ORC) — that BBC used for the 2006 survey in Santa Clara County. ORC has conducted the other entrepreneurship surveys in the United States.
The July 2010 survey included 600 adults within Santa Clara County. Households were selected via random digit dialing (RDD) procedures; surveyors interviewed the first individual over the age of 18 willing to participate in the survey. Interviewers used computer assisted telephone interview (CATI) technology. Measures were taken to ensure that survey respondents were divided evenly among males and females. The majority of surveys were completed in English; however, a few surveys were completed in Spanish or a mix of Spanish and English. Households were called up to three times in an attempt to obtain an interview.

BBC weighted responses to represent the population of Santa Clara County. To do this, BBC used Integrated Public Use Microdata Series data on age and ethnicity from the 2008 American Community Survey (ACS), the most recent year available at the time of the 2010 Santa Clara County survey. For example, if an ethnicity or age group were under-represented in the survey sample relative to actual representation in the local population, the survey results were weighted to accurately represent the population before performing the analysis.

**Definition of nascent entrepreneur.** Entrepreneurship rates reported here are based on the number of surveyed individuals falling into the category of “nascent entrepreneur.” Consistent with previous research in the field, there are two ways that an individual can be categorized as a nascent entrepreneur in this study. Individuals can either:

- Be actively involved in starting a new business; or
- Own a new business.

**Actively involved in starting a business.** To be considered actively involved in starting a new business, survey respondents must first respond “yes” to either of the following questions:

- Are you, alone or with others, now trying to start a new business?; or
- Are you, alone or with others, now trying to start a new business or new venture for your employer? This can be an effort that is part of your job assignment.

To be considered a nascent entrepreneur, however, respondents must also be at least part owner of the business venture, have been active in the past 12 months in starting the business, and the new business cannot have had a positive cash flow for more than 42 months.

**Owning a new business.** To be considered an owner-operator of a new business, the respondent must first have answered “yes” to the question: “Do you, alone or with others, own an established business? This business would be up and running, not a start-up.” For the business to be new, the business must be less than four years old. The respondent must also be at least part owner.

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As described above, nascent entrepreneurs can be either actively involved in starting a new business or own a new business. Prevalence rates of entrepreneurial activity described in the remainder of this report should be interpreted as the number of nascent entrepreneurs per 100 individuals age 18-74. Unless otherwise noted, the population of 18-74 year olds will be referred to simply as “adults” and nascent entrepreneurs simply as “entrepreneurs.”

Survey Results

In this section we present results from the 2010 entrepreneurship survey and compare these to results from BBC’s 2006 survey. We first examine rates of entrepreneurship. Following this, we look at the characteristics of entrepreneurs. Finally, we report on attitudes among the general population regarding entrepreneurship and opportunities for starting a new business. Results are reported for Santa Clara County and, where possible, the City of San José. (Due to smaller sample sizes, care should be taken when interpreting results for just San José.)

Rates of entrepreneurship. Based on the July 2010 telephone survey, BBC estimates that 6 percent of Santa Clara County residents between 18 and 74 years old — approximately 57,000 individuals — are actively involved in some entrepreneurial activity. This includes either currently starting a business or currently owning and managing a firm younger than 4 years of age.

BBC’s 2006 Santa Clara County entrepreneurship study estimated that 8 percent of Santa Clara County 18-74 year olds were actively involved in some entrepreneurial activity. The entrepreneurial activity rate in 2010 is not significantly different from the rate in 2006.2

BBC also estimates a 2010 entrepreneurship rate of 6 percent for adult residents within the City of San José — the same rate as Santa Clara County. Based on this estimate, approximately 38,000 San José residents are actively involved in entrepreneurial activity.

Figure F-1 shows the GEM’s TEA index in 2005 and 2009 for several countries around the world. In 2005, the TEA index in the United States was 12 percent of the population aged 18 to 64 (a slightly different age group than used in BBC’s survey). The U.S. rate dropped to 8 percent in 2009 (statistically significant difference from 2005).

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2 The estimates of entrepreneurial activity are based on sample data. At the 95 percent confidence level, the confidence interval around the estimate for 2006 Santa Clara County entrepreneurial activity is slightly higher than plus or minus 2 percentage points. The confidence interval for the 2010 estimate is slightly less than plus or minus 2 percentage points. One cannot reject chance in the survey sampling as the cause of the difference in estimates between the 2006 and 2010 surveys.
**Figure F-1. Prevalence of entrepreneurship in Santa Clara County, the U.S. and other countries**

* From BBC telephone survey data, April 2006 and July 2010.

**Sources:**

**Stages of entrepreneurial activity.** To qualify as a nascent entrepreneur, one must be actively involved in starting a new business or own a new business. Based on BBC’s 2010 survey:

- About 3 percent of Santa Clara County adults are starting a new business (lower than 2006); and
- About 2 percent of adult residents are new business owners (also lower than 2006).

Based on 2010 survey results, the start-up rate for residents of San José might be slightly higher than the Santa Clara County rate, while the new business ownership rate is similar.
Figure F-2 compares rates of activity at different stages in business development between 2006 and 2010. In 2006, 5 percent of adults in Santa Clara County were trying to start a new business and 3 percent of adults owned a new business.

The percentage of Santa Clara County residents who own a business older than four years of age in Santa Clara County is significantly higher in 2010 compared to 2006. In 2010, about 6 percent of adults currently owned an older business, compared with 4 percent in 2006. Among San José residents, 4 percent own an older business in 2010.

As can be seen in Figure F-2, BBC estimates that 13 percent of adult residents of Santa Clara County have previously owned a business. This is less than BBC’s estimate of 15 percent in 2006 (but not significantly different). In 2010, about 14 percent of San José adult residents previously owned a business.

When asked why they no longer own a business, one-third of 2010 respondents indicated that their business had failed, down from 2006 estimates of nearly one-half. About 20 percent of respondents indicated that they are now retired, a proportion higher than the 11 percent recorded in 2006. Another 20 percent indicated that they had sold ownership of the business for some other reason, also up from 15 percent in 2006.

Entrepreneurship and gender. Based on the 2010 survey, about 7 percent of Santa Clara County men are entrepreneurially active compared to 10 percent in 2006. With an entrepreneurship rate of 3 percent, Santa Clara County women are significantly less likely to be active as entrepreneurs than men in 2010.

Entrepreneurship rates for men and women living in San José are similar to Santa Clara County rates.
**Entrepreneurship and age.** Figure F-3 shows entrepreneurial activity rates by age for Santa Clara County. Nationally, the highest rates of entrepreneurial activity occur among individuals ages 25 to 44. BBC estimates that the highest rate of entrepreneurial activity in Santa Clara County currently occurs in individuals 35 to 54 years old. Rates across all age categories are generally lower for Santa Clara County in 2010 compared to 2006.

When looking only at residents of San José in 2010, a similar picture emerges, with higher rates of entrepreneurship among individuals age 35 to 54.

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Entrepreneurship and education. Nationally, the rate of entrepreneurial activity increases with level of education. More educated individuals are also more likely to be entrepreneurially active in Santa Clara County. As can be seen in Figure F-4, rates of entrepreneurship among those with lower levels of education decreased between 2006 and 2010.

![Figure F-4. Prevalence of entrepreneurial activity by level of education, Santa Clara County](image)

Note:
n ranges between 82 and 204 for level of education categories in 2006.
n ranges between 83 and 170 for level of education categories in 2010.

Source:
BBC Research & Consulting from telephone survey, April 2006 and July 2010.

In 2010, the pattern of relatively higher entrepreneurship rates for those with more education is also evident among San José residents.

Entrepreneurship and race/ethnicity. As Figure F-5 illustrates, minority adults were less entrepreneurially active than non-Hispanic white adults in Santa Clara County in both 2006 and 2010. The difference in the rate of entrepreneurial activity for minority groups and non-Hispanic whites in Santa Clara County in 2010 is statistically significant.

![Figure F-5. Prevalence of entrepreneurship by ethnicity](image)

Note:
\( n = 338\) for non-Hispanic whites in 2006.
\( n = 201\) for minorities in 2006.
\( n = 376\) for non-Hispanic whites in 2010.
\( n = 181\) for minorities in 2010.

Source:
BBC Research & Consulting from telephone survey, April 2006 and July 2010.
**Characteristics of Santa Clara County entrepreneurs.** For those who identified themselves as nascent entrepreneurs, BBC asked about their demographic characteristics and also about their experiences starting or running a new business. These results are presented below. Answers to survey questions from just entrepreneurs must be interpreted with caution due to the small number of entrepreneurs identified in the survey. (Thirty entrepreneurs age 18-74 were identified in the Santa Clara County survey in 2010, with only 16 of those living in San José. Due to the small sample size for San José, only results for the County are reported here.)

**Education.** Entrepreneurs in the Silicon Valley are highly educated compared to entrepreneurs in the nation. More than 40 percent of respondents in the Silicon Valley have received at least some graduate-level training, compared to only 10 percent of entrepreneurs nationally. Fewer than 5 percent of Silicon Valley entrepreneurs in 2010 had only a high school education.

**Household income.** Entrepreneurs in the Silicon Valley tend to have higher levels of household income than households nationally. According to national data from the PSED, 40 percent of nascent entrepreneurs in the U.S. have a household income of less than $40,000 per year while actively starting their new business, and only 15 percent earn more than $100,000 per year. Based on BBC’s 2010 survey, only 10 percent of Santa Clara County entrepreneurs had an annual income of less than $40,000 per year while more than half of the entrepreneurs surveyed reported an annual income of at least $100,000 per year.

Based on the 2008 ACS, median annual household income was about $52,000 in the United States, over $61,000 in California, and around $89,000 in Santa Clara County. Thus the higher incomes for entrepreneurs in Silicon Valley in part reflect higher average incomes in general in Santa Clara County.

**Labor force participation.** Less than one-half of people who were entrepreneurially active in 2010 were currently employed. There is not a significant difference in the rates of entrepreneurship for employed and unemployed people in Santa Clara County.

**Homeownership.** Nearly 90 percent of entrepreneurs surveyed in 2010 owned their home. There is not, however, a significant difference in entrepreneurship rates between homeowners and renters in Santa Clara County. For comparison, roughly two-thirds of United States households are homeowners.4

**Motivation for becoming an entrepreneur.** About 40 percent of Santa Clara County entrepreneurs involved in starting a new business in 2010 were starting the new business in order to “take advantage of a business opportunity.” In 2006, more than one-half of entrepreneurs indicated that they were an entrepreneur in order to take advantage of a business opportunity. Sixteen percent of 2010 entrepreneurs reported that they had “no better choices for work,” compared to 10 percent in 2006. The proportion of entrepreneurs in Santa Clara County who were pursuing entrepreneurial activities out of necessity was greater than the proportion seen nationally (12 percent).5 Consistent with other

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research at the national level, a lack of options for employment may be an increasingly important factor in entrepreneurial activity in recent years.

**Business ownership.** According to the PSED, 60 percent of all new small businesses in the United States are owned by a single owner. In 2010, the proportion of sole owners among Santa Clara County entrepreneurs was similar. About 40 percent of those starting a new business and 70 percent of those already owning a new business reported being the sole owner of their new business, resulting in an overall rate of 60 percent sole ownership among nascent entrepreneurs. In 2006, fewer than 50 percent of surveyed entrepreneurs in Santa Clara County indicated that they were or would be the sole owner of their business.

Among the entrepreneurs who were starting a business with another individual in 2010, about one-third of Santa Clara County residents indicated that their business partner was a family member, in line with 2006 results. None of the entrepreneurs who shared ownership of an existing new business reported that family members were partners.

**Business type.** Similar to 2006, most entrepreneurs in Santa Clara County in 2010 were starting businesses that are service-oriented. More than 80 percent of new businesses less than 4 years old are in the service sector. About 25 percent of those starting a new business in 2010 indicated that their business is retail-oriented, and only 10 percent of established businesses less than 4 years old are retail-oriented.

Ninety percent of surveyed entrepreneurs reported that the businesses that they are currently starting in 2010 are independent start-ups, as opposed to a franchise or a business that is supported by a larger, existing business. Nearly 70 percent of the entrepreneurs surveyed in Santa Clara County in 2006 indicated that their new business was a start-up, while about 15 percent indicated that they were either purchasing an existing business or starting a business sponsored by a larger company of which they were at least part owners.

Sixty percent of entrepreneurs surveyed in Santa Clara County work as an independent contractor and nearly half of entrepreneurs reported working in information technology.

**Problems when starting a business.** Most entrepreneurs starting a new business in Santa Clara County report having experienced “major problems” when starting their business in 2010. Established business owners, by comparison, did not report major problems during the birth of their business.

- When asked what their problems were, the most common response of those surveyed in 2006 and 2010 was financial problems (e.g., maintaining an adequate cash flow and securing loans).
- Several start-ups in Santa Clara County indicated in 2006 and 2010 that they had difficulty obtaining the proper regulatory approval for their small businesses.

Three quarters of the entrepreneurs starting up a new business in 2010 indicated that they had prepared a business plan, compared to two-thirds in 2006.
Maturity of new businesses in the Silicon Valley. Nascent entrepreneurs were asked a series of questions intended to measure the maturity of their new business. In 2010, three-quarters of nascent entrepreneurs reported that they had identified the target market for their new business, the first step toward producing a successful business operation. A similar proportion of new businesses had done so in 2006. Santa Clara County entrepreneurs in 2010 were more likely to have prepared a business plan and financial statements than those in 2006, and to have sought funds from financial institutions and hired additional employees.

Figure F-6 illustrates the maturity of new businesses in Santa Clara County in 2006 and 2010. Almost all of the categories indicate an increase in maturity of new businesses in 2010.

When asked where they had obtained space to operate their business, 35 percent of nascent entrepreneurs surveyed in 2010 indicated that their business operates out of their home. This result is less than that observed in 2006.

Entrepreneurship aspirations and perceptions of the local business climate. All survey respondents were asked questions about their aspirations for owning a business and their perceptions of the business climate in their community.

Owning a business as a personal goal. Figure F-7 shows the personal aspirations for business ownership among adults who may or may not be entrepreneurially active — the exhibit shows the proportion of individuals in Santa Clara County in 2006 and 2010 who answered “yes” to each of the listed questions. Personal aspirations of business ownership are similar among respondents in 2006 and 2010. In both years, almost one-quarter stated that owning a business was a personal goal. Additionally, approximately 40 percent of adults had “thought about starting a business.”

These proportions imply that in 2010 more than 306,000 adults in Santa Clara County have “thought about” owning or starting a business, while owning a business is a personal goal for about 177,000 Santa Clara County residents. Together, about 352,000 Santa Clara County residents have either thought about owning a business or have owning a business as a personal goal, or both.
When asked if they have the “skill, knowledge and experience” required to start a business, more than 90 percent of Santa Clara County residents responded in 2010 that they do possess the required skills, compared to about three-quarters of entrepreneurs in 2006. In 2010, minorities were slightly less likely than non-Hispanic whites to indicate that they possess the skills, knowledge and experience required to start a business, but this difference is not statistically significant.

Overall, responses from San José residents in 2010 regarding their personal aspirations for business ownership are similar to those from Santa Clara County residents.

**Figure F-7.**
**Personal aspirations for business ownership**

Note:
The proportion shown at right lists the proportion of individuals who answered “yes” to the question.

n = 341 for 2006 (41 for skills question).

n = 297 for 2010 (22 for skills question).

Source:
BBC Research & Consulting from telephone survey, April 2006 and July 2010.

**Reasons for not starting a business.** Survey respondents who had not started a business cited a wide range of reasons for not having done so. Responses included:

- “It seems to be too much trouble.”
- “I’d have to go to college to start a business.”
- “Health reasons.”
- “No time for anything else.”
- “I enjoy working for other people, I just don’t think I could boss anyone.”
- “I don’t want to lose everything.”
- “It’s just not something I’d like to do.”
Most frequent responses in 2010 included no interest in opening a business (26%) or that financial constraints have kept them from opening a business (25%). Many survey respondents indicated that they have a good job and do not feel like they needed to own a business. Others cited lifestyle choices (family, health or some other reason), lack of education or experience, or an aversion to risk.

**Figure F-8.**
*Why do you think you haven’t started or purchased your own business?*

<table>
<thead>
<tr>
<th>Reason</th>
<th>2010</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough money</td>
<td>12%</td>
<td>7%</td>
</tr>
<tr>
<td>Have a good job</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Don’t know how</td>
<td>2%</td>
<td>7%</td>
</tr>
<tr>
<td>No good ideas for a business or no good opportunities</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>No time</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Too risky</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Need health insurance through employer</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

**Note:**
n = 341 for 2006.
n = 297 for 2010.

**Source:**
BBC Research & Consulting from telephone survey, April 2006 and July 2010.

**Perceived aspirations of others.** All survey respondents — whether entrepreneurially active or not — were asked what they thought about others’ aspirations for business ownership. About one-half of Santa Clara County residents indicated that they thought that owning a business is a personal goal for other individuals in their community. One-third indicated that they did not think others in their community have owning a business as a personal goal. The balance indicated that they did not know if others feel that owning a business is a goal. 2010 results for Santa Clara County are broadly consistent with 2006 results.

Results in 2010 for those living in San José results are consistent with Santa Clara County results.

**Figure F-9.**
*Would you say owning a business is a personal goal for many people where you live?*

<table>
<thead>
<tr>
<th>Response</th>
<th>2010</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>53%</td>
<td>58%</td>
</tr>
<tr>
<td>No</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Note:**
n = 492 for 2006.
n = 428 for 2010.

**Source:**
BBC Research & Consulting from telephone survey, April 2006 and July 2010.
Perceptions of local business climate. All respondents were also asked for their perception of the local business climate. Santa Clara County residents appear less optimistic about the business climate in their community in 2010 than they were in 2006. Four years ago, 44 percent of Santa Clara County residents said that there would be “good opportunities for starting a business” in their community in the next 6 months. That response dropped to 30 percent in 2010, with a corresponding increase in “No” responses, as can be seen in Figure F-10 below. This finding is statistically significant and it is consistent with the overall decrease in entrepreneurial activity from 2006 to 2010.

Results for those living in the City of San José are similar to Santa Clara County results.

Figure F-10.
Would you say there will be good opportunities for starting a business in the area you live in the next 6 months?

Note:  
n = 507 for 2006.  
n = 428 for 2010.  
Source:  
BBC Research & Consulting from telephone survey, April 2006 and July 2010.

Steps for Updating or Replicating this Survey

Should work2future or the City of San José desire to replicate the entrepreneurship survey in the future, we provide some key steps to be followed to ensure comparability across years.

As described in the Background and Methodology section of this Appendix, BBC’s 2006 and 2010 surveys of entrepreneurial activity in Silicon Valley were rooted in the GEM and PSED surveys. These two bodies of research should be consulted to identify possible changes in methodology and the reasons for those changes. The definition of a nascent entrepreneur should stay consistent across years.

BBC used the same telephone survey firm to conduct both the 2006 and 2010 survey in Santa Clara County — Opinion Research Corporation. Households should be selected via random digit dialing (RDD) procedures (or other approaches to ensure a random and representative sample) and individuals should be over the age of 18 to participate in the survey. Both the 2006 and 2010 surveys interviewed 600 adults in the area. BBC recommends that future updates use the same or greater sample size. Spanish was offered as a survey language and should be offered in the future. The survey instrument used in the 2010 entrepreneurship survey is provided on the following pages.

The Background and Methodology section details how BBC weighted the survey responses based on age and ethnicity. This is an important step to ensure that the survey results are broadly representative of the local population.
Entrepreneurship Survey Instrument

Hello, my name is _______________, calling from Opinion Research Corporation, an independent research firm. We are not selling anything. We are doing a survey with California residents on their opinions about owning a business. We are only asking your opinions. Your answers will remain confidential. This call may be monitored or recorded for quality assurance purposes.

Hola, mi nombre es______. Llamo de la empresa Opinion Research Corporation, de Princeton, Nueva Jersey. Estamos realizando una encuesta con residentes de California sobre las opciones de carrera y de trabajo de los americanos típicos y nos gustaría que su hogar participara en ella. No vendemos ningún producto o servicio. Sólo le solicitamos sus opiniones. Sus respuestas serán confidenciales. Esta llamada podría ser escuchada o grabada con fines de control de calidad.

(IF NECESSARY: THIS RESEARCH IS TO HELP LOCAL GOVERNMENTS IN CALIFORNIA BETTER UNDERSTAND HOW THEY CAN HELP PEOPLE START A BUSINESS. IT IS SPONSORED BY A LOCAL CITY)

EL OBJETIVO DE ESTA INVESTIGACIÓN ES AYUDAR A LOS GOBIERNOS LOCALES DE CALIFORNIA A COMPRENDER MEJOR CÓMO PUEDEN APOYAR A LAS PERSONAS PARA QUE EMPIECEN UN NEGOCIO. LA INVESTIGACIÓN CUENTA CON EL PATROCINIO DE UNA CIUDAD DE LA LOCALIDAD)

May I please speak to the youngest adult MALE 18 or older who lives in this household? (IF NOT AVAILABLE, ASK FOR FEMALE)

Ahora, por favor, ¿podría hablar con el hombre más joven mayor de 18 años que vive en la casa?

SA INTERVIEWER RECORD:

01 YES, CONTINUE IN ENGLISH
02 YES – NEED TO SET UP CB WITH SPANISH INTERVIEWER
03 YES – OK TO CONTINUE IN SPANISH RIGHT NOW
98 NOT A RESIDENT OF SANTA CLARA COUNTY (THANK AND TERMINATE)
99 REFUSED (THANK AND RECORD AS REFUSED)

S1 RECORD GENDER

01 MALE
02 FEMALE
N=600 COMPLETED INTERVIEWS
GENDER QUOTAS N=300 MALES, N=300 FEMALES

A1 Are you, alone or with others, now trying to start a new business?

¿Está usted, solo o con otras personas, tratando de empezar un nuevo negocio?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

A2 Are you, alone or with others, now trying to start a new business or new venture FOR YOUR EMPLOYER? This can be an effort that is part of your job assignment.

¿Está usted, solo o con otras personas, tratando de empezar un nuevo negocio o empresa PARA SU EMPLEADOR? Este podría ser un esfuerzo que forme parte de las tareas de su puesto.

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

IF YES TO EITHER A1 OR A2 (01), CONTINUE.
ALL OTHERS SKIP TO INSTRUCTIONS BEFORE B1

A3 Will you own all, part, or none of this new business?

¿Será usted propietario de todo, parte o nada de este nuevo negocio?

01 ALL
02 PART
03 NONE
98 DON'T KNOW
99 REFUSED
A4   Who else will own this new business?

¿Quién más será propietario de este negocio?

(READ LIST. RECORD AS MANY AS APPLY. WAIT FOR YES OR NO FOR EACH)

01  Your spouse or significant other
     01  Su cónyuge o pareja
02  Other family members
     02  Otros miembros de la familia
03  Other people or businesses
     03  Otras personas o empresas
98  DON’T KNOW
99  REFUSED

A5   What kind of business are you starting?  PROBE: What will it be selling?  How would it be listed in the Yellow Pages?

¿Qué tipo de negocio está empezando?  PROBE: ¿Qué venderá? ¿Cómo se anunciaría en las Páginas Amarillas?

(PROBE FULLY FOR SPECIFICS)

A6   Would you describe this business as . . .

Describiría este negocio como . . .

(READ ENTIRE LIST BEFORE RECORDING ONE ANSWER)

01  An independent start-up, created by an individual or team working on their own
     01  Un nuevo negocio independiente, creado por una persona o un equipo que trabaja por su cuenta
02  A purchase or takeover of an existing business
     02  La compra o adquisición de un negocio ya existente
03  A franchise or multi-level marketing initiative
     03  Una franquicia o una iniciativa de comercialización de múltiples niveles
04  A start-up sponsored by an existing business
     04  Un nuevo negocio patrocinado por un negocio ya existente
95  Something else [SPECIFY]
     95  Otra cosa [ESPECIFIQUE]
98  DON’T KNOW
99  REFUSED
A7  In the PAST 12 MONTHS, have you done anything to help start this new business, such as looking for equipment or a location, organizing a start-up team, working on a business plan, beginning to save money, or any other activity that would help launch a new business?

Durante los PASADOS 12 MESES, ¿ha hecho algo para ayudar a iniciar este nuevo negocio, como por ejemplo buscar equipo o un local, organizar un equipo para empezar el negocio, trabajar en un plan de negocios, empezar a ahorrar dinero, o cualquier otra actividad que ayudaría a lanzar un nuevo negocio?

01  YES
02  NO
98  DON’T KNOW
99  REFUSED

A8  Have you had any major problems in starting this business?

¿Ha tenido algún problema grave para empezar este negocio?

01  YES
02  NO
98  DON’T KNOW
99  REFUSED

[ASK IF A8 (01)]
A9  What are those problems?

¿Cuáles son esos problemas?
(PROBE FULLY FOR SPECIFICS)

Now, let me ask you about some of the start-up activities.
Ahora, permítame preguntarle sobre algunas de las actividades de arranque.

A10  Has a business plan been prepared?

¿Ha preparado un plan de negocios?

01  YES
02  NO
98  DON’T KNOW
99  REFUSED
A11 Has an effort been made to define the market opportunities by talking with potential customers or getting information about the competition?

¿Se ha hecho un esfuerzo por definir las oportunidades de mercado, hablando con clientes potenciales u obteniendo información sobre la competencia?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

A12 Have project financial statements, such as income and cash flow statements or a break-even analysis, been developed?

¿Se han elaborado proyectos de estados financieros, como estados de ingresos y flujo de efectivo o un análisis de punto de equilibrio?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

A13 Has anyone asked financial institutions or other people for funds?

¿Alguien ha solicitado fondos a instituciones financieras o a otras personas?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

A14 Have you begun to devote full time hours to the business, that is, 35 or more hours per week?

¿Ha empezado a dedicarle tiempo completo al negocio? Es decir, 35 horas o más a la semana.

01 YES
02 NO
98 DON’T KNOW
99 REFUSED
A15  Have any employees or managers been hired for pay, that is, workers who would NOT share ownership?

¿Se han contratado empleados o administradores a sueldo?; es decir, personas que NO compartirán la propiedad del negocio.

01  YES
02  NO
98  DON'T KNOW
99  REFUSED

A16  Where have you obtained space to operate this business?

¿Dónde ha encontrado espacio para operar este negocio?

01  Home
     01  En el hogar
02  Non-home space
     02  Fuera del hogar
98  DON'T KNOW
99  REFUSED

[ASK IF A16 (02)]

A17  Where? What town?

¿Dónde? ¿En qué ciudad?
(PROBE FULLY FOR SPECIFICS)

A18  Does the new business have its own listing in the phone book?

¿Está el nuevo negocio incluido en el directorio telefónico?

01  YES
02  NO
98  DON'T KNOW
99  REFUSED
A19 Would you say that you have the knowledge, skill and experience required to start a new business?

¿Diría usted que tiene el conocimiento, la habilidad y la experiencia necesarios para empezar un nuevo negocio?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

A20 What key knowledge skill or experience for starting a business are you lacking? Anything else?

¿Qué conocimiento, habilidad o experiencia clave para empezar un negocio le hace falta? ¿Algo más?

(DO NOT READ LIST. SELECT AS MANY AS APPLY)

01 FINANCIAL/ACCOUNTING/ECONOMICS/TAXES
   01 CONOCIMIENTOS DE FINANZAS/CONTABILIDAD/ECONOMIA/FISCALES
02 MONEY/START-UP CAPITAL/FUNDING
   02 CAPITAL/INVERSION INICIAL/FINANCIAMIENTO
03 LEGAL
   03 ASPECTOS JURIDICOS
04 MARKETING/ADVERTISING/WEB DESIGN
   04 MARKETING/PUBLICIDAD/DISEÑO DE PAGINAS WEB
05 CONNECTIONS/KNOWING THE RIGHT PEOPLE
   05 RELACIONES/CONTACTOS CON GENTE CLAVE
06 TECHNOLOGY /EQUIPMENT/COMPUTER RESOURCES
   06 TECNOLOGIA/EQUIPOS/RECURSOS INFORMATICOS
07 EXPERIENCE IN GENERAL
   07 EXPERIENCIA EN GENERAL
08 GOVERNMENT
   08 ASPECTOS GUBERNAMENTALES
95 OTHER (SPECIFY)
97 NONE/NOT LACKING ANY SKILLS
98 DON’T KNOW
99 REFUSED
A21 Have you taken any classes or workshops on starting a business?

¿Ha tomado clases o talleres sobre cómo empezar un negocio?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

[ASK IF A21 (01)]

A22 Please name all the places where you took classes or workshops on starting a business. Please tell me what type of training you received. Anything else?

Por favor nombre todos los lugares donde tomó clases o talleres sobre cómo empezar un negocio. Por favor dígame el tipo de capacitación que recibió. ¿Algo más?

(DO NOT READ LIST. SELECT AS MANY AS APPLY)

01 A COLLEGE
   01 INSTITUTO DE ENSEÑANZA SUPERIOR
02 INTERNET
   02 INTERNET
95 OTHER (SPECIFY)
98 DON’T KNOW
99 REFUSED

A23A Have you researched anything about your business on the Internet?

¿Ha investigado algo acerca del negocio que le interesa en Internet?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

A23B What training or other resources would you recommend to someone who is starting a business? Anything else?

¿Qué capacitación u otros recursos le recomendaría a alguien que esté empezando un negocio? ¿Algo más?

(PROBE FULLY FOR SPECIFICS)
A24 Has the new business received any money, income, or fees from the sale of goods or services?

¿Ha recibido el nuevo negocio cualquier dinero, ingreso o comisión por la venta de bienes o servicios?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

| IF NEW BUSINESS RECEIVED MONEY, INCOME, FEES FROM SALE OF GOODS/SERVICES, A24 (01), CONTINUE. | ALL OTHERS SKIP TO A27 |

A25 Has the start-up had a positive monthly cash flow that covers expenses and the owner and manager salaries?

¿Ha tenido el arranque un flujo de efectivo mensual positivo que cubra gastos y los salarios del dueño y el administrador?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

[ASK IF A25 (01)]

A26 For about how long have you had a positive monthly cash flow? Would you say . . .

¿Durante aproximadamente cuánto tiempo ha tenido un flujo de efectivo mensual positivo? Diría usted que durante…

(READ LIST. RECORD ONE ANSWER)

| 01 Less than 3 months | 01 Menos de 3 meses |
| 02 3 to 6 months | 02 3 a 6 meses |
| 03 7 to 12 months | 03 7 a 12 meses |
| 04 More than a year but less than 3 and a half years | 04 Más de un año, pero menos de 3 años y medio |
| 05 More than 3 and a half years | 05 Más de 3 años y medio |
| 98 DON'T KNOW |
| 99 REFUSED |
A27 Are you involved in this start-up to take advantage of a business opportunity or because you have no better choices for work?

¿Decidió iniciar este negocio para aprovechar una oportunidad de negocios o porque no tiene mejores alternativas de trabajo?

(Do not read list. Select one answer)

01 TAKE ADVANTAGE OF BUSINESS OPPORTUNITY
  01 APROVECHAR UNA OPORTUNIDAD DE NEGOCIOS
02 NO BETTER CHOICES FOR WORK
  02 NO HAY MEJORES ALTERNATIVAS DE TRABAJO
03 COMBINATION OF BOTH
  03 UNA COMBINACIÓN DE AMBAS
04 HAVE A JOB BUT SEEK BETTER OPPORTUNITIES
  04 TENGO UN EMPLEO, PERO BUSCO MEJORES OPORTUNIDADES
95 OTHER (SPECIFY)
98 DON'T KNOW
99 REFUSED

A28 Do you, alone or with others, own an established business, in addition to the start-up business? This business would be up and running, not a start-up.

¿Es usted, solo o con otras personas, propietario de un negocio establecido, además del negocio que inicia? El negocio del que hablamos ahora ya debe estar funcionando, no empezando.

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

If own an established business, A28 (01), continue.
All others skip to instructions before C1

A29 Do you own all, part, or none of this business?

¿Es usted propietario de todo, parte o nada de este negocio?

01 ALL
02 PART
03 NONE
98 DON'T KNOW
99 REFUSED
[ASK IF A29 (02, 98-99)]

A30 Who else owns this business?

¿Quién más es propietario de este negocio?
(READ LIST. RECORD AS MANY AS APPLY. WAIT FOR YES OR NO FOR EACH)

01 Your spouse or significant other
   01 Su cónyuge o pareja

02 Other family members
   02 Otros miembros de la familia

03 Other people or businesses
   03 Otras personas o negocios

98 DON'T KNOW

99 REFUSED

A31 What kind of business is it? PROBE: What does it sell? How is it listed in the Yellow Pages?

¿De qué tipo de negocio se trata? PROBE: ¿Qué vende? ¿Cómo se anuncia en las Páginas Amarillas?
(PROBE FULLY FOR SPECIFICS)

A32 How long have you owned this business? Would you say . . .

¿Durante cuánto tiempo ha sido propietario de este negocio? Diría usted que…
(READ LIST. RECORD ONE ANSWER)

01 Less than one year
   01 Menos de un año

02 One year to 4 years
   02 De uno a 4 años

03 5 to 9 years
   03 De 5 a 9 años

04 10 years or more
   04 10 años o más

98 DON'T KNOW

99 REFUSED
A33 Did you help start this business or did you purchase ownership in an existing business?

¿Ayudó usted a empezar este negocio o adquirió la propiedad de un negocio ya existente?

01 HELPED TO START IT
   01 AYUDÉ A EMPEZARLO
02 PURCHASED OWNERSHIP IN AN EXISTING BUSINESS
   02 ADQUIRÍ PROPIEDAD EN UN NEGOCIO YA EXISTENTE
95 OTHER (SPECIFY)
98 DON'T KNOW
99 REFUSED

IF HELPED TO START BUSINESS, A33 (01), CONTINUE.
ALL OTHERS SKIP TO A36

A34 Did you have any major problems in starting this business?

¿Tuvo algún problema grave para empezar este negocio?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

[ASK IF A34 (01)]

A35 What were those problems? Anything else?

¿Cuáles fueron esos problemas? ¿Algo más?
(PROBE FULLY FOR SPECIFICS)

A36 Has this business had a positive monthly cash flow that covers expenses and the owner and manager salaries?

¿Ha tenido este negocio un flujo de efectivo mensual positivo que cubra gastos y los salarios del propietario y el administrador?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED
IF TRYING TO START A NEW BUSINESS, A1 (01) OR A2 (01), SKIP TO INSTRUCTIONS BEFORE C1.
ALL OTHERS CONTINUE.

<table>
<thead>
<tr>
<th>B1</th>
<th>Do you, alone or with others, own an established business? This business would be up and running, not a start-up.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¿Es usted, solo o con otras personas, propietario de un negocio establecido? Este negocio ya debe estar funcionando, no empezando.</td>
</tr>
<tr>
<td>01</td>
<td>YES</td>
</tr>
<tr>
<td>02</td>
<td>NO</td>
</tr>
<tr>
<td>98</td>
<td>DON’T KNOW</td>
</tr>
<tr>
<td>99</td>
<td>REFUSED</td>
</tr>
</tbody>
</table>

IF OWN AN ESTABLISHED BUSINESS, B1 (01), CONTINUE.
ALL OTHERS SKIP TO INSTRUCTIONS BEFORE C1

<table>
<thead>
<tr>
<th>B2</th>
<th>Do you own all, part, or none of this business?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¿Es usted propietario de todo, parte o nada de este negocio?</td>
</tr>
<tr>
<td>01</td>
<td>ALL</td>
</tr>
<tr>
<td>02</td>
<td>PART</td>
</tr>
<tr>
<td>03</td>
<td>NONE</td>
</tr>
<tr>
<td>98</td>
<td>DON’T KNOW</td>
</tr>
<tr>
<td>99</td>
<td>REFUSED</td>
</tr>
</tbody>
</table>

IF OWN NONE OF THE BUSINESS, B2 (03), SKIP TO INSTRUCTIONS BEFORE C1.
ALL OTHERS CONTINUE

[ASK IF B2 (02, 98-99)]

<table>
<thead>
<tr>
<th>B3</th>
<th>Who else owns this business?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¿Quién más es propietario de este negocio?</td>
</tr>
<tr>
<td></td>
<td>(READ LIST. RECORD AS MANY AS APPLY. WAIT FOR YES OR NO FOR EACH)</td>
</tr>
<tr>
<td>01</td>
<td>Your spouse or significant other</td>
</tr>
<tr>
<td></td>
<td>Su cónyuge o pareja</td>
</tr>
<tr>
<td>02</td>
<td>Other family members</td>
</tr>
<tr>
<td></td>
<td>Otros miembros de la familia</td>
</tr>
<tr>
<td>03</td>
<td>Other people or businesses</td>
</tr>
<tr>
<td></td>
<td>Otras personas o negocios</td>
</tr>
<tr>
<td>98</td>
<td>DON’T KNOW</td>
</tr>
<tr>
<td>99</td>
<td>REFUSED</td>
</tr>
</tbody>
</table>

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BBC RESEARCH & CONSULTING

APPENDIX F, PAGE 26
B4  What kind of business is it?  PROBE: What does it sell?  How is it listed in the Yellow Pages?

¿De qué tipo de negocio se trata? PROBE: ¿Qué vende? ¿Cómo se anuncia en las Páginas Amarillas?
(PROBE FULLY FOR SPECIFICS)

B5  How long have you owned this business?  Would you say . . .

¿Durante cuánto tiempo ha sido propietario de este negocio? Diría usted que durante…
(READ LIST. RECORD ONE ANSWER)

01  Less than one year
    01  Menos de un año
02  One year to 4 years
    02  Uno a 4 años
03  5 to 9 years
    03  5 a 9 años
04  10 years or more
    04  10 años o más
98  DON'T KNOW
99  REFUSED

B6  Did you help start this business or did you purchase ownership in an existing business?

¿Ayudó usted a empezar este negocio o adquirió la propiedad de un negocio ya existente?

01  HELPED TO START IT
    01  AYUDÉ A EMPEZARLO
02  PURCHASED OWNERSHIP IN AN EXISTING BUSINESS
    02  ADQUIRÍ PROPIEDAD EN UN NEGOCIO YA EXISTENTE
95  OTHER (SPECIFY)
98  DON'T KNOW
99  REFUSED

IF HELPED TO START THE BUSINESS, B6 (01), CONTINUE.
ALL OTHERS SKIP TO B9

B7  Did you have any major problems in starting this business?

¿Tuvo algún problema grave para empezar este negocio?

01  YES
02  NO
98  DON'T KNOW
99  REFUSED
B8 What were those problems? Anything else?

¿Cuáles fueron esos problemas? ¿Algo más?

(PROBE FULLY FOR SPECIFICS)

B9 Has this business had a positive monthly cash flow that covers expenses and the owner and manager salaries?

¿Ha tenido este negocio un flujo de efectivo mensual positivo que cubra gastos y los salarios del propietario y el administrador?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

IF DON'T OWN AN ESTABLISHED BUSINESS,
A28 (02-99), A29 (03), B1 (02-99) OR B2 (03), CONTINUE.
ALL OTHERS SKIP TO E1.

C1 Have you, alone or with others, EVER owned a business?

¿ALGUNA VEZ ha sido usted, solo o con otras personas, propietario de un negocio?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED
IF EVER OWNED A BUSINESS, C1 (01), CONTINUE.
ALL OTHERS SKIP TO INSTRUCTIONS BEFORE D1

C2 How long ago did you own a business?

¿Hace cuánto tiempo que fue usted propietario de un negocio?
(READ LIST. RECORD ONE ANSWER)

01 Less than one year ago
  01 Hace menos de un año
02 One year to 4 years ago
  02 Hace uno a 4 años
03 5 to 9 years ago
  03 Hace 5 a 9 años
04 10 or more years ago
  04 Hace 10 años o más
98 DON’T KNOW
99 REFUSED

C3 Where was this business?

¿Dónde estaba este negocio?
(RECORD TOWN AND STATE. ALSO RECORD COUNTRY IF NOT U.S.)

C4 Why do you no longer own this business?

¿Por qué ya no es usted propietario de este negocio?
(READ ENTIRE LIST BEFORE RECORDING ONE ANSWER)

01 Business closed
  01 El negocio cerró
02 Sold business or ownership in business
  02 Vendí el negocio o mi propiedad en el negocio
03 Retired
  03 Se retiré
95 OTHER (SPECIFY)
98 DON’T KNOW
99 REFUSED
D1 Have you ever thought about starting a business?

¿Alguna vez ha pensado en empezar un negocio?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED

D2 Is owning a business a personal goal for you?

Ser propietario de un negocio, ¿es una meta personal para usted?

01 YES
02 NO
98 DON'T KNOW
99 REFUSED
Why do you think you haven’t started or purchased a business?

¿Por qué cree usted que no ha empezado o comprado un negocio?

(Do not read list. Record as many as apply)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>DON’T KNOW HOW</td>
</tr>
<tr>
<td>02</td>
<td>HAVE A GOOD JOB</td>
</tr>
<tr>
<td>03</td>
<td>NEED HEALTH INSURANCE THROUGH EMPLOYER</td>
</tr>
<tr>
<td>04</td>
<td>NO GOOD IDEAS FOR A BUSINESS, NO GOOD OPPORTUNITIES</td>
</tr>
<tr>
<td>05</td>
<td>NO TIME</td>
</tr>
<tr>
<td>06</td>
<td>NOT ENOUGH MONEY</td>
</tr>
<tr>
<td>07</td>
<td>TOO RISKY</td>
</tr>
<tr>
<td>08</td>
<td>DON’T WANT TO/NO INTEREST</td>
</tr>
<tr>
<td>09</td>
<td>MEDICAL/HEALTH ISSUES/DISABILITY</td>
</tr>
<tr>
<td>10</td>
<td>CHILDREN</td>
</tr>
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<td>11</td>
<td>RETIRED/TOO OLD</td>
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<td>12</td>
<td>LACK OF EDUCATION</td>
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<td>13</td>
<td>STILL IN SCHOOL</td>
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<td>14</td>
<td>NOT A PERSONAL GOAL</td>
</tr>
<tr>
<td>15</td>
<td>CURRENT ECONOMIC CONDITIONS</td>
</tr>
<tr>
<td>95</td>
<td>OTHER (SPECIFY)</td>
</tr>
<tr>
<td>98</td>
<td>DON’T KNOW</td>
</tr>
<tr>
<td>99</td>
<td>REFUSED</td>
</tr>
</tbody>
</table>
D4 Would you say that you have the knowledge, skill and experience required to start a new business?

¿Diría usted que tiene el conocimiento, la habilidad y la experiencia necesarios para empezar un nuevo negocio?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

E1 Would you say that owning your own business is a goal for many people where you live?

¿Diría usted que, donde usted vive, ser propietario de su propio negocio es una meta de muchas personas?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

E2 Would you say that in the NEXT SIX MONTHS there will be good opportunities for starting a business in the area where you live?

¿Diría usted que en los PRÓXIMOS SEIS MESES habrá buenas oportunidades de empezar un negocio en el área donde vive?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED
We are almost finished. I have just a few questions that are for classification purposes.
Ya casi terminamos. Nada más tengo unas cuantas preguntas más, con fines de clasificación.

F1A Are you currently employed? [IF BUSINESS OWNER, BY AN EMPLOYER OTHER THAN YOUR OWN BUSINESS]
¿Tiene usted empleo actualmente? [SI ES PROPIETARIO DE UN NEGOCIO, EMPLEO CON OTRO EMPLEADOR QUE NO SEA SU PROPIO NEGOCIO]

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

[ASK IF F1A (01)]
F1B Do you currently work an average of 35 or more hours per week?
¿Trabaja usted actualmente un promedio de 35 horas o más a la semana?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F2A Do you work as an independent contractor?
¿Trabaja de manera independiente?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F2B Do you work in information technology?
¿Trabaja en el ramo de la informática?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED
F3 Do you currently own or rent your home?

¿Es usted propietario de su hogar actual o lo renta?

01 OWN
02 RENT
98 DON’T KNOW
99 REFUSED

F3B Do you reside inside the city limits of San José?

¿Vive dentro de los límites urbanos de San José?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F4 Are you currently married?

¿Está usted casado/a actualmente?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F5 Do you have children under 18 living at home?

¿Tiene niños menores de 18 años que vivan con usted?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F6 What year were you born?

¿En qué año nació?
(RECORD YEAR. RANGE IS 1900-1992, DON’T KNOW, REFUSED)
F7 Were you born in the United States?

¿Nació en los Estados Unidos?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED

F8 What is the highest level of education you have completed? Would you say . . .

¿Cuál es el grado más alto de estudios que completó? Diría usted que es…

(READ LIST. RECORD ONE ANSWER)

01 Some high school or high school graduate
   01 Algunos estudios de preparatoria/bachillerato o graduado de preparatoria/bachillerato
02 Trade or vocational school or some college
   02 Escuela vocacional o comercial, o algunos estudios universitarios
03 College graduate
   03 Graduado universitario
04 Post graduate work or degree
   04 Estudios o título de postgrado
98 DON’T KNOW
99 REFUSED

F9 Are you Hispanic, Latino or of Spanish origin?

¿Es usted de origen hispano, latino o español?

01 YES
02 NO
98 DON’T KNOW
99 REFUSED
F10  What would you consider to be your race or ethnic origin?

¿Cuál considera usted que sea su raza u origen étnico?
(DO NOT READ LIST. RECORD AS MANY AS APPLY)

01  WHITE
02  AFRICAN AMERICAN/BLACK
03  AMERICAN INDIAN
04  ASIAN/PACIFIC ISLANDER
05  HISPANIC
95  OTHER (SPECIFY)
98  DON’T KNOW
99  REFUSED

F11  Just for classification purposes, did your total household income last year, from all sources and before taxes, fall at or below $60,000 per year or above $60,000 per year?

Sólo con fines de clasificación, el ingreso total de su hogar el año pasado, proveniente de todas las fuentes y antes de impuestos, ¿fue de 60 mil dólares por año o menor, o fue mayor a 60 mil dólares por año?

01  AT OR BELOW
02  ABOVE
98  DON’T KNOW
99  REFUSED

[ASK IF F11 (01)]

F12  Did your total household income fall at or below $40,000 per year or above $40,000 per year?

El ingreso total de su hogar ¿fue de 40 mil dólares por año o menor, o fue mayor a 40 mil dólares por año?

01  AT OR BELOW
02  ABOVE
98  DON’T KNOW
99  REFUSED
F13 Did your total household income fall at or below $100,000 per year or above $100,000 per year?

El ingreso total de su hogar ¿fue de 100 mil dólares por año o menor, o fue mayor a 100 mil dólares por año?

01 AT OR BELOW
02 ABOVE
98 DON'T KNOW
99 REFUSED

IF TRYING TO START BUSINESS OR OWN BUSINESS, A1 (01) OR B1 (01), CONTINUE. ALL OTHERS SKIP TO THANK YOU SCREEN

F13A The City of San José is inviting a small number of entrepreneurs who have completed this survey to attend a breakfast focus group to further discuss ways to promote local small businesses. An incentive of $25 will be provided for travel expenses. The breakfast will be held Wednesday, August 11th in San José. Would you be interested in participating in this discussion?

La Ciudad de San José está invitando a un pequeño número de personas con espíritu emprendedor que hayan respondido esta encuesta a asistir a un desayuno como parte de un grupo de enfoque a fin de continuar la conversación sobre vías para promover las pequeñas empresas en la localidad. Se ofrece un incentivo de $25 para cubrir gastos de desplazamiento. El desayuno se llevará a cabo el miércoles 11 de agosto en San José. ¿Le interesaría participar en esta charla?

01 YES
02 NO
The research firm arranging the focus group will contact you by email and/or phone to give you more details.

La empresa de investigación a cargo de organizar grupo de enfoque se comunicará con usted por correo electrónico y/o teléfono para darle más detalles.

May I have your email address?

¿Me puede dar su correo electrónico?
(RECORD EMAIL ADDRESS, DON’T HAVE EMAIL, REFUSED. READ BACK TO CHECK FOR ACCURACY)

What is the most convenient phone number to reach you?

¿A qué número telefónico prefiere que le llamen?
(RECORD PHONE NUMBER, REFUSED. READ BACK TO CHECK FOR ACCURACY)

Thank you for participating.

Gracias por participar.
APPENDIX G.
Survey of Small Business in Santa Clara County
APPENDIX G.
Survey of Small Businesses in Santa Clara County

In summer 2010, BBC surveyed small business owners in Santa Clara County to gauge the current economic climate for small businesses. This appendix explains survey methodology, presents results and discusses their implications. Information on how to update the survey in the future is provided at the end of the appendix.

Background and Methodology

The main objectives for BBC’s 2010 small business survey were to:

- Gauge opinions of small business owners and managers regarding economic conditions in the San José area;
- Identify factors that might be important to small businesses in and around San José;
- Estimate how the region compares to the rest of California relative to those factors; and
- Ascertain which government and private sector resources are important to small businesses.

Before conducting the survey, BBC reviewed the methodology and survey instruments (where available) of a number of prominent small business and entrepreneurship surveys including:

- The Wells Fargo/Gallup Small Business Index survey;
- The Nation Federation of Independent Businesses survey on Small Business Economic Trends; and
- The Discover Small Business Watch survey conducted by Rasmussen Reports.

BBC approached a number of organizations to replicate their small business surveys in Santa Clara County, but none of the research organizations were able to perform this work. Instead, BBC prepared an independent survey. BBC’s survey instrument was similar to the Discover/Rasmussen survey. With input from work2future staff, the study team added questions specific to conducting business in the San José area.

After developing the instrument, BBC worked with Customer Research International (CRI), a telephone research firm, to conduct the interviews. Conducted in August 2010, the survey included 400 small business owners and managers within Santa Clara County, randomly selected from Dun & Bradstreet (D&B) listings of firms with fewer than 50 employees. All but seven respondents had 35 or fewer employees.
Surveyors interviewed one business owner or manager per company. CRI used computer assisted telephone interview (CATI) technology. Businesses were called up to five times in an attempt to obtain an interview. As with all surveys of this type, results are based on a sample, causing some statistical uncertainty in findings.

**Survey Results**

BBC’s discussion of survey results begins with small business owners’ and managers’ views concerning economic conditions in the San José area. We then examine factors that might be important to small business location in Silicon Valley and in San José. Finally, we report on government and private sector resources important to small businesses.

Results are reported for businesses located in Santa Clara County and, where appropriate, the City of San José. Of the 400 small business owners and managers interviewed, less than one-half reported one location within the City of San José.

**Business ownership.** About 80 percent of the individuals surveyed reported that they were owners of the business. Eight out of 10 of these business owners started the business themselves; three-quarters of them would start the business again, if they had the opportunity. Additionally, more than 70 percent of the business owners stated that the personal rewards to owning a small business were greater than what they might experience in a similar job at a large company. The survey tended to capture older businesses — just 13 percent of the businesses participating in the survey were less than five years old.

**Opinions regarding economic conditions.** Figure G-1 summarizes opinions of respondents concerning current economic conditions. The possible answers — excellent, good, fair or poor — were provided by the interviewer. One-half of survey respondents rated the Silicon Valley economy as fair, and one-third considered it to be in poor condition. Only 15 percent of small business owners and managers rated the Silicon Valley economy as good or excellent.

**Figure G-1.**

*How do you rate the Silicon Valley economy?*

Additionally, about 30 percent of businesses had recently postponed bill payment due to cash flow issues. Although almost 40 percent of survey respondents saw economic conditions improving over the next six months, about one-third thought that economic conditions will worsen.

**Changes in employment.** As can be seen in Figure G-2, 80 percent of firms reported that the number of employees in the firm had remained the same over the last three months. Thirteen percent of firms reported a decrease in jobs, while 7 percent added jobs.

In the coming months, 12 percent of business owners expected to be hiring more workers and only about 3 percent said that they expect layoffs. About 80 percent of those surveyed did not expect a change in total employment in their business over the next three months.

There was not a significant difference in the economic outlook of business owners located in San José compared to elsewhere in Santa Clara County.

![Figure G-2. Have you over the past 3 months, or will you in the next 3 months, increase or decrease your workforce?](source: BBC Research & Consulting from telephone survey, August 2010.)

Fewer than 10 percent of businesses reported that they were having difficulty hiring skilled workers and less than 3 percent had difficulty filling unskilled positions, as shown in Figure G-3.

![Figure G-3. Do you have any job openings for skilled/unskilled labor that you are not able to fill?](source: BBC Research & Consulting from telephone survey, August 2010.)
Factors important to small business. Firm owners were asked, “I’m going to read a list of factors that might be important to a small business. Could you tell me for your business whether these are not important, somewhat important, or very important?”

- Survey respondents rated low taxes as the most important factor, with close to 90 percent of small business owners viewing low taxes as somewhat or very important.

- Another cost factor — low-cost utilities — was identified as somewhat or very important by 80 percent of those surveyed.

- Access to public services was important to more than three-quarters of those surveyed.

- Access to customers, access to skilled workers and access to affordable workers was very or somewhat important to around 75 percent of survey participants. Access to suppliers was important to slightly fewer respondents, about 70 percent.

Figure G-4.
Factors important to Santa Clara County small businesses

![Bar chart showing factors rated by importance for Santa Clara County small businesses.]


Over 40 percent of those surveyed noted that a network of advisors was unimportant to small businesses. Likewise, about 40 percent did not consider zoning to be important; one-third of the business owners and managers responded, however, that zoning was very important. The availability of space to business owners was split nearly evenly between very or somewhat important and not important.

Broadly, there was little difference in the importance of these factors to business owners located in San José compared to elsewhere in Santa Clara County.
Comparison of factors between Silicon Valley and California. Owners were then asked, “Thinking about the same list of factors, please rate a location in Silicon Valley compared to a location in other cities in California. For your business, is a location in Silicon Valley better, the same or worse for your business?” About one-half of survey respondents rated access to customers as better than in the rest of the state, with roughly 40 percent of small business owners considering access to skilled workers better than in other regions of California. One-third of those surveyed reported that access to suppliers was better in Silicon Valley than in the rest of California, while around 40 percent reported that it was the same as the rest of the state.

Factors that stood out among surveyed business owners as worse in Silicon Valley included taxes (29% of responses), affordable workers (23%), and low-cost utilities (19%). Figure G-4 illustrates how respondents compared the region to California.

For each of the factors, at least 20 percent of the response was Not sure or Don’t know. About one-third of respondents were not sure if zoning, low-cost utilities, or advisor networks were better in the region than elsewhere in California. Business owners or managers with locations in San José did not significantly differ in their opinions of these factors when comparing Silicon Valley to California.

Advantages or disadvantages to locating in the City of San José. When asked whether there were advantages or disadvantages for a Silicon Valley firm to be located within the City of San José, about one-third of businesses responded that there was neither an advantage nor a disadvantage to locating in San José. Roughly 20 percent were not sure if it was better or worse to locate in the City.
Of the advantages that were given, the central location and proximity to customers were notable. Disadvantages tended to focus on the high cost of rent or regulatory barriers. Opinions on this topic were varied; some representative comments are provided below.

- *The central location means being close to everything.*
- *The high rent is a problem.*
- *There is better access to goods and services.*
- *It’s the home of Silicon Valley.*
- *Too many regulators that don’t talk to each other.*
- *Permits on top of permits.*
- *I keep having problems with zoning.*
- *We chose to stay in San José since Silicon Valley has a reputation for technology.*

**Resources important to business owners.** Survey participants were also asked, “What training or resources would you recommend to someone starting or running a business?” Top suggestions included:

- Having a business plan (11% of respondents);
- Having a financial plan (10%);
- Knowing your market (11%); and
- Taking business classes (11%).

When pressed for specifics, small business owners and managers repeatedly brought up accounting as an important skill to pursue.

About 35 percent of surveyed individuals had taken classes or workshops on starting or running a business. As shown in Figure G-6 on the next page, college or university training (including community college) was the most commonly cited training. Of the survey participants who had taken classes or workshops, 10 percent had taken them at the San José Entrepreneur Center, which includes an office of the non-profit organization Silicon Valley SCORE.
Interaction with government. About 60 percent of business owners and managers surveyed had worked with local or State government in the past year regarding permitting, licensing, inspecting or other regulations related to their businesses. Individuals who had dealt with local or State government were asked which governments they had interacted with and the quality of the experience. Figure G-7 presents the responses to this question.

Among those who had dealt with the City of San José, 47 percent reported a positive experience, close to the overall rate. Business owners and managers who had dealt with Santa Clara County or the State of California were less likely to report a positive experience (38% and 33%, respectively).

About one-quarter of responses were neutral overall. San José and Santa Clara County had more frequent neutral responses with nearly 30 percent each. Finally, about a one-quarter of San José and Santa Clara county experiences were negative, compared to 17 percent overall. These differences were statistically significant.

Figure G-7.
How would you describe your experience working with local governments?

Suggestions for starting and growing businesses in Silicon Valley. Each of the survey participants was asked *What suggestions would you have to make it easier for people to start and grow small businesses in Silicon Valley?* The most frequent responses were to reduce the tax burden and administrative burden on small businesses. Small business loans and access to capital were also popular responses. Some representative responses are provided below.

- More help to get through paperwork and regulations when expanding your business.
- Better consistency between the city and the county, especially in zoning reviews.
- A packet and checklist of what needs to be filed would be helpful.
- More online access to things we have to go into the government offices to accomplish.
- Streamline permitting and licensing processes.
- There should be a “one-stop-shop” for starting a business.
- Worker’s compensation and zoning changes are killing my business.
- Train workers so labor meets business needs.
- It would be really helpful if the government could represent industry and companies to the rest of the country.

Steps for Updating or Replicating this Study

Should work2future or the City of San José desire to repeat this survey in the future, the following information should be useful.

- BBC randomly selected 400 businesses from D&B listings of firms with fewer than 50 employees. Due to the way that D&B records company size, we recommend using the same size category for random selection of firms. The sample size should be at least 400.
- BBC used CRI to conduct the 2010 survey; businesses were called up to five times to secure an interview. Although it is not necessary to use the same telephone survey firm, following the same approach to telephone interviews (number of possible callbacks, time of calls, duration of survey period) should be consistent with the 2010 survey were possible.
- Most questions had an “other” category where individual verbatim responses could be recorded. Due to the varied natures and experiences of small businesses, the verbatim responses were a rich source of analysis.

For reference, a copy of the survey instrument is provided on the following pages.
**San José Small Business Survey Instrument**

Hello, my name is ____________, and I am calling on behalf of work2future, which is affiliated with the City of San José. We are conducting a study on the opinions of small business owners in Silicon Valley. The survey takes only a few minutes and is confidential. [ASK FOR BUSINESS OWNER OR MANAGER]

**Screeners**

S1 I have a few basic questions about your company. Can you confirm that this is [FIRM NAME]?

   01 Right company
   02 Not right company
   98 Don’t know
   99 Refuse to give information

[TERMINATE IF ANSWER TO S1 IS: NOT RIGHT COMPANY, NOT SURE OR REFUSE TO GIVE INFORMATION]

S2 Is your company part of a larger firm with a headquarters outside of Santa Clara County?

   01 Yes [TERMINATE]
   02 No
   98 Don’t know
   99 Refused

S3 Does your firm have multiple locations in Santa Clara County?

   01 Yes
   02 No
   98 Don’t know
   99 Refused
S4  Dun & Bradstreet indicates that your company has about [NUMBER] employees for all of your locations. Is that a fairly accurate average thinking about all of 2010?

01  Yes [IF 25-49 EMPLOYEES SKIP TO S6 OTHERWISE SKIP TO QA1]
02  No
98  Don’t know
99  Refused

S5  If you include all company locations, how many employees — including yourself — does the company have?

01  1 [SKIP TO QA1]
02  2 to 4 [SKIP TO QA1]
03  5 to 9 [SKIP TO QA1]
04  10 to 24 [SKIP TO QA1]
05  25 to 35 [SKIP TO QA1]
06  36 to 49 [SKIP TO QA1]
07  50 or more [TERMINATE]
98  Don’t know
99  Refused

S6  Do you have more than 35 employees?

01  Yes
02  No
98  Don’t know
99  Refused
General Small Business Questions

QA1  About how many years have you been in business?

QA2  Are you an owner of the business?
  01  Yes
  02  No [SKIP TO QA6]
  99  Refused [SKIP TO QA6]

QA3  Did you start the business?
  01  Yes
  02  No
  99  Refused

QA4  If you had the opportunity to do it over again, would you start the business?
  01  Yes
  02  No
  98  Don’t know
  99  Refused

QA5  For you, are the personal rewards to owning a small business greater than what you would get in a similar job at a large company?
  01  Yes
  02  No
  98  Don’t know
  99  Refused
QA6  Generally speaking, do you see the economic conditions for your business getting better or worse in the next 6 months?

01  Better
02  Worse
03  Same
04  Not sure / don’t know
99  Refused

QA7  Over the past three months, has your business encountered any temporary cash flow issues that caused you to hold off on paying some bills?

01  Yes
02  No
98  Don’t know
99  Refused

QA8  During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?

01  Increased
02  Decreased
03  Stayed the same
98  Don’t know
99  Refused

QA9  Over the course of the next three months, will your company be hiring more workers, laying off workers, or making no change in the workforce?

01  Hiring more workers
02  Laying off workers
03  No change
98  Not sure / don’t know
99  Refused
QA10  Do you have any job openings for skilled labor that you are not able to fill right now?

01  Yes
02  No
98  Don’t know
99  Refused

QA11  Do you have any job openings for unskilled labor that you are not able to fill right now?

01  Yes
02  No
98  Don’t know
99  Refused

QA12  Generally speaking, how would you rate the Silicon Valley economy these days? Excellent, good, fair, or poor?

01  Excellent
02  Good
03  Fair
04  Poor
98  Not sure / don’t know
99  Refused

QA13  I’m going to read a list of factors that might be important to a small business. Could you tell me for your business whether these are not important, somewhat important, or very important?

[ROTATE QA13a – QA13j]
QA13a  Networks of advisors.
   01  Not important
   02  Somewhat important
   03  Very important
   98  Not sure / don’t know
   99  Refused

QA13b  Skilled workers.
   01  Not important
   02  Somewhat important
   03  Very important
   98  Not sure / don’t know
   99  Refused

QA13c  Affordable workers.
   01  Not important
   02  Somewhat important
   03  Very important
   98  Not sure / don’t know
   99  Refused

QA13d  Good local public services.
   01  Not important
   02  Somewhat important
   03  Very important
   98  Not sure / don’t know
   99  Refused

QA13e  Finding office, retail or industrial space to suit business needs.
   01  Not important
   02  Somewhat important
   03  Very important
   98  Not sure / don’t know
   99  Refused
<table>
<thead>
<tr>
<th>QA13f</th>
<th>Access to suppliers.</th>
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<tbody>
<tr>
<td>01</td>
<td>Not important</td>
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<td>02</td>
<td>Somewhat important</td>
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<tr>
<td>03</td>
<td>Very important</td>
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<tr>
<td>98</td>
<td>Not sure / don’t know</td>
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<td>99</td>
<td>Refused</td>
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<tr>
<th>QA13g</th>
<th>Being close to customers.</th>
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<td>02</td>
<td>Somewhat important</td>
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<tr>
<td>03</td>
<td>Very important</td>
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<tr>
<td>98</td>
<td>Not sure / don’t know</td>
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<td>99</td>
<td>Refused</td>
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<tr>
<th>QA13h</th>
<th>Low-cost utilities.</th>
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<td>Not important</td>
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<td>02</td>
<td>Somewhat important</td>
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<tr>
<td>03</td>
<td>Very important</td>
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<td>98</td>
<td>Not sure / don’t know</td>
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<td>99</td>
<td>Refused</td>
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<tr>
<th>QA13i</th>
<th>Appropriate zoning for your business.</th>
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<tbody>
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<td>01</td>
<td>Not important</td>
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<td>02</td>
<td>Somewhat important</td>
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<tr>
<td>03</td>
<td>Very important</td>
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<tr>
<td>98</td>
<td>Not sure / don’t know</td>
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<td>99</td>
<td>Refused</td>
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<tr>
<th>QA13j</th>
<th>Low local taxes.</th>
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<td>Not important</td>
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<tr>
<td>02</td>
<td>Somewhat important</td>
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<td>03</td>
<td>Very important</td>
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<tr>
<td>98</td>
<td>Not sure / don’t know</td>
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<td>99</td>
<td>Refused</td>
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</table>
Thinking about the same list of factors, please rate a location in Silicon Valley compared to a location in other cities in California. For your business, is a location in Silicon Valley better, the same or worse for your business?

[ROTA TE QA14a – QA14j IN SAME ORDER AS QA13]

QA14a Networks of advisors.
01 Better
02 Same
03 Worse
98 Not sure / don’t know
99 Refused

QA14b Skilled workers.
01 Better
02 Same
03 Worse
98 Not sure / don’t know
99 Refused

QA14c Affordable workers.
01 Better
02 Same
03 Worse
98 Not sure / don’t know
99 Refused

QA14d Good local public services.
01 Better
02 Same
03 Worse
98 Not sure / don’t know
99 Refused
QA14e  Finding office, retail or industrial space to suit business needs.
01  Better
02  Same
03  Worse
98  Not sure / don’t know
99  Refused

QA14f  Access to suppliers.
01  Better
02  Same
03  Worse
98  Not sure / don’t know
99  Refused

QA14g  Being close to customers.
01  Better
02  Same
03  Worse
98  Not sure / don’t know
99  Refused

QA14h  Low-cost utilities.
01  Better
02  Same
03  Worse
98  Not sure / don’t know
99  Refused

QA14i  Appropriate zoning for your business.
01  Better
02  Same
03  Worse
98  Not sure / don’t know
99  Refused
QA14j Low local taxes.
  01 Better
  02 Same
  03 Worse
  98 Not sure / don’t know
  99 Refused

QA15 Is this location or any of your business locations in the City of San José?
  01 Yes
  02 No
  98 Don’t know
  99 Refused

QA16 Are there advantages or disadvantages for a Silicon Valley firm to be located within the City
  of San José? [LIST SPECIFIC ADVANTAGES, DISADVANTAGES. OPEN-ENDED
  FOR PRE-TEST]
  01 Networking opportunities
  02 Proximity to customers
  03 Proximity to other businesses
  04 Expensive business license
  05 High taxes
  06 High cost area in general
  07 Other [SPECIFY]

San José Area Specific Small Business Questions

QB1 What training or other resources would you recommend to someone who is starting or
  running a business? Anything else? [PROBE FULLY FOR SPECIFICS]
  01 Have a business plan
  02 Have a financial plan
  03 Use the San José Entrepreneur Center
  04 Business degree/business classes
  05 Tax advice/use and accountant
  06 Legal advice
  07 Know your market/business
  08 Other [SPECIFY]
**QB2** Have you taken any classes or workshops on starting or running a business?

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<td>Yes</td>
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<td>02</td>
<td>No</td>
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<td>98</td>
<td>Don’t know</td>
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<td>Refused</td>
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**QB2a** Please name all of the places you took classes or workshops

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<tbody>
<tr>
<td>01</td>
<td>San José Entrepreneur Center</td>
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<tr>
<td>02</td>
<td>Professional/trade association/Chamber</td>
</tr>
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<td>03</td>
<td>Trade show or conference</td>
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<td>04</td>
<td>College or University (including community college)</td>
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<td>05</td>
<td>Other [SPECIFY]</td>
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**QB3** In the past 12 months, have you had to work with any local governments in the Silicon Valley regarding permits, licensing, inspections or other regulations related to your business?

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<td>01</td>
<td>Yes</td>
</tr>
<tr>
<td>02</td>
<td>No [Skip to QB5]</td>
</tr>
<tr>
<td>98</td>
<td>Don’t know [Skip to QB5]</td>
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<tr>
<td>99</td>
<td>Refused [Skip to QB5]</td>
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**QB3a** Which local governments?

[NAME A, B, C, D]

[IF RESPONDENT SPECIFIES A DEPARTMENT OR AGENCY, PROBE TO DISCERN IF THE ORGANIZATION IS A CITY, COUNTY or STATE AGENCY.]

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<tbody>
<tr>
<td>01</td>
<td>City of San José</td>
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<tr>
<td>02</td>
<td>Other City</td>
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<tr>
<td>03</td>
<td>Santa Clara County</td>
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<tr>
<td>04</td>
<td>Other California County</td>
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<tr>
<td>05</td>
<td>State of California Department or Agency</td>
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<tr>
<td>06</td>
<td>Other local government [SPECIFY]</td>
</tr>
</tbody>
</table>
QB4a  If you had to describe your overall experience as positive, neutral, or negative, how would you describe your experience working with _____ [LOCAL GOVERNMENT A]?

01  Positive
02  Neutral
03  Negative
98  Don’t know
99  Refused

QB4b  How would you describe your overall experience working with _____ [LOCAL GOVERNMENT B]?

01  Positive
02  Neutral
03  Negative
98  Don’t know
99  Refused

QB4c  How would you describe your overall experience working with _____ [LOCAL GOVERNMENT C]?

01  Positive
02  Neutral
03  Negative
98  Don’t know
99  Refused

QB4d  How would you describe your experience working with _____ [LOCAL GOVERNMENT D]?

01  Positive
02  Neutral
03  Negative
98  Don’t Know
99  Refused
Thinking back on your experience with your business, what suggestions would you have to make it easier for people to start small businesses in Silicon Valley?

01 Loans for small businesses
02 Lower the cost of doing business in the Silicon Valley (e.g., taxes, fees)
03 Reduce administrative burden on small businesses (e.g., streamline paperwork)
04 Encourage use of the San José Entrepreneur Center, other local training or assistance
05 Develop small business incentives (e.g., tax breaks, location zoning permits)
06 Expand access to capital
07 Network with professional organizations, trade associations and Chambers of Commerce
08 Reduce the tax burden on small businesses
09 Hire small businesses to complete public projects
10 Other [SPECIFY]

What suggestions would you have to make it easier for small businesses to grow and develop in Silicon Valley?

01 Loans for small businesses
02 Lower the cost of doing business in the Silicon Valley (e.g., taxes, fees)
03 Reduce administrative burden on small businesses (e.g., streamline paperwork)
04 Encourage use of the San José Entrepreneur Center, other local training or assistance
05 Develop small business incentives (e.g., tax breaks, location zoning permits)
06 Expand access to capital
07 Network with professional organizations, trade associations and Chambers of Commerce
08 Reduce the tax burden on small businesses
09 Hire small businesses to complete public projects
10 Other [SPECIFY]

Just a few last questions. What is your name and position at [firm name / new firm name]?

(RECORD FULL NAME)

1=VERBATIM
QB8. What is your position?

1=Receptionist
2=Owner
3=Manager
4=CFO
5=CEO
6=Assistant to Owner/CEO
7=Sales manager
8=Office manager
9=President
10=Vice President
11=Partner
98= (OTHER - SPECIFY)
99= (REFUSED)

QB9. Would you be willing to participate in a follow-up interview about any of these issues?

1=Yes
2=No
98= (DON’T KNOW)
99= (REFUSED)
APPENDIX H.
Summary of Focus Groups and Lender Interviews
APPENDIX H.
Summary of Focus Groups and Lender Interviews

In two focus groups, BBC explored a wide range of topics focused on starting and growing small businesses in the City of San José and Silicon Valley. BBC reviewed barriers to small business start-up and growth, the types of programs and services offered to start-ups and existing small businesses in the area, and opportunities to better support small businesses. One session was held with small business assistance organizations (SBAOs) and the other with small business owners.

BBC also interviewed San José area business bankers and Certified Development Corporations (CDCs) serving Santa Clara County to obtain the lender perspective. Information from these interviews is included in this appendix.

Participant Profile

One focus group was held with small business owners and the other session included representatives from area small business assistance organizations.

Small business owners. Participants in the small business owners were primarily recruited from individuals who were randomly selected for BBC’s 2010 small business survey in Santa Clara County. Participants were:

- White, Asian-Pacific Islander and African American men and women;
- Sole-proprietors;
- The businesses’ only employee, although some work with subcontractors; and
- Involved in a variety of business types, including:
  - Ecommerce franchise;
  - Computer and networking support for small businesses;
  - Notary services for the mortgage industry;
  - Home storage solutions; and
  - Contract database and website services.
Small business assistance organizations. BBC invited a wide variety of local small business assistance providers to participate in a focus group. Only a few accepted. The small business assistance organizations represented in the focus group included:

- The Silicon Valley Small Business Center (SVSBC);
- work2future;
- The Women’s Initiative; and
- The Northern California Minority Business Center (NCMBC).

Small Business Assistance Programs and Services
Participants described their experiences related to small business assistance programs and services.

Programs and services utilized by small business owners. Small business owners had accessed some training and advisory services offered by several types of organizations, including:

- **SCORE.** “I’ve used SCORE. They are pretty good. We printed our business material the first time, and I didn’t like it. So I went to them and said, this is what I have, tell me what you think. They looked and said it looks like crap; it’s very stark; it’s not going to bring any business, so you need to change it. I had done everything myself to save money, and they said, you are not a designer. Go to a professional company and get them to do it. It might cost you $1,000 but it will pay off. That was excellent advice. I found a company that did my website and business cards for $800.” (Small Business Owner)

- **work2future.** Classes offered by work2future focus on basic skills development.
  - “I’ve tried the classes, but they are not very practical. All they do is give you the basics — OK, you need advertising, you need marketing. OK, go and print business card, leaflet, but nobody gets into the details of how to do that.” (Small Business Owner)
  - “Our training is very basic and we tell them [lawyers, people with Master’s degrees] maybe our training isn’t for you. This is high school level training. But, they don’t know how to start a business, so they come recently laid off, and they come to our session. So it is something we are debating now — who are our clients?” (SBAO)

- **Chambers of Commerce and Business/Trade Associations.** “I went to a business planning seminar. It was at the Black Chamber … I do have a business plan, I just hadn’t written it down.” (Small Business Owner)

- **Informal advisors.** In addition to formal programs or services, small business owners rely on their peers, networking groups, leads groups and friends and family for advice.
“There is a group called c6. We meet — sometimes it’s about 30 or 40 of us — for a lunch and they are all business people and they have different advice. Once you go to them, you meet different people every month, there are also some online, everybody puts a little input of their own, so you learn.” (Small Business Owner)

“I have what I call the unpaid board of directors. So I have a list of 50 people that I have listed who they are and what they do for me, and most of them are friends, but they all have skill sets. So if I have an issue I look down my board of directors and see who fits that bill — they’re people I’ve worked with, people I trust and that’s who I call. So I’ve created my own list of contacts.” (Small Business Owner)

“We have a formal program called Action Groups. After they complete their business training, they can go into one of those. They meet every other week and they come and talk. Part of the training includes how to ask questions and how to give suggestions to your peers.” (SBAO)

Programs and services offered by SBAOs. Some SBAOs specialize in working with start-up organizations (e.g., the Women’s Initiative, SCORE) while others focus on helping existing businesses survive and grow (e.g., SVSBC, NCMBC). Each tailors its programs and services accordingly.

Helping informal businesses become formal businesses. The Women’s Initiative specializes in helping women turn their informal home-based business or hobby into a legitimate business. The eleven week training session covers the host of tasks needed to start a successful small business. This includes licensing, permits, taxes, insurance, worker’s compensation insurance compliance, business marketing materials, plans, etc. “The clients that we work with, they are in a business from home, maybe it is an informal business, so I would say that 75 percent of the women that come to the classes are doing business from home. What we do is we formalize; we get the license, the permit, and then they are a business and they are able to expand. They don’t know to secure a license or a permit, and we work with many immigrants. They think that all they need is a business card, no insurance, no worker’s comp if they have employees, so that is something that we are formalizing, you know the taxes, getting the licenses.” (SBAO)

General start-up assistance. While the Women’s Initiative specializes in helping women start businesses, the other SBAOs concentrate their efforts on existing businesses. As such, these organizations refer first-time entrepreneurs to SCORE. “We deal with businesses at all stages, but we tend to work with businesses that are already in business or entrepreneurs who have run or owned a business prior to starting their current business. If they are a start up, normally we will refer them to SCORE — that’s a better place for people who are still trying to work out their business idea.” (SBAO)

General programs and services to help businesses grow. SVSBC offers training and counseling to small businesses. NCMBC provides advice related to working with government and financing.
“Primarily we use the training that we give as a way to drive potential clients into our counseling program. We find our impact is much greater if we are able to counsel a client rather than just train them — work closely and that impact increases exponentially if we are able to give them more than five hours of our time. We are actually underrepresented in the industry of high tech start up, so I have been trying to orient us more towards what you would consider a typically Silicon Valley high tech start up. We do have programs for minority and women-owned businesses. We help them procure government contracts and things like that, but we see all demographics, all ages, and all types of business.” (SBAO)

“So we are a business center to assist minority-owned businesses, so we don’t work with start-ups in most cases. What we do at the Center is help the businesses grow or help them to stay in business, and securing contracts with the federal government — different agencies like transportation, defense, commerce — and the State of California, from prisons to city hall, local government We Work programs and private corporations. In most cases under the umbrella of minority or small business programs, these are procurement programs that these agencies are operating. We help them to secure the funding that they need to stay in business and grow. We help them with any business-related finance help that they need. We help them get the bonding they need to bid for a contract.” (SBAO)

Critical counseling. Not every business idea will succeed. SBAOs work with struggling business owners to help them redirect their business into more successful markets, or, if necessary, counsel them to close the business. “We face a similar situation with our clients in terms of making them see that the decision was wrong — like this is not the right business for you. You are losing money. The level of frustration is increasing in terms of not getting the funding that they need. We have clients that we have helped switch — almost kind of see what’s going on in the market — we help them to find opportunities elsewhere. Most of our clients work here and want to stay here, and think things will turn around, and then six months later they come back and say we don’t have money to pay payroll.” (SBAO)
Barriers to Business Start-Up and Growth

Both SBAOs and small business owners discussed barriers to business start-up and growth.

Access to capital. By far, access to capital was the most significant barrier that small business owners and SBAOs identified for either starting or growing a business.

- Small business owners believe that there are no government or SBA loans available to small businesses.

  - “It’s literally dry. Finances are dry. Actually there used to be like local government funds, but there’s nothing, zero.” (Small Business Owner)

  - “I hear a lot of entrepreneurs saying, well the government says they are going to help and they give all this money to the banks and then it goes nowhere. It’s not trickling down to the entrepreneurs that can actually do something with that capital. It’s not coming through the bank system or any other way. With the other sources of capital drying up, like the friends and family and the lines of credit, it’s just exacerbating that problem.” (SBAO)

  - “I went to the City of San José, and they used to have all kinds of loans, small business loans. They had grants, they would just give you the money $10,000 — just take it and you pay nothing — and that’s not available, so the government funds are not available. The only thing is SBA guaranteed funds which comes through the bank, but again it’s very difficult to get them; it’s not available.” (Small Business Owner)

  - “To get an SBA loan, you have to go to the bank first. But again, the bank looks at you as a business. They only lend to you if they make sure you are a very low risk and again it’s just like going to the bank directly, so it doesn’t help. I mean this was one of my gripes about the whole system; you cannot get enough financing to get our business going. I’m not talking about like $100,000 or $200,000; I’m talking about $10,000 to $15,000. My view was that if you guys, the government give $800 billion to Wall Street, why don’t you take $50 billion dollars of that and make sure that loans are available to small business — up to $10,000 or $15,000 dollars — I’m not talking about huge loan.” (Small Business Owner)

  - “Part of what I attempted to do was purchase small businesses already in existence, and to that extent I went to the SBA, and they require a business plan among other things, but the money is simply not there. If you had $15,000 in the bank of free cash, they would give you a $15,000 loan. That was pretty much the way it was, so if you could finance it yourself they would finance; it became problematic to get a loan.” (Small Business Owner)

- Traditional sources of bootstrapping a business (e.g., credit cards, home equity lines of credit, loans from friends and family) are less available to entrepreneurs than in the past.
“I think that it is a different time for Silicon Valley and it is definitely a different time for small business entrepreneurs. Our client numbers rise in a downturn because people are being laid off. The difference here is people don’t have access to finance to start their business. In other times they were able to use credit cards, home equity lines of credit — all those personal sources of finance have been withdrawn for them — so we are seeing a lot more who can’t get money for their business even though they have great ideas and lots of enthusiasm.” (SBAO)

“If you had a job and you have a mortgage and you lost your job, and you want to start a small business, it has to be profitable. You’ve got to cover your mortgage. If you can’t cover your mortgage, then you have to find a job. So, that starting period is difficult for most people. You have to build a customer base. Everything involves loans, and if you can’t get the loan, you can’t start the business. So, for a lot of people, it is very difficult to start a business. In my case, I have very little overhead; I just needed a computer.” (Small Business Owner)

“Well I had a little funds available myself, a very small amount like $3,000, because, obviously starting a new business, I had to plan for my expenses as well; I couldn’t spend everything I had on my business. Now I’m running my business, but with like two hands tied behind my back because I cannot get the loans.” (Small Business Owner)

**Risks of growth.** Although access to capital is the primary barrier limiting small business growth, there are fears associated with growth that should not be discounted. Entrepreneurs, particularly those who began their business as solo-practitioners, see growth, represented by hiring their first employee to be a big risk. The risks of hiring include being responsible for supporting another person, pressure on existing office space, the impact of increased salary and overhead on cash flow and the new level of legal responsibilities involved with having employees (e.g., worker’s compensation insurance, taxes, employment laws). SBAOs counsel their clients to make smart expansion decisions that allow the firm to increase capacity without threatening the business’s financial health.

- Increased salary and overhead costs are a concern for businesses considering hiring an employee.

  “I am open to expanding. I’ve been looking at that, but I’m just not sure that’s where I want to go. I know that the income would be there but there are also a lot of risks involved — paying employees, overhead.” (Small Business Owner)

  “I spend a lot of time telling them not to hire people, because it’s not the right thing to do. You are much more flexible if you can work with networks of contractors if you are a sub business. I give a lot of advice for companies not to hire people, which is not in my interest because I’m actually measured by the SBA on helping companies hire people, but that very often is not the right thing to do. It’s very, very expensive to hire someone, it’s almost double the cost of what you are paying someone to bring them on board.” (SBAO)
Need for additional commercial space or growing out of the home to accommodate an employee adds overhead costs. “I’m thinking more in terms of hiring a secretary or someone who does filing. But if you hire somebody to do your grunt work then you have to keep that person. There is overhead. You have to have an office. I work at home, so as soon as I decide to hire someone, that’s a big change already. I mean you got to do payroll, you have to do accounting; it complicates the business.” (Small Business Owner)

Tax concerns may be an issue for some businesses. “I see a lot who are delaying hiring decisions because they don’t know what the tax situation is going to be next year.” (SBAO)

Pressure on cash flow/cash management caused by taking on large contracts or working solely for one client can put small firms in precarious financial situations. “There is also a real problem with cash flow. As soon as they start playing with Fortune 500 guys, their cash flow goes all over the place because of course, there is very, very long payment terms and those companies are notoriously bad at actually paying on time, so the bank requirement becomes quite significant very suddenly.” (SBAO)

Pursuing contracts that exceed the firm’s capacity can endanger the firm’s ability to deliver its products or services. “It’s also helping them to understand the difference between revenue and profit and sometimes chasing the big dollar contract is not the best thing for their business, because not only does it give them operational issues in terms of fulfilling the contract but it makes them expand too fast and it makes them too reliant on one source of income.” (SBAO)

Zoning, permitting and other regulations can pose challenges. Sometimes bringing buildings up to code delays business openings or imposes such high costs that the business does not open.

“IF the condition for the business to open their doors is not related to health or safety issues they should be allowed to open their doors while they fix those issues. A temporary authorization to open a business, to open their doors.” (SBAO)

“It’s a State problem.” (SBAO)
Incomplete skill sets. Each of the small business owners were able to describe aspects of small business ownership that they needed to learn and SBAOs described some of the typical knowledge gaps they observe amongst entrepreneurs which limit their potential for long-term success:

- Business planning;
- Small business accounting;
- Tax planning or preparation;
- Legal expertise. “The legal aspects of business is needed training. We have a high demand for business lawyers at this point … We have a few attorneys that donate their time.” (SBAO)
- HR expertise;
- Purchasing the appropriate technology, ranging from laptops to software applications to printers to navigating software and hardware updates;
  - “For me, coming from corporate, I always had an IT person I called when something went wrong. When I left the corporate world, I lost that guy. So, I lost a hard drive — $2,700 later I got it all back. Then last year, I lost two drives. In a small business, it’s devastating when you lose that.” (Small Business Owner)
  - “I don’t even know which stuff to purchase.” (Small Business Owner)
- Branding and marketing materials;
- Licensing and fees;
  - “Well I didn’t know [that I needed a business license] for a few years. I was just independent; I went out and did my job and I came back and there was a check in the mail and everything was fine. Then all of a sudden I get this letter that says you are doing business in San José, you need a business license. It kept adding up so, I went down and I said, explain this to me. But prior to that I had absolutely no idea I needed a license because it was kind of work, it wasn’t necessarily a business. Now I call it a business.” (Small Business Owner)
  - “Anytime you incorporate, you’ve got the franchise tax board in your pocket for $800 a year whether you make any money or not.” (Small Business Owner)
Opportunities & Challenges

The participants in the focus groups described both opportunities to support small businesses as well as ongoing challenges.

Opportunities to support small business start-up and growth. Participants discussed a range of opportunities to support small businesses in the area.

- Develop relationships with local and regional banks and encourage them to lend to local businesses. There may be a need for developing a micro-lending program, specializing in loans of $50,000 or less.

- Provide new businesses with a list of organizations that provide small business assistance programs and services when entrepreneurs apply for their business license.

- Share any resource that describes the types of businesses needed or desired in San José or Silicon Valley with organizations providing small business assistance.

  - “I can train someone how to open a restaurant, how to market or whatever, but is there any need for that kind of business in San José for example? Is there a service that tells you what kinds of businesses we are missing here?” (SBAO)

  - “The index should say this is what we believe the San José business opportunities would be in the next five or ten years or so and it’s up to the entrepreneur to decide if they want to do that or do something else. But at least it is a good piece of info.” (SBAO)

- Move forward with developing a small business incubator in San José. “We have incubators in San Francisco. We have a process for start-ups that they send the consumer good and we start them on the free market. We have a partnership with them. They stay there for six months and then they provide their own space on the free market. We are in talks with San José. In San Francisco, the city subsidizes the business for a little while — they pay a portion of the lease for a little while so the business can get moving.” (SBAO)

- Consider looking at the process and informational materials San Francisco has in place for business start-ups. An SBAO familiar with the system thought it worked well. “To formalize a business San Francisco is working really well, it’s all in one place. It’s easy. It’s a good example.”

- Consider adding local business set-asides to public contracts. “You say, OK, contracts up to $5,000 or $10,000, only companies that make less than X amount of dollars per year can go for it, and they have to be local businesses.” (SBAO)
Challenges to supporting small business start-up and growth. By and large, participants see access to capital to be an ongoing challenge. Due to the funding limitations placed on SBAOs, marketing their services to those that need them most will continue to be a challenge.

- Access to capital continues to pose a challenge for both business start-ups as well as existing firms that are positioned for growth. The sometimes small loans needed by very small businesses may not be desirable from the bank’s perspective. As such, consider developing a micro-lending program.

- Those organizations that receive public funds to support their operations generally do not have marketing budgets; in some cases organizations are prohibited from using public funds for marketing. The SBAOs reported that they generally rely on word of mouth and referrals to connect with businesses. The City of San José could help market these organizations by providing entrepreneurs with a listing of area SBAOs when they apply for business licenses.

Summary of Lender Interviews

BBC interviewed San José area business bankers and representatives of Certified Development Corporations to better understand the lender perspective. As previously discussed, small business owners describe numerous challenges to securing lending. Lenders discussed small business lending trends, how the lending environment has changed in recent years and the many factors that contribute to whether or not a small business is approved for lines of credit or loans.

Multiple factors constrain business lending in the best of times. Now, obtaining credit is more difficult for small businesses, and startup enterprises will also have great difficulty obtaining credit. The mortgage lending crisis has forced banks of all sizes to rethink their lending risk profile. Banks have become more conservative in their business lending practices. Nationally, homeowners have seen substantial declines in home equity, the primary collateral of many small business owners and entrepreneurs. Existing small businesses have been hit hard, with reduced revenues or sales and constant or increasing expenses. As they try to stay afloat, many small business owners have been draining their reserves, further reducing their ability to access credit.

Based on interviews with business bankers and CDCs, several factors that currently constrain business lending in San José were apparent.

Regulatory change. Regulatory changes by the Federal Reserve require banks to hold much more cash than in the past. Many banks are not permitted to lend because they are under a liquidity letter from the Fed.

Risk. Banks have become more risk averse. Some tightened their underwriting criteria, while others have become more selective in the types of business loan products, including SBA products, they choose to offer. One of BBC’s interviews was with a large national bank that in 2010 decided to stop lending to start-ups. This policy will continue for an undetermined period. Banks that have tightened their credit criteria seem to be embracing a “once bitten twice shy” philosophy.

Borrower collateral. With the fall in housing prices and other reductions in personal net worth, many borrowers are unable to meet the collateral requirements for loans.
Federal legislative action or inaction. An SBA component of the ARRA that provided funds for small business loans increased the SBA-guaranteed portion of the loan from 75 percent to 90 percent and waived borrower fees. This component of the Guaranteed Loan program ran out of money in June 2010. Interviewees reported that affected SBA lending simply stopped, as both lenders and borrowers waited to see if Congress would release additional funds or continue the waiver. These provisions were included in the Small Business Jobs Act signed in September 2010. At the time of BBC’s report, no information on the effect of the Small Business Jobs Act was available.

Rigid SBA requirements. The SBA’s Standard Operating Procedures for SBA lenders exceed 1,000 pages and are updated frequently. Each program serves a different purpose, so the credit criteria for borrowers also vary. One lender described SBA programs as rigid boxes, and that if a borrower didn’t fit into the box, there was nothing that anyone could do. Commercial loans may be more flexible than the SBA in some respects, but each institution applies its own criteria.

Summary

A lack of access to capital is a barrier to starting and growing small businesses. This is not unique to San José or Silicon Valley. It may be that very small businesses in Silicon Valley would benefit from additional micro-lending programs, as some banks find small loans to be undesirable.

- “I see entrepreneurs being frustrated, not being able to get their business off the ground because of lack of funding and not being able to grow their business because of lack of funding. So there is a lot of frustration.” (SBAO)

- “Those two factors — financing and the business planning — probably stop 90 percent of the people who want to be small business owners.” (Small Business Owner)

Developing relationships with local and regional banks may encourage local small business lending. “We have to change our strategy because there is no money for small businesses. There are some cases where we have been able to fund a business in San Francisco with a bank that was in Fresno. We were able to identify a bank that was willing to give them more money. Networking is the important part of that. Sometimes someone will tell me they are working with this bank and I contact them. I even ask my clients — I talk with the contractor and say, who is giving you money, and then I can contact that bank.” (SBAO)

Resources to help start-ups and established businesses succeed exist in Silicon Valley, but awareness of the organizations providing services seems to be low. SBAOs rely on referrals and word-of-mouth to attract clients. Small business owners appeared to be more aware of programs like SCORE or programs offered by their Chamber of Commerce or professional or trade associations. There was little awareness of other local business assistance programs. BOS was not mentioned by the small business focus group participants. An opportunity to market the programs and services offered by SBAOs is when entrepreneurs apply for a business license.

There appear to be niches for basic skills training targeting small business owners and entrepreneurs (through organizations such as work2future) and more sophisticated training for high-growth potential entrepreneurs through more specialized organizations.
APPENDIX I.
Ingredients for Success in Regional Entrepreneurship and Small Business Development
Appendix A examined the evidence for the wider economic benefits of small business health, reviewing the outcomes for the economy as a whole that may result from a vibrant small business and entrepreneurial community. This appendix explores the issue from a different angle, considering the ingredients that play a role in helping small businesses and entrepreneurs to thrive. In this appendix we explore a range of factors — from availability of capital to cultural norms — that may explain why some regions are more entrepreneurially successful than others. This background develops a context for examining how local government policies and programs can positively (or negatively) affect local entrepreneurship, which is discussed in Appendix J.

Following an overview of the topic, we discuss in more detail the recent academic literature that has explored this issue. The appendix ends with a summary of findings and information on how to update the research presented here.

Overview

An important part of American business folklore, the “garage belief” refers to the view that successful entrepreneurs begin their stories with little more than a garage and an idea. Although some start-ups in Silicon Valley did begin in garages, this concept understates the importance of other ingredients in the recipe for entrepreneurial success. Indeed, research into entrepreneurship supports the view that “entrepreneurs are organizational products.”¹ Many successful entrepreneurs develop the technical knowledge and social resources necessary for success from prior experience in larger businesses or universities. Furthermore, existing social ties, professional relationships and contacts are key factors in a firm’s ability to win new business.

Other factors are clearly also important. For a start-up to grow, it must draw on a pool of local labor that is appropriately skilled and affordable. Other local resources such as business support services, suitable physical space and access to capital can influence a new firm’s likely success.

The Global Entrepreneurship Monitor (GEM) has conducted a number of studies examining how various environmental and policy ingredients relate to successful entrepreneurship in different countries. GEM uses the phrase “framework conditions” to describe those features of the “national economic and social environment that directly interact with entrepreneurial activity.”² GEM identifies a range of conditions that may affect small business creation and health.

These include:

- Financial support — availability of financial resources, equity and debt for new and growing firms including grants and subsidies;
- Government policies — the extent to which government policies concerning taxes, regulations and their applications are size neutral and/or whether these polices discourage or encourage new and growing firms;
- Government programs — the presence of direct programs to assist new and growing firms at all levels of government (national, regional and municipal);
- Education and training — the extent to which training in starting or managing small, new or growing business features in the educational and training system and the quality, relevance and depth of such education and training in creating or managing small, new or growing businesses;
- Research and development transfer — the extent to which national research and development leads to new commercial opportunities and whether or not R&D is available for new, small and growing firms;
- Commercial and professional infrastructure — the influence of commercial, accounting and other legal services and institutions that allow or promote new, small or growing businesses;
- Market openness/barriers to entry — the extent to which commercial arrangements are prevented from undergoing constant change and redeployment, preventing new, smaller and growing firms from competing and replacing existing suppliers, subcontractors and consultants;
- Access to physical infrastructure — access to physical resources such as communications, utilities, transportation, land and space available at a price that does not discriminate against new, small or growing firms; and
- Cultural and social norms — the extent to which existing social and cultural norms encourage, or do not discourage, individual actions that may lead to new ways of conducting business or economic activities and, in turn, lead to greater dispersion in wealth and income.

While GEM’s focus is entrepreneurship at the national level, the framework conditions provide a useful starting point for examining ingredients for entrepreneurial success at the regional level.

Researchers who have examined this topic at a more regional or local level observe that many of the above features are also important at these levels. However, they also identify other factors as playing a crucial role in supporting local and regional entrepreneurship, particularly high-expectation entrepreneurship. These factors include clustering, knowledge spillovers, diversity and openness, and venture capital.
Evidence from the Academic Literature

There is considerable discussion in the academic literature regarding what factors are important for entrepreneurial success at the regional level.

- Stuart and Sorenson assert that, “new ventures will more likely begin in regions that offer ample supplies of the necessary resources. Thus regions with dense resource concentrations afford the greatest opportunities for would-be entrepreneurs to mobilize the necessary inputs to establish a high-technology venture.”\(^3\) Focusing on the biotech industry, they go on to say that, “viewed as a whole, our results show that areas with large populations of biotech and [venture capital] firms do enjoy a ‘regional advantage’; such areas experience the highest rates of biotechnology entrepreneurship.”\(^4\)

- Littunen et al. examine local characteristics and how they impact the survival of firms over the first three years after their creation. They find that, “starting of new firms is most likely to be successful in regions that have the following features: most of the firms in the region are small… level of education in the region is high…and industry in the region is not restricted to lines of business where entering the market is difficult.”\(^5\) These regional ingredients significantly impact the survival rate of small businesses.

- In his book, “Who’s Your City,” Richard Florida highlights how clustered the world is in production values and innovation. He notes that “regions [that have high innovation] have ecosystems of leading-edge universities, high-powered companies, flexible labor markets, and venture capital that are attuned to the demands of commercial innovation.”\(^6\) This ecosystem is important for entrepreneurs, because the potential knowledge spillovers are much greater in those areas.

- Czarnitzki and Hottenrott argue that because we are in a knowledge-based (as opposed to capital- or labor-based) economy, where new businesses locate is now more important than ever. They write that, “The crucial resource is knowledge that can be generated and transmitted within and across industries. Thus, locational factors … may have a significant impact on firms’ innovation performance.”\(^7\) In their paper on the impact of various factors on innovation in a region, they conclude that, “the availability

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\(^4\) Ibid., 250.
\(^7\) Dirk Czarnitzki and Hanna Hottenrott, “Are Local Milieus the Key to Innovation Performance?” Journal of Regional Science (2009) 82.
of production factors, in particular skilled labor and proximity to a network of suppliers, is crucial for regional innovation performance.”

Factors relating to agglomeration also appear to be important in the success of certain start-ups. Agglomeration refers to the tendency for businesses in similar industries to locate near one another. In a 2009 paper, Baptista and Preto hypothesize that “start-ups will have stronger impacts on subsequent employment change in regions with relatively high levels of agglomeration.” Focusing on knowledge-based enterprises, their findings support this hypothesis. They conclude that, “while knowledge-based start-ups … are likely to impart greater overall benefits on employment than other types of start-ups … these benefits are significantly larger when those start-ups locate in stronger, more dynamic regions.” This combination of agglomeration economies and dynamic entrepreneurship drives employment growth further, as complementarities between industries thrive.

In a paper examining the link between innovation (as measured by patents) and creativity, Lee at al. argue that, “cities function as ‘incubators’ of creativity and innovation and that human capital factors in particular play an important role in spurring regional growth.” They conclude that “innovation is a joint product of human capital and the diversity and openness of a place to those who are different.”

A number of themes become apparent when examining the academic literature. First, the presence of basic inputs such as a flexible and educated workforce and access to capital is important. Second, the effects of density can be important. These include economies of agglomeration, clustering and knowledge spillovers. Third, wider cultural factors, such as openness and diversity, and an entrepreneurial ethos appear linked to entrepreneurial success. A common thread in the research is the interplay of multiple factors that create a unique “ecosystem” in which entrepreneurs can thrive. We examine some of these factors in greater detail below.

**Education.** As noted by a number of researchers, an educated workforce plays an important role in supporting regional entrepreneurial activity, particularly high-growth start-ups. In particular, Littunen et al. found that higher levels of education in the local workforce have a significant and positive impact on survival rates of new businesses.

Universities in particular play multiple roles in fostering entrepreneurship. In addition to providing a supply of highly-educated labor, they act as the source of technological developments that can lead to

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8 Ibid., 104.
9 Ibid., 22.
11 Ibid., 21.
new business opportunities and spin-off enterprises that can become high-growth firms. Proximity to leading research establishments is a common feature of entrepreneurial regions.

**Cultural factors.** Several researchers have explored how different cultural factors and attitudes may create an environment that supports business creation and growth. Studies have focused on the entrepreneurial ethos of different regions as well as broader cultural factors such as diversity and openness.

**Entrepreneurial ethos.** The general entrepreneurial ethos in a society — the importance and status given to entrepreneurial activity — appears to be a major determinant of entrepreneurial success. In fact, Dana contends that, “the most critical element in entrepreneurship development appears to be the value a society attaches to it.” In another study, Freytag and Thurik find that “variation [in entrepreneurial activity] is related to … diverging demographic, cultural and institutional characteristics.”

In a similar vein, Sternberg and Litzenberger argue that, “entrepreneurship is a ‘generally social, a collective phenomenon’ … that cannot be explained solely through the attributes of individual persons … entrepreneurship must be explained with recourse to the ‘entrepreneurial social infrastructure.’” They add that, “most important among these [environmental factors impacting entrepreneurship] are the cultural, social, political, and financial conditions of a region.”

The importance of crafting policy to impact informal and formal institutions is addressed further by Beugelsdijk, who looks at the impact that entrepreneurial culture has on economic growth and regional innovativeness. He argues that, “policy makers should try to change the general atmosphere towards entrepreneurship, [and] this should be complemented by changing the formal rules and regulations regarding entrepreneurial behavior.” Beugelsdijk also finds that entrepreneurial culture is very important for the flourishing of a society, as he notes that, “regions that have experienced higher economic growth rates have a culture that can be characterized as entrepreneurial.”

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17 Ibid., 770.
19 Ibid., 205.
In other research, Bosma and Schutjens look at the link between entrepreneurial attitudes and activity in various regions in Europe. They find that informal institutions, such as cultural norms, are important for determining entrepreneurial activity.\(^{20}\)

These conclusions have important implications for policy makers looking to influence entrepreneurship. Successful entrepreneurial regions may, due to the persistence of cultural norms, become self-sustaining once they are established. As Bosma and Schutjens note, “Entrepreneurial regions tend to reinforce entrepreneurship rates on their own. This suggests that despite the long-term effect of policy investments in a favourable [sic] regional entrepreneurial climate, beyond a certain entrepreneurship threshold regions may take over and generate new entrepreneurial spirits and entrepreneurial activity themselves.”\(^{21}\)

This idea — that regions can achieve a ‘critical mass’ of environmental factors that can make entrepreneurial activity self-sustaining — is a common theme in the literature and is closely related to other concepts such as clustering, which we discuss later in this section.

**Diversity and openness.** Other researchers have addressed whether a society’s openness and diversity are linked to entrepreneurial success.

For example, Levie argues that ethnic and geographical diversity fuels innovation and entrepreneurship. In a paper examining start-ups in the United Kingdom, he looks at three types of diversity: in-migrants (people returning home), immigrants and natives. He concludes that, “at a regional level, in-migrants and immigrants contribute more than their expected contribution of new businesses and that this is in part because of their better than average education and thus higher perceived entrepreneurial capacity … but also because they are not from the region in which they now reside.”\(^{22}\) Exploring the implications of these findings for policy makers, Levie writes that, “If regions wish to increase their new business activity, then the potential contribution from in-migrants as well as immigrants should form part of an overall policy.”\(^{23}\)

In a regional analysis of new business formation, Lee et al. develop two indices to reflect the diversity and openness of a region. The first, called the Bohemian Index, “measures the openness of a region to creativity of the sort not directly associated with technological and business-related innovation.”\(^{24}\) Additionally, they develop a Diversity Index, which “is a measure of the concentration of same-sex male unmarried partners … in the population and is used to approximate the level of openness or

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\(^{21}\) Ibid.


\(^{23}\) Ibid., 166.

tolerance to newcomers or ‘non-conformists’ in a region.”

In their conclusion, they assert that, “the findings suggest that regions that are more open and creative and attract human capital enjoy more than dynamic entrepreneurship.”

In sum, the entrepreneurial success of a region may be tied to a number of social and cultural factors that may be as important — even if they are somewhat less tangible — than other factors such as capital and skilled labor.

**Role of clusters.** Clusters develop when businesses choose to locate near one another. They may do so as a result of policy incentives, or may be drawn together around common anchor, such as a large research university. Alternatively, clusters may develop in localities with a particular set of cultural, political and social values. Clustering enables interaction between entrepreneurially like-minded people who are able to take advantage of the exchange of ideas. An important feature of clustering is that once enough firms have established themselves in an area, the cluster may become self-sustaining.

Rocha and Sternberg look at the role that clusters play in the likelihood of entrepreneurship. First, they find that, “clusters do have an impact on entrepreneurship but industrial agglomerations do not.”

Second, in a comment directed at policy makers, they note that, “our results suggest that clusters are better than pure market mechanisms to foster entrepreneurship.”

They conclude their paper by stating that, “[an] important policy implication is that given the positive impact of clusters on entrepreneurship, clusters and entrepreneurship policies should be designed together rather than in an isolated fashion.”

This raises a wider point regarding entrepreneurship policy that is discussed by several researchers: namely, that entrepreneurship policy isolated from other policies that interact with it will likely be at best ineffective and at worst may distort incentives.

In another paper on the effect of agglomeration economies on entrepreneurship, Audretsch and Keilbach find that, “entrepreneurship capital shows significant spatial autocorrelation and does spill over to neighbouring [sic] regions. We take this as evidence that entrepreneurship capital is indeed linked to cultural variables that are strongly spatially clustered.”

They go on to contend that, “whilst entrepreneurship may in fact constitute the missing link for economic growth, the capacity to generate entrepreneurship, or what we have termed as entrepreneurship capital, is in fact a local phenomenon.”

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25 Ibid., 884.
26 Ibid., 890.
28 Ibid., 288.
29 Ibid., 289.
31 Ibid., 12.
Knowledge spillovers. Related to clustering, the concept of ‘knowledge spillovers’ or ‘knowledge externalities’ is also important when examining factors that lead to regional entrepreneurial success. Put simply, knowledge spillover refers to the exchange of ideas and information between individuals. Usually between non-rivals, these information exchanges can enable individuals to see new market opportunities. It appears that some environments are more conducive than others to an exchange of potentially economically valuable information between non-rivals.

A number of papers address the importance of knowledge spillovers to entrepreneurship, each from a different perspective. Noting that more diverse industry mixes encourages knowledge spillovers, Desrochers and Sautet write that, “it seems plausible to suggest that face-to-face collaboration between individuals possessing different knowledge bases might be even more useful than between people sharing a similar professional background … a good regional context for innovation would seem to be a diversified city made up of many specialized clusters — which is historically what most thriving cities have spontaneously developed into.”

This collaboration across industries sometimes creates new sub-industries, or links the industries in new ways, which opens up more opportunities for entrepreneurs to enter into business.

Beugelsdijk takes this concept one step further, noting that, “new firms may be crucial in taking advantage of knowledge externalities, because entrepreneurship is the vehicle by which spillovers contribute to economic growth.” It is important to note that generally entrepreneurs do not create knowledge spillovers, because they are too small compared with other firms or research institutions. However they are flexible enough to capitalize on them — and this capitalization leads to economic growth.

However, the effects of knowledge spillovers are not uniform across industries. In fact, Audretsch and Dohse assert that, “the impact of location on firm growth should be greater in industries that are more knowledge intensive.” This means that entrepreneurship may be impacted by knowledge spillovers in a region, but only entrepreneurship in industries that are knowledge intensive. Audretsch and Dohse make another important observation about knowledge spillovers as well, noting that, “regions abundant in knowledge resources appear to provide a particularly fertile soil for growth of young, technology-oriented firms.”

In another paper that addresses entrepreneurship and knowledge externalities, Sternberg and Litzenberger note that, “knowledge spillovers may serve as an explanation for relative high new firm

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35 Ibid., 100.
Throughout the paper, they argue that knowledge spillovers are one of the chief causes of firm formation, because they create opportunities for new firms to enter a market.

The concept of knowledge spillovers, and their industrial capitalization, is the theory that won Paul Krugman the 2008 Nobel Prize in Economics. He notes in his seminal paper on the subject that, “informational spillovers can give clustered firms a better production function than isolated producers.” This is true not just of larger firms, but of nascent firms as well, suggesting that smaller firms are more efficient in regions where knowledge spillovers are more prevalent.

**Venture capital.** Several studies identify finance as the most crucial ingredient in business formation and growth. In particular, there is an extensive literature that shows that venture capital is crucial for the success of entrepreneurial ventures. Glaeser et al. note that, “no input is more important for new entrepreneurs than finance itself, so the availability of venture capital should surely be one of those variables that could impact the rate of entrepreneurship.” Additionally, Burke et al. discover that venture capital financing does not crowd out informal investment, but that, “higher levels of entrepreneurial activity increase the probability that venture capital and informal investment work in tandem with another as complements rather than substitutes.”

Venture capital is also subject to clustering. For example, nearly two-thirds of the total venture capital invested in the United States in the second quarter of 2010 was shared between just three regions: Silicon Valley, the Los Angeles/Orange County region and New England. This is discussed in a paper by Chen et al., who find that, “[venture capital firms] tend to open satellite offices in the same three cities that are existing centers for venture capital activity. For example, a Boston-based firm is more likely to open a San Francisco/San José office than they are an office in Austin, Texas.”

However, this clustering does not mean that firms started elsewhere have no access to venture capital, but rather that only those firms that have higher growth potential can get access to venture capital remotely. Chen et al. note this when they write, “much of the venture capital outperformance in these venture capital centers arises from their non-local investments.”

In addition to their analysis of venture capital firm location, Chen et al. discuss the implications of their findings for policy-makers. They write that, “our results suggest that anything that policy makers do that contributes to an increase in the number of successful venture-backed investments in

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39 Ibid., 44.
a region will also increase the probability of a venture office opening in that region.”

They go on to say that, “a venture capital firm’s existing investments in a region affect the hurdle rate for that firm’s other deals in that region, [and therefore] bringing first-time venture capital investors to a region may be more effective than subsidizing existing investors.”

Pender notes in a recent article that, “venture capital-financed firms grow faster than firms in comparable control groups.” This is likely due to the ability of venture capital firms to seize opportunities of which entrepreneurs are not fully aware, as well as connections that venture capital firms may have developed that they can use to promote the innovation that an entrepreneur has created.

Pender also notes that firms that obtain financing from venture capital firms have a harder time obtaining more traditional financing. He writes that, “venture capital-backed firms are constrained in their ability to obtain financing through traditional channels … venture capital is shown to provide financial resources to firms operating at the margins.” Therefore, venture capital firms provide a crucial service in firm creation: by providing financing to higher risk firms, they ensure that many innovations that would not otherwise make it to the public do because of venture capital financing.

**Summary**

In sum, many basic inputs are important for the entrepreneurial success of a region. However, other less tangible factors can also contribute to entrepreneurial vitality and small business growth.

- Access to capital, skilled and affordable labor, and access to business space and services are all important inputs for a successful entrepreneurial environment.

- The presence and role of clusters and knowledge spillovers can also influence the success of high-growth potential entrepreneurs.

- Wider cultural factors, including openness and diversity and a broad entrepreneurial ethos are important in supporting small businesses and entrepreneurs in a region.

- Although it represents only a portion of all small business financing, venture capital plays an important role in supporting high-growth potential start-ups and is subject to some of the same clustering effects as the start-ups themselves.

- Taken together, many of the diverse factors that support entrepreneurship in a region can create a unique “ecosystem” that creates a fertile ground in which ambitious start-ups can grow. Once established, this ecosystem may be self-sustaining.

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42 Ibid., 101.
43 Ibid., 101.
45 Ibid., 103.
**Updating this Information in the Future**

As in Appendix A, much of the information provided here was obtained through a detailed review of the academic literature. As this is an active area of research, new studies are published on a regular basis. There are a number of approaches to updating the information presented here. These include searching for new academic articles by author or keyword using online scholarly search engines such as Google Scholar, CiteSeer® and Scirus, or similar facilities at academic libraries. In particular there are a number of authors who are very active in this field; several are mentioned in this and other appendices; footnotes provide further detail on their recent work.

While some academic publications require subscriptions, other sources — including the SBA, Kauffman Foundation and Global Entrepreneurship Monitor — make their articles freely available on the internet.
APPENDIX J.
Programs and Policies to Assist Small Businesses
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Appendix I examined the ingredients for entrepreneurial and small business success in a region. Assistance programs and policies represent one of these ingredients. We examine this topic here, exploring a range of initiatives designed to help small businesses and entrepreneurs. These include both public and private programs and national, state and local policies. Following an overview of the topic, we present in-depth case studies of small business assistance programs in the United States. We then review the academic literature that examines the effectiveness of various policies to promote entrepreneurship and encourage small business creation or growth.

Overview

Since David Birch published his findings on the importance of small business in 1979, research has increasingly supported the view that entrepreneurship and small businesses are crucial for economic success. As a result, there have been many attempts to create policies and programs at the federal, state and local levels that aim to support entrepreneurs and small businesses. These programs and policies have taken on a wide variety of forms, including:

- **Loan assistance.** Access to capital is often identified as the most important need faced by small businesses. Many public programs exist to help small businesses obtain loans. These programs may directly finance loans, provide access to third party lenders or offer guidance on how to apply for loans. In other cases, programs may guarantee loans made by a third party. The Small Business Administration (SBA) is a federal agency that funds and guarantees loans through a nationwide network of local community lenders. In contrast, more local programs (for example in the City of Austin) do not provide loans themselves but instead act as a facilitator, connecting small businesses to lenders or providing technical assistance in the loan application process.

- **Advice and counseling.** Small businesses, particularly new ones, can face considerable challenges in navigating regulatory requirements and locating important information. After challenges in obtaining financing, a common complaint among those starting a business is difficulty understanding requirements for permits and licenses and then efficiently obtaining them. Small businesses are also often faced by the problem “you don’t know what you don’t know.” To overcome this, many local business assistance programs provide free information, advice and counseling concerning permits and licenses. Diverse incentive programs can also be a challenge. For example, an individual wishing to set up a restaurant in New York City can sift through 100 combinations of permits and incentives. To help entrepreneurs identify the information that is relevant to them, local governments have developed online tools that steer small business owners toward the right resources.
- **Classes, workshops and seminars.** Many government and local not-for-profit organizations operate educational programs that provide some of the basic skills needed to successfully start and operate a business. Topics include developing a business plan, using accounting software, developing marketing strategies and materials, and applying for loans.

- **Tax policy.** Tax policy has been widely used as an incentive to encourage business formation or support small businesses. Although some researchers find evidence of a link between tax rates and small business activity, much of the research on the topic is inconclusive. The study team reviewed the literature on this topic.

- **Other regulatory incentives.** In addition to tax policy, governments can adjust the financial and regulatory environment in favor of small businesses in other ways. For example, some researchers attribute the relatively high rate of entrepreneurship in the United States compared to other developed nations to more liberal bankruptcy laws.

- **Infrastructure support.** Business incubators can help start-ups by providing low-cost office space and other facilities. Incubators may also offer wider assistance in the form of training, counseling and technical support to participating businesses as well as those that are not located on site. Incubators often promote clustering (discussed in more detail in Appendix I) — the idea that grouping similar types of innovative businesses together can lead to a fruitful exchange of ideas resulting in the commercialization of new products and services. For example, the Environmental Business Cluster located in Silicon Valley provides a wide breadth of services and hosts a physical cluster of “cleantech” entrepreneurs.

- **Broader social education programs.** Academic research supports the view that the entrepreneurial dynamism of a region is in part attributable to a broader cultural ethos that values entrepreneurs, risk-taking and openness to new ideas. For this reason, a number of programs, such as the Kauffman Foundation’s Global Entrepreneurship Week, aim to inspire and motivate the public — especially young people — to become entrepreneurs.

The effectiveness of these approaches is debated in the academic literature. Before examining this research, we present three case studies that examine the assistance available in different locations around the nation.
Case Studies of Small Business Assistance Programs

In this section, we examine the provision of small business assistance at the city or regional level around the country. The study team conducted a detailed review of small business assistance in three locations:

- Austin, Texas;
- New York City; and
- Kansas City, Missouri.

In each of these studies, we focus on the range of services available to small businesses and how effectively these services are communicated and integrated.

City of Austin, Texas. Austin has recently been recognized by a number of publications as a good place to start or grow a business. In 2010, Austin was ranked first among 100 metropolitan areas as a place to start a business by Portfolio.com. The city was also recently ranked in the top ten places to launch a business by CNNMoney.com.

The health and vibrancy of the Austin small business community may in part be due to an effective support network for small businesses and start-ups. There is a wide range of programs and organizations available to help small businesses in Austin. These include the City’s Small Business Development Program (SBDP) as well as several other independent non-profit programs.

Through the SBDP and other efforts, the City takes a leading role in small business assistance. The City’s support for small businesses and entrepreneurs has been described as a “three-legged stool,” with one leg represented by the technical assistance programs, another working through non-profit organizations to provide access to capital and a third leg that focuses on attracting larger business to the area with the idea that these firms can provide a market for small business services and can lead to spin-offs and knowledge spillovers.

In addition to City-funded programs, Austin has a number of independent initiatives that provide assistance to small businesses and entrepreneurs. These independent programs include local chapters of national organizations as well as programs that are unique to Central Texas. The City’s SBDP has strong partnerships with many of these organizations. Taken as a whole, Austin’s assistance programs provide an extensive network of support that complements the city’s evident entrepreneurial ethos.

We summarize key features of both City-funded and independent assistance programs below.

Small Business Development Program. Run by the City of Austin, the SBDP provides advice and help to small businesses. The program’s stated goal is to “develop and empower small businesses in order to strengthen their business capability and survivability.”

http://www.ci.austin.tx.us/sbdp/default.htm

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The SBDP has been in existence since 2000 and claims to be the only local small business program in the nation that is wholly locally-funded (most local assistance programs receive some funding through the SBA). Not having to rely on federal funding has important advantages, according to City official Rosalind Jalifi. She states that, “We have more flexibility. We are very agile to change programs. There are no requirements on the types of businesses we serve; there are no geographic restrictions. Performance targets are determined locally.”

Counseling and assistance are delivered through a number of separate services:

- **Business Solutions Center (BSC).** The BSC offers several resources to assist those starting or trying to grow a small business. The Center is a dedicated space staffed by experienced personnel but can also be used as a drop-in reference and research library. With the exception of nominal fees for printing and scanning documents, all services provided are free of charge. Services and resources available at the Center include:
  - Business counselors who can answer questions about starting or growing a small business and can assist in using the Center’s resources;
  - Reference materials including books, periodicals, journals;
  - Computer workstations with access to databases and software covering sales and marketing leads, bidding opportunities, business plan development, demographic information and other resources; and
  - A notary service.

- **Classes.** The SBDP offers regular classes that provide more detailed instruction on various aspects of business development and planning. These classes may be offered in conjunction with other organizations — the SBDP’s online calendar provides a full list of available courses and their sponsors. While some classes are free, others may cost up to $85. Classes deal with a variety of topics, but are typically general in nature, covering basic aspects of starting or managing a business, such as using QuickBooks, developing a business or marketing plan, and applying for loans. Of particular note is the BizAid class, which acts as a gateway to additional assistance provided by Business Community Lenders of Texas (BCL). This is discussed further below.

- **Referrals.** SBDP acts as a “clearing house” that refers small businesses to other organizations that can provide further assistance, including loans.

- **Events.** The SBDP hosts two major annual events. One event called “Meet the Lender,” held since 2004, exists to facilitate connections between small businesses and lenders. The 2008 event included 36 representatives of banks, credit unions, Community Development Organizations and other lenders, and was attended by 450 entrepreneurs. Other events have included start-up conferences focused on particular types of business.

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In addition to these services, the SBDP links to other organizations that provide assistance. The SDBP collaborates with other service providers (for example, BCL and the Professional Development Center at the University of Texas) as well as several local chambers of commerce. The SBDP calendar of classes and events lists a wide range of courses sponsored by independent providers such as SCORE and BiGAustin.

Through the BizAid program run by the SBDP, individuals who have completed an orientation class are then eligible for additional support from BCL. BCL not only provides technical assistance but also makes loans to small businesses and start-ups. Thus the BizAid courses provide a means for connecting small business to a potential lender, while ensuring that the small businesses have received some relevant guidance and instruction.

Beyond the City's programs, a number of not-for-profit organizations complete the small business assistance network in Austin, as discussed below.

**PeopleFund.** PeopleFund is an Austin-based non-profit organization that provides a range of services, including:

- Financial counseling;
- Small business loans; and
- Accounting, budgeting, marketing and legal support services tailored to small businesses.

With a focus on the greater Austin region, PeopleFund describes itself as the “leading non-profit small business lender in Austin and Central Texas.” The non-profit organization is funded in part through U.S. Department of Housing and Urban Development money distributed by the City of Austin. In addition to providing low-cost loans to small businesses, the organization offers free financial advice through one-to-one mentoring, workshops and classes. PeopleFund is a member of the Opportunity Finance Network.

**BiGAustin.** Like PeopleFund, BiGAustin is a non-profit organization that provides both support services, training and micro-loans to small businesses and entrepreneurs. The organization’s name derives from “Business-Investment-Growth.” BiGAustin was founded in 1992 as a city-funded program but in 1996 became an independent non-profit. The program is part funded through the SBA. BiGAustin sponsors business education courses run through the SBDP.

**RISE.** Founded in 2007, RISE is an independent organization that is run by entrepreneurs. Through RISE, individuals organize sessions throughout the city that are part informational and part networking. In the words of the organization, “with its unique, decentralized format, RISE enables entrepreneurs of all stages, ages, and interests to meet and share ideas that inspire the entrepreneurial spirit.” Speakers at sessions have included some of the leading lights of the Austin entrepreneurial community, such as John Mackey, founder of Whole Foods.

Notably, RISE was founded to provide an Austin-focused version of the Kauffman Foundation’s “Entrepreneurship Week USA,” a partnership designed to promote entrepreneurship and innovation among young people. (Since 2007, this Kauffman-sponsored event has been renamed “Global
Entrepreneurship Week” and has taken on an international dimension. We discuss this program further in our examination of Kansas City.)

**SCORE Austin.** This organization is the local chapter of the nationwide SCORE Association, a 501(c)(3) non-profit entity founded in Washington D.C. in 1964. Through its network of volunteers, SCORE provides free business advice and counseling to small businesses. The organization focuses on providing confidential face-to-advice, but also offers a number of workshops which anyone can attend for a small fee.

SCORE is an all-volunteer organization. Volunteers typically have experience starting or running a small business and can provide short-term counseling or longer-term mentoring. SCORE’s operational costs are met in part through donations and fees for workshops and part through national sponsors including IBM, Wells Fargo and the SBA.

**BidModo.** BidModo is an online resource for small businesses. The website enables entrepreneurs and small business owners to receive bids for services from other small businesses. BidModo is similar to other business-to-business websites, except that the focus is on small businesses and local services. Thus small businesses can benefit from connections both as purchasers and vendors. The service is available in more than 80 cities nationally, including Austin (and San José).

**Austin Independent Business Alliance (AIBA).** AIBA exists primarily to promote locally-owned businesses and to encourage consumers to use local businesses for their purchases. AIBA’s members are local independent businesses. The organization is funded through subscription fees and publishes a guide to locally owned businesses called “IndieAustin.” AIBA’s slogan is “Think local. Be local. Buy local.” The organization lists itself as a partner of the SBDP.

**Business Community Lender of Texas.** BCL is an independent non-profit organization that links to the SBDP through the BizAid program. SBDP’s BizAid program acts as a gateway to additional services and loan assistance provided by BCL. A certified community development corporation, BCL provides a range of services, including free advice and counseling to small businesses, technical assistance and training, and loans. Loans are provided partly through a range of SBA lending programs, including the SBA 504 Commercial Real Estate Program, the SBA 7(a) Loan Guarantee Program and the SBA Microloan Program. BCL also offers separate commercial loans. All of BCL’s loans must meet a public purpose test.
City of New York, NY. New York provides an example of small business program that is integrated with a wide range of other government initiatives and public/private partnerships. The primary City-funded resource for small businesses is the New York City Department of Small Business Services (SBS). SBS encompasses several different programs, services and facilities. We examine the services offered by the SBS before turning to other small business assistance available in the city.

City of New York Department of Small Business Services. According to its mission statement, the SBS "makes it easier for businesses in New York City to form, do business, and grow by providing direct assistance to business owners, fostering neighborhood development in commercial districts, and linking employers to a skilled and qualified workforce." The SBS performs a number of functions that relate to small business. A notable difference in the organization of New York’s services compared to Austin’s is that since 2003, small business assistance and workforce development are coordinated by the same department.

Due to the complexity of permits and incentives in New York, the City has invested substantially in online tools to efficiently guide entrepreneurs to what they need. In doing so, the SBS makes a distinction between assistance (for example, with developing a business plan) and transactions (for example, obtaining permits), and has separate websites for these two branches of services.

- The focus of the assistance website is to direct individuals to the right services with a minimum number of clicks; the services themselves are often provided in person.  

- The transaction-based website is currently being revised so that permitting can be completed online in an automated way.  
  [http://www.nyc.gov/portal/site/businessexpress](http://www.nyc.gov/portal/site/businessexpress)

The SBS is also notable for the number of ways in which individuals can get in touch with program staff. Those interested in information or assistance can leave their details on the SBS website, call the City’s 311 non-emergency services number or contact one of the local Business Solutions Centers.

- **NYC Small Business Solutions Centers.** The SBS operates a network of eight different centers located across the city’s five boroughs. These centers provide a range of services and facilities. Services are free and include:
  - Assistance with business planning;
  - Business-related courses;
  - Help in identifying potential lenders and applying for loans;
  - Pro bono legal services;
  - Access to a pool of screened job candidates and funding for improving the skills of workers;
  - Minority/Women-owned Business Enterprise certification; and
  - Assistance with understanding and meeting City and State regulations.
■ **NYC Business Express.** Due to the complexities of rules and regulations faced by small businesses in the city, SBS has developed a system called NYC Business Express that is intended to help those starting or running a small business to efficiently access the information they needed regarding permits, licenses, taxes and incentives. There is a clear vision of simplifying and streamlining the process so that individuals can quickly find out what requirements they need to meet and how they should meet them. The website has a “wizard” feature that tailors results to the particular type of business.

■ **Workforce1.** Following the merger of the workforce development and small business programs in 2003, the SBS also operates Workforce1, the City’s workforce development program. The rationale behind this was to create one agency to respond to the needs of businesses and the workforce at the same time by connecting job seekers with employers. Workforce1 operates nine Career Centers, located throughout the city’s five boroughs.

■ **Business Improvement Districts (BIDs).** New York has one of the most developed BID networks in the nation, with 64 locations across the city. The SBS is responsible for liaising with the BIDs and represents other City agencies in interactions with BIDs.

■ **Avenue NYC.** Similar to the BIDs program, Avenue NYC is a public/private partnership that focuses on maintaining and improving commercial corridors and supporting conditions for local businesses to thrive. Led by SBS, the program has a number of features, including micro-loans to small businesses.

■ **MBE/WBE Certification.** The SBS operates its own certification program for minority and women-owned businesses.

■ **Selling to the government.** Through the NYC Business Solutions program, the SBS provides a range of tools, information and assistance to help small businesses compete for work on City-funded projects.

The SBS also offers variations on the above services tailored to specific industries. The SBS has also partnered with the Kauffman Foundation to provide two of its FastTrac courses through the City’s NYC Business Solutions Centers. The FastTrac program is discussed in more detail in the section on Kansas City.

**Other business assistance programs.** There are also a number of other public and private programs to assist small businesses in New York City. These include:

■ The New York Public Library Small Business Resource Center;

■ NY Loves Small Business; and

■ New York State Small Business Development Center.

In particular, the NY Loves Small Business website provides information at the state level that to some degree complements information available through SBS programs.
Kansas City, Missouri. Kansas City is the home of the Kauffman Foundation, one of the nation’s leading private institutions for entrepreneurship resources and research. Because of the reputation and resources of the Foundation, the Kansas City region benefits from a number of programs that may not exist elsewhere. As a result, the City’s Small Business Development Division (SBDD) appears to play a less prominent role in assistance programs.

BBC examined a number of resources available to small businesses and entrepreneurs in Kansas City. These included several programs supported by or affiliated with the Kauffman Foundation:

- KCSourceLink;
- FastTrac;
- Urban Entrepreneurship Partnership; and
- Global Entrepreneurship Week.

The study team also reviewed a recent Kansas City Resource Guide for Entrepreneurs published by the Kauffman Foundation as part of Global Entrepreneurship Week. We begin with a review of the City-funded program.

Kansas City Small Business Development Division. The SBDD is part of the Human Relations Division of the City Manager’s Office. Founded in 1987, the SBDD seeks to stimulate the creation, development and growth of businesses. The Division’s programs and facilities include:

- Computer facilities, including internet access and access to “state-of-the-art equipment and software for computerized business management”;
- Conference rooms;
- A business resource library;
- Mediation services to assist in disputes between two or more parties; and
- Free business educational seminars.

Compared to the city programs in other case study communities, the SBDD appears relatively limited in the services offered. This may be in large part due to the dominant role played by the Kauffman Foundation in supporting small businesses and entrepreneurs in the Kansas City region. In the remainder of this section, we examine programs supported by or linked to the Foundation.

KCSourceLink. Founded by the Kauffman Foundation, the SBA and the University of Missouri-Kansas City Bloch School of Business and Public Administration, KCSourceLink was developed in response to the lack of integration of local resources for small businesses and entrepreneurs. According to its developers, “What was missing [in Kansas City] was an integrated system that provides entrepreneurs with a highly identifiable, reliable source that provides connections to the right resources when and where they need it.” To help individuals starting or expanding a small business connect to the right assistance in a straightforward and efficient manner, the website
KCResourceLink.com was created in 2003. The website currently links to 140 resource providers located throughout the 18-county metropolitan region around Kansas City.

http://www.kcsourcelink.com/

The program’s website has been carefully organized to minimize the time and effort required for a visitor to get the information he or she needs. This is best illustrated by the Resource Navigator feature. Similar to New York City’s SBS Business Express, Resource Navigator is an enhanced tool that aims to help visitors get to what they need quickly and easily while eliminating less relevant information.

Based on the success of the KCSourceLink model, the Kauffman Foundation has supported the expansion of the concept, including equivalent websites for Missouri, Alaska, Oklahoma and Kentucky as well as a national umbrella organization called USSourceLink.

http://www.ussourcelink.com/

Kauffman Foundation FastTrac Programs. Although not unique to Kansas City, there are a relatively large number of FastTrac providers in the region. Described by the foundation as one of the nation’s leading learning programs for entrepreneurs, FastTrac offers “a practical, hands-on business development program designed to help entrepreneurs hone the skills needed to create, manage and grow successful businesses.” FastTrac consists of several different courses, tailored to different types of entrepreneur.

- FastTrac® NewVenture™
- FastTrac® GrowthVenture™
- FastTrac® TechVenture™
- FirstStep FastTrac®
- FastTrac® Introductory Workshop

A number of local small business assistance programs throughout the nation — including New York’s SBS — partner with the Kauffman Foundation to provide these courses in their communities.

Kauffman Foundation Urban Entrepreneurship Partnership. The UEP is an entrepreneurship education program that focuses on minority entrepreneurs in urban areas. Started in Kansas City, the UEP also operates in New Orleans and recently received a grant to begin operations in Detroit. Although similar to other Kauffman programs in terms of providing education and coaching on business-related topics, the focus of the program is to promote economic development through entrepreneurial activity in low-income urban neighborhoods.
Entrepreneurs who take part in the program receive a “personalized development plan” that supports their business development. This plan includes:

- Proving the business concept;
- Identifying the market;
- Developing a marketing strategy;
- Developing a financial system;
- Accessing financing through viable financing strategies; and
- Capitalizing on technology.

Although part of the Kauffman Foundation, the UEP operates as a 501(c)(3) nonprofit organization and is supported by other public and private organizations.

**Kauffman Foundation Global Entrepreneurship Week (GEW).** GEW is a Kauffman-sponsored annual event that seeks to inspire the public and celebrate entrepreneurial culture. GEW has grown to become an international event encouraging entrepreneurship among young people. As part of 2009 GEW activities in Kansas City, the Kauffman Institute published a Kansas City Resource Guide for Entrepreneurs. [http://www.kauffman.org/uploadedFiles/kc-resource-guide-v8.pdf](http://www.kauffman.org/uploadedFiles/kc-resource-guide-v8.pdf) This guide summarizes information for business start-ups and links to local organizations. Local small business resources highlighted include:

- Avvio Business Accelerator;
- Entrepreneurial Exchange;
- Entrepreneur’s Organization;
- Helzberg Entrepreneurial Mentoring Program;
- Kansas City Arts Incubator;
- KTECH PIPELINE;
- Small and Home Business Connection; and
- Start KC.

The resource guide provides a good example of a clear, useful and comprehensive reference document that can help direct entrepreneurs to the services they need.
Additional research. As a result of our case study of the Kansas City region, BBC conducted additional research into the services offered by USSourceLink and similar organizations.

Development of a website is just the part of the USSourceLink service. The organization has experience helping local governments map and organize business assistance services. As part of the services offered, USSourceLink creates an asset map of service providers and organizes them according to the type of businesses they serve.

USSourceLink finds that businesses (and the assistance they require) cluster into four main groups:

- **Innovation-led.** These businesses include high-growth potential start-ups in the life sciences and technology sectors.

- **Second stage.** Second stage companies have between 10 and 99 employees and at least $750,000 in revenue. These firms already have collateral for debt and are seeking to grow. To do this they need marketing intelligence and assistance in reaching export markets. (According to the Edward Lowe Foundation, these firms are responsible for most job creation. 3)

- **Lifestyle.** Representing the majority of U.S. small businesses, lifestyle firms include those that have grown to a certain size but wish to remain small. These firms may need access to micro-lenders and business courses.

- **Microenterprises.** Related to lifestyle business, microenterprises need less than $35,000 to start and may be run by dislocated workers or retirees to replace lost income from other sources. These firms may need additional basic assistance.

Figure J-1 on the following page summarizes how USSourceLink classifies business assistance according to these business categories.

**Competitor.** BBC also explored whether there are other organizations that provide similar services to USSourceLink. BBC found one organization, Tools for Business Success. According to its website (toolsforbusiness.info), the organization “allows cities, counties, chambers, EDCs, SBDCs, WIBs and business support organizations to provide a full toolkit on their website to help businesses start and grow. It is customized for each area with local, state, federal and best-of-the-web information and resources.”

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### Figure J-1. Typical support organization by business type

<table>
<thead>
<tr>
<th>Innovation-led</th>
<th>Second stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Centers</td>
<td>Professional Service Providers</td>
</tr>
<tr>
<td>University</td>
<td>Banks</td>
</tr>
<tr>
<td>National Laboratory</td>
<td>Accountants</td>
</tr>
<tr>
<td>Corporate Research and Development</td>
<td>Attorneys</td>
</tr>
<tr>
<td>Other Research Institutes</td>
<td>Insurance Agents</td>
</tr>
<tr>
<td>Angels Groups and Networks</td>
<td>Management Consultants</td>
</tr>
<tr>
<td>Venture Capitalists</td>
<td>Economic Development Corporations</td>
</tr>
<tr>
<td>Intellectual Property Attorneys</td>
<td>Chambers of Commerce</td>
</tr>
<tr>
<td>High-tech and Biotech Incubators</td>
<td>Revolving Loan Fund Programs</td>
</tr>
<tr>
<td>State government programs, e.g. incentives for early stage seed capital</td>
<td>Procurement Technical Assistance Centers (DOD)</td>
</tr>
<tr>
<td>University Technology Transfer Offices</td>
<td>Manufacturing Extension Programs (DOC)</td>
</tr>
<tr>
<td>Serial Entrepreneurs</td>
<td>Small Business Development Centers (SBA)</td>
</tr>
<tr>
<td>Some Small Business Development Centers (SBA)</td>
<td>Trade Adjustment Assistance Centers (DOC)</td>
</tr>
<tr>
<td></td>
<td>Export programs</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Lifestyle</th>
<th>Microenterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business Development Centers (SBA)</td>
<td>Small Business Development Centers (SBA)</td>
</tr>
<tr>
<td>Non-technology incubators</td>
<td>Online library and trainings</td>
</tr>
<tr>
<td>Online library and trainings</td>
<td>Workforce Development Offices</td>
</tr>
<tr>
<td>Micro-lenders</td>
<td>Some Social Services Agencies</td>
</tr>
<tr>
<td>Economic Development Corporations</td>
<td>Micro-lenders</td>
</tr>
<tr>
<td>Chambers of Commerce</td>
<td>SCORE</td>
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<tr>
<td>SCORE</td>
<td>Women’s Business Centers</td>
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<td>Women’s Business Centers</td>
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</tbody>
</table>
Review of Academic Literature on Programs and Policy Initiatives

The effectiveness of small business and entrepreneurship policies and programs — including some of the forms of assistance reviewed above — has been discussed extensively in the academic literature. Evidence supports certain approaches, but many questions on this topic remain. Following an overview of arguments for and against entrepreneurship policy in general, BBC examine evidence in the literature for different types of assistance.

The case for entrepreneurship policy. David Audretsch, a leading researcher on entrepreneurship, argues that globalization has driven the need for entrepreneurship policy. He writes, "[Globalization] has triggered a divergence between the competitiveness of firms and the competitiveness of locations … policy to promote entrepreneurship has emerged as playing a central role in the strategic management of places, because entrepreneurial activity is the conduit between investments in knowledge and economic growth at the particular location …. A major goal of the strategic management of places is to pursue policies that will compensate for this market failure by promoting knowledge-based entrepreneurship as a vehicle for employment growth and global competitiveness." According to this line of reasoning, even though globalization has ‘flattened’ the world — in the sense that there is more open competition between different locations — it has also made place very important, as knowledge becomes essential in the global economy.

However, there are several studies that have found that entrepreneurship policies do not have the desired effect. In a paper that focuses on entrepreneurial policies in Italy, Carree al. find entrepreneurship policies do not have the desired effect on firm entry. They go on to conclude that, "the results are quite clear-cut across sectors: regional policies targeting entrepreneurship do not exert an impact on firm and sector dynamics." Hosper et al. write another paper that is skeptical of government policy that encourages creating the "next Silicon Valley," instead urging that governments pursue "regional realism."

Along the same lines, Grimm cautions the overuse or dependence on entrepreneurship policies. He notes that, “there is a rising tendency to transfer policies across nations and sub-national economies that seem to contribute to economic development at one place but may not have any impact on another place due to historical, cultural and institutional peculiarities which might differ greatly from one to another. Clearly, there is no one-size-fits-all solution.”

Parker explores the possibility of decentralizing entrepreneurial policy decisions, thus broadening the scope of input. She argues that, “at the regional level, regardless of governance model types, the decision-making actors capable of influencing economic development need to include universities,

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3 Ibid., 30.
local and decentralized authorities, and networks of small firms … decentralized governance models appear to be more conducive to entrepreneurship.\textsuperscript{9}

Other papers criticize policies as too general, recommending instead that policymakers focus on only high-growth potential firms. Shane argues that, “Policy makers believe a dangerous myth. They think that start-up companies are a magic bullet that will transform depressed economic regions, generate innovation, create jobs, and conduct all sorts of other economic wizardry.”\textsuperscript{10} While policy makers believe that any business start-up is a good one, “policy makers should stop subsidizing the formation of the typical start-up and focus on the subset of businesses with growth potential.”\textsuperscript{11}

Although research has identified statistically significant positive effects of certain policies, the magnitude of their impact may be small. Minniti seeks to explain the negligible effect that some government policy has on the promotion of entrepreneurship. She notes that policy prescriptions are difficult because, “more than any other type of industrial policy, its effectiveness depends on the establishment of an appropriate trade-off between market concentration and productivity performance.”\textsuperscript{12} This challenge sometimes drives governments to seek policies that have worked in successful regions, but similar to Grimm’s comments above, Minniti also argues that ‘one size does not fit all,’ stating “with respect to entrepreneurship, [policies] need to be tailored to the specific institutional context of each economic region.”\textsuperscript{13} Even studies on the effect of tax policies are disconcerting, as she notes that, “Bruce and Moshin (2006) showed that most of these taxes have [statistically] significant but negligible effects on entrepreneurship … [and] they are not likely to be effective tools for generating appreciable changes in its overall level.”\textsuperscript{14}

The fact that so many papers have found significant, but negligible, effects is disconcerting for policy makers. Additionally, there may be a problem of causation versus correlation in the papers that do find large effects. It may be that entrepreneurial regions are more likely to enact policies that are friendly to entrepreneurs, and that the causation arrow at the very least points in the opposite direction.

**Tax policy.** Tax policy has been one of the most common tools used to create a positive small business environment. For this reason, it is also one of the most studied approaches in the literature. Results of this research are not conclusive. As Bruce and Mohsin state in their examination of the topic, “Regardless of where one stands in this broader debate, one critical question that remains unanswered is whether tax policy actually has an influence over the level of entrepreneurship. If taxes do not affect entrepreneurial activity, then using tax policy … is not likely to be fruitful. Alternatively, if a non-zero effect can be determined, the actual parameter estimates can be used to more efficiently

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\textsuperscript{10} Scott Shane, “Why encouraging more people to become entrepreneurs is bad public policy,” Small Business Economics (2009) 141.

\textsuperscript{11} Ibid., 141.


\textsuperscript{13} Ibid., 781.

\textsuperscript{14} Ibid., 782.
Some researchers do find statistically and economically significant effects of tax policy on entrepreneurship rates. Gentry and Hubbard find that there is “a significant increase in entrepreneurial entry when tax rates are less progressive.”

Other researchers report similar effects when looking at personal income tax rates. Cullen and Gordon find that personal income tax rates affect not just entrepreneurship rates, but the risk-taking involved. They conclude that, “a cut in personal tax rates can substantially reduce entrepreneurial risk taking …. Overall we forecast that a uniform cut in personal tax rates by five percentage points leads to a 40% fall in entrepreneurial risk taking.” What Cullen and Gordon see as important is not the absolute, but instead the relative levels of taxation for personal income in contrast to business income. The wider the disparity is between the two tax rates (with business tax rates always being lower), the higher the likelihood of someone starting their own business. They also find a number of other tax policies that are effective in stimulating entrepreneurial activity. They write that “we forecast that allowing business losses to be deductible under the payroll tax would increase sharply the amount of entrepreneurial risk taking, with forecasts ranging from a 50% increase to doubling.” In fact, they point out that countries that are struggling to develop generally have high corporate taxes but very low personal income taxes, which leaves little incentive to start a business.

Tax policy may also affect the longevity of individual entrepreneurial endeavors, according to a paper by Gurley-Calvez and Bruce. They find “convincing evidence that cutting marginal tax rates faced by wage-and-salary workers can reduce the duration of entrepreneurial activities, while cutting marginal tax rates faced by entrepreneurs can lengthen entrepreneurial spells.” Additionally, they report that equal cuts to both tax rates still result in longer spells of entrepreneurship, implying that entrepreneurial tax rates have a larger effect on entrepreneurship.

18 Ibid., 1501.
Asa Hanson examines the policy of the wealth tax, estimating that there is a negative correlation between the presence of a wealth tax and entrepreneurial activity. However, after differences-in-differences estimation was performed, the results indicated that, “the boost in self-employment due to the removal of the tax is likely to be much smaller, some 0.2 to 0.5 percentage points.”

Another paper by Bruce and Deskins finds that state tax policies have almost no effect on entrepreneurial rates. In their words, “we find that state tax policies do not appear to have quantitatively important effects on entrepreneurial activity.” However, they find some important exceptions to this general rule. Most importantly to the current study, they find that “higher top marginal tax rates on personal income tend to reduce a state’s share of national entrepreneurial stock.” This seems to run counter to the other studies noted above that suggest higher personal tax rates are linked to increased rates of entrepreneurship.

**Entrepreneurial climate.** Another popular area of current research is the role that governments can play in creating an entrepreneurial climate. For example, Bergmann and Sternberg find that “general policy [that promotes entrepreneurship] can have extensive effects at the regional level,” suggesting that specific policies, although valuable, may be less effective than governments pursuing the creation of an entrepreneurial ethos.

Birch also asserts that the government plays an important role in creating a climate of entrepreneurship. He notes that “tolerance and recognition of new and different people doing new and different things is [sic] the hallmark of a place in which entrepreneurs will start and grow companies.” In order to quantify the concept of a small business “climate,” Birch proposed a set of questions that reflected the climate of a city. Below are the questions that pertain directly to government policy.

- When the mayor of the city meets with business leaders, are there as many chief executive officers of mid-size growth companies as bankers and corporate executives?

- Does the city’s economic development department spend more time helping local companies grow than it does chasing after branch facilities of out-of-state corporations?

- Does the governor of your state meet regularly with entrepreneurs to seek their views?

When Goetz and Freshwater incorporate the measure of entrepreneurial “climate” into their regressions that predict entrepreneurship levels, the predictive power of their regressions is bolstered considerably. Their results also show that, “ongoing investments in traditional inputs such as

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21 Donald Bruce and John Deskins, “Can state tax policies be used to promote entrepreneurial activity?” *Small Business Economics*, published online (2010) 2.
22 Ibid., 2.
24 These are taken as cited from Goetz and Freshwater, 2001.
education, funding and research, and small-business finance or development can play a role in increasing entrepreneurial activity in different states.”

**Other policies and programs.** Much of the academic literature focuses on tax policy and — to a lesser extent — the government’s role in creating an entrepreneurial climate. However, research has also explored the effectiveness of other types of assistance programs and policies. We summarize some recent findings here.

**Guidance and mentoring.** In the United States, Small Business Development Corporations (SBDCs) provide counseling and guidance to people who are either interested in or have already started a small business. David Audretsch finds that clients who visit SBDCs have higher rates of survival and growth than other variables would predict, implying that the services that SBDCs provide are an important factor in the success of a business.

Another effective — although costly — policy that has been implemented at the national level is Law 44, which provides finance and mentoring advice to young people in Italy, in order to combat the low enterprise creation rate. Audretsch notes that this policy has been more of a mixed bag, writing that, “this is an expensive programme [sic], but most studies show the survival rates of assisted firms to be well above those of ‘spontaneous’ firms.”

**Financial assistance.** A paper by Armour and Cumming outlines the government policies that led to the success of the Silicon Valley technological industries, especially government financial assistance. They conclude that, “Government programs … crowd out private equity investment. These effects are both statistically and economically significant.” They go on to say that their results “imply that legislators may successfully stimulate venture capital markets by reducing direct taxation, but not by providing investment subsidies.” However, they also find that “liberal bankruptcy laws stimulate entrepreneurialism and increase the demand for venture capital.”

David Audretsch also examines this topic in his review of national policies that OECD countries have used over the past twenty years in order to encourage entrepreneurship. A number of countries have provided easier access to loan financing for small businesses, so that SMEs can obtain access to bank loans that are guaranteed by the state. This has been seen as a generally helpful policy, but one that does not provide a large impact on the overall level of entrepreneurship.

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27 Ibid., 36.
**Promoting small business formation.** A paper by Bruce et al. finds that small business formation has a large impact on a state’s economic growth. They conclude, “this general finding reveals that state efforts to promote small business formation will be more fruitful in terms of generating economic growth than virtually any other policy option in the models, including such things as tax rates and rules.”\(^{30}\) This finding is particularly important for state policy, since it shows that in order to fuel economic growth, small businesses and establishments must be encouraged. Their conclusion of the paper states that, “states have few options in this area for enhancing [economic growth] … instead, the results indicate that the most fruitful policy option available to state governments is to establish and maintain a fertile environment for new establishment formation.”\(^{31}\)

Related to this, a paper by Peak and Marshall looks at a state’s effectiveness in spending in order to promote firm births. Their overall conclusion is that money spent on “education, highways, and natural resources positively affect the number of firm births in the 48 contiguous states.”\(^{32}\) These endeavors significantly increase the rate of firm births in any given year, and are the most effective at doing so.

Business incubators are one way to promote small business formation. In his review of national policies, Audretsch concludes that this approach to providing a foot in the door has proved effective for small businesses, noting that there is “general recognition that such initiatives are of value.”\(^{33}\)

**Summary**

BBC’s case studies of small business assistance in other regions found many different types of small business assistance provided by both public and private institutions. However, based on academic research, evidence for the effectiveness of policies and programs to support small businesses is mixed.

- Research indicates that many policies to promote entrepreneurship have positive, but small effects.
- Other research concludes that policies and programs may have unintended consequences that are not beneficial. For example, government subsidies for small business loans may create unhelpful market distortions.
- When framing policies and programs for a particular region, it is important to take into account the region’s unique history, culture and characteristics. Policy makers should use caution when transferring approaches from other regions.


\(^{31}\) Ibid., 242.


\(^{33}\) Ibid., 36.
One of the more successful approaches that governments can employ is assisting and mentoring entrepreneurs. There is evidence that small businesses that take advantage of free guidance and mentoring have higher survival rates than those that do not.

work2future and the City of San José can learn from other regional efforts to link entrepreneurs to assistance through online tools.

**Updating this Information**

As in Appendices A and I, much of the information provided here was obtained through a detailed review of the academic literature. As this is an active area of research, new studies are published on a regular basis. There are a number of approaches to updating the information presented here. These include searching for new academic articles by author or keyword using online scholarly search engines such as Google Scholar, CiteSeer and Scirus, or similar facilities at academic libraries. In particular there are a number of authors who are very active in this field; several are mentioned in this and other appendices; footnotes provide further detail on their recent work.

While some academic publications require subscriptions, other sources — including the SBA, Kauffman Foundation and Global Entrepreneurship Monitor — make their articles freely available on the Internet.

BBC’s research for the case studies of business assistance was conducted through a combination of web-based research and telephone interviews.
APPENDIX K.
Small Business Assistance Inventory
APPENDIX K.
Small Business Assistance Inventory

Appendix K provides a description of small business assistance organizations available in Silicon Valley. Following an introduction to the topic, we list the organizations that BBC identified as providing small business assistance services in the local area and describe how the information presented might be updated. We then present the services provided by these organizations in a summary table on pages 4-14. More detailed information on each organization is presented after the summary table.

Introduction

San José and the surrounding area have a wide array of organizations that support small business development. This network includes government agencies, community colleges and universities, not-for-profit organizations, and business and professional associations. Services range from training to mentoring to incubator space to capital assistance and more. Organizations like the Silicon Valley Small Business Development Center offer one-on-one assistance to small businesses at a one-stop location. Others provide resources targeted to historically disadvantaged groups, such as the Women’s Initiative for Self-Employment. The wide network of assistance organizations are tailored to different levels of business, thus meeting the needs of many small business owners.

Many of these organizations are current partners with work2future and BusinessOwnerSpace.com (BOS). BOS provides a one-stop location of resources available to businesses and entrepreneurs for launching and growing a business in the San José area. BOS is composed of collaborative partnerships among dozens of agencies and businesses helping new and small business owners and entrepreneurs succeed. These organizations work together through BOS to increase awareness of the existence of the services available. Of the 27 organizations listed here, 20 are BOS partners. The other seven groups, and maybe more, are potential future BOS partners.

Types of business assistance available cover a spectrum of categories. The six primary groups of assistance are the following.

**General business assistance.** Many of the services provided by these centers are targeted towards small businesses, but are applicable to professionals in any sector. Services include business consulting, business planning, marketing, financial assistance, training and professional development.

**Entrepreneurial assistance.** With services including incubator space, venture capital, pro bono legal help, business plan competitions and pitch practice, many of these centers provide start-up businesses assistance from the creation of the business plan through various stages of growth.

**Economic development agencies.** These government agencies seek to promote the economic development of their local areas by bringing businesses to the area and proactively supporting business growth.
Chambers of commerce. As membership groups, the chambers of commerce provide support for businesses and professionals of similar racial/ethnic backgrounds or geographic locations. Services include group discounts, networking events, referrals and minority business certification.

Disadvantaged group assistance. Offering services to a breadth of disadvantaged groups, including women, minorities, immigrants and low income communities, these organizations provide training, support, financial assistance and networks for targeted groups of businesses and professionals.

Financial development. These organizations work with small businesses to provide loan assistance and special loan packaging.

List of Organizations

The 27 organizations that the study team identified are shown below, organized according to the type of assistance.

General Business Assistance
- Silicon Valley Small Business Development Center
- Silicon Valley SCORE
- The Workforce Institute
- Gavilan College Community Education
- City of San José Environmental Services Department

Entrepreneurial Assistance
- Cisco Systems-San José Entrepreneur Center
- San José State University-Silicon Valley Center for Entrepreneurship
- Legal Services for Entrepreneurs
- Environmental Business Cluster
- San José BioCenter
- SDForum

Economic Development Agencies
- San José Redevelopment Agency
- City of Morgan Hill Economic Development Division
- City of San José Office of Economic Development
- Gilroy Economic Development Corporation

Chambers of Commerce
- Japanese American Chamber of Commerce of Silicon Valley
- Silicon Valley Black Chamber of Commerce
- Hispanic Chamber of Commerce Silicon Valley
- Filipino American Chamber of Commerce of Santa Clara County
Disadvantaged Group Assistance
- Northern California Minority Business Enterprise Center
- Opportunity Fund
- AnewAmerica San José
- Women’s Initiative for Self-Employment
- Pacific Community Ventures

Financial Development
- Bay Area Development Company
- California Coastal Rural Development Corporation
- TMC Development

Figure K-1 on pages 4-14 summarizes the services provided by these organizations.

Updating this Information
The information on the following pages has been obtained primarily through an internet search, review of organization websites, and telephone interviews with organizations. In the future, much of the information presented here could be updated in a similar manner.
### Figure K-1. Small Business Assistance Summary Table

<table>
<thead>
<tr>
<th>Organization</th>
<th>BOS partner</th>
<th>Overview</th>
<th>Types of assistance</th>
<th>Businesses served</th>
<th>Cost</th>
<th>Access to services</th>
<th>Service delivery</th>
<th>Referrals</th>
</tr>
</thead>
</table>
| **Silicon Valley Small Business Development Center**  
Patrick Cook, Director  
Gail Buetgenback, Guest Services  
100 E. Santa Clara Street  
1st Floor (at Third Street)  
San José, CA 95113  
Phone: (408) 351-3600  
Phone: (650) 539-5569  
Website: http://svsbdc.org  
Yes | SVSBDC is one of many SBDCs in Northern California dedicated to the success of entrepreneurs. SVSBDC serves current and potential business owners within the Greater Silicon Valley area. | Business planning  
Marketing strategies/planning  
Sales  
Access to capital  
Venture funding  
Government contracting  
Technology acquisition  
Financial projections/budgeting  
Operating challenges  
Purchase or sale of business | SVSBDC serves all business, targeting specifically small businesses and entrepreneurs. | SVSBDC consulting services are confidential and free of charge. Training programs range in cost from $10-$130. | SVSBDC consulting services are provided on a one-on-one basis. Training classes are provided in a group setting. | SVSBDC requires an appointment for counseling sessions, which can be made over the phone or online. | Not required |
| **Silicon Valley SCORE**  
234 E. Gish Rd., Suite 100  
San José, CA 95122  
Phone: (408) 453-6237  
Website: http://www.svscore.org  
E-mail: infor@svscore.org  
Yes | The SVSCORE is one of many SCORE offices located throughout the U.S. SVSCORE is dedicated to the formation, growth and success of small businesses. It caters to small businesses in the greater Silicon Valley area, bringing executive volunteers together with prospective and current business owners to encourage the success of small businesses. | Accounting  
Consulting  
Distribution  
Financial planning  
Access to capital  
Venture funding  
Franchising  
Government contracting  
Human resources  
Marketing  
Operations  
Publishing  
Retail  
Strategic planning  
Technology  
Nonprofit management | SVSCORE serves all business, targeting specifically small businesses and entrepreneurs. | SVSCORE consulting services are free of charge. Training programs and seminars range in cost from $40-$60. | SVSCORE consulting services are provided on a one-on-one basis at the SCORE office and at partnering chambers of commerce throughout the area. Training classes are provided in a group setting. Online and e-mail counseling is provided by the national office. | SVSCORE requires an appointment for counseling sessions to be made with the SCORE office or at the partnering chambers of commerce. | Not required |
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<tr>
<td><strong>The Workforce Institute</strong></td>
<td>No</td>
<td>The Workforce Institute operates as an alliance with Evergreen Valley College and San José City College. WI is the sole provider of WIA intensive services in the area, providing work development workshops and training to individuals and businesses in topics ranging from professional development to management and certification.</td>
<td>Leadership development, Business communications, Communications for foreign-born professionals, Cultural proficiency, Computer and technical skills, Performance consulting, Ethics and compliance, Customer service, Project management certification, Water distribution/treatment cert.</td>
<td>The WI serves businesses of all sizes and types throughout the San José and South Bay area.</td>
<td>Costs of services differ between classes for individuals and the corporate training program. Price is determined upon creation of the contract.</td>
<td>The WI works with companies to set up contracts for corporate training programs. Individual training may be set up on a personal basis.</td>
<td>Services for the corporate training program are offered on-site at the client business or at WI’s training facilities. Professional development classes are held on-site at the San José City College Tech Center. Various courses are offered online.</td>
<td>Not required</td>
</tr>
<tr>
<td><strong>Gavilan College Community Education</strong></td>
<td>Yes</td>
<td>Gavilan College’s Community Education Department provides short-term, not-for-credit classes aimed at providing business operation skills and knowledge. The programs are performance-oriented and can be directly linked to a participant’s strategic organizational goals.</td>
<td>Boosting website traffic, Communicating and marketing using social networks, Entrepreneur boot camp, Workplace law compliance, Mentoring and coaching in the workplace</td>
<td>The Community Education department serves individuals from all business sectors. Participants must be over the age of 18.</td>
<td>Programs range in price from $120 to $1,300. Price depends on course length, type and materials used. All costs are listed on the website.</td>
<td>An individual must sign up to participate in the courses. No credit is awarded for participation in the business management courses.</td>
<td>Classes are held on-site at Gavilan College, both at the main campus in Gilroy and at the Morgan Hill Community Center in Morgan Hill.</td>
<td>Not required</td>
</tr>
<tr>
<td><strong>City of San José Environmental Services Department</strong></td>
<td>Yes</td>
<td>The City of San José’s Environmental Services Department (ESD) works with local businesses to provide education, certification and assistance related to conservation and sustainability. The ESD helps the city and local business respond to new regulations and initiatives, while simultaneously implementing targeted initiatives to promote “green” business.</td>
<td>Green business certification, Environmental Management System assistance, ISO 14001 certification, Free business recycling services, Construction and demolition recycling incentives, Waste prevention and recycling education, Landscaping programs, Water conservation audits, High-efficiency toilet installation, Green plumber training</td>
<td>The ESD provides services to all businesses. Some programs target small businesses, but most services are available to businesses of all sizes.</td>
<td>All services provided by ESD are free of charge, with the exception of some permit fees.</td>
<td>Services are provided individually out of the ESD office in San José. Project coordinators will assist each business individually.</td>
<td>ESD programs operate individually out of the ESD office. Businesses should contact specific programs for further information and assistance.</td>
<td>Not required</td>
</tr>
<tr>
<td>Organization</td>
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<tr>
<td>Cisco Systems - San José Entrepreneur Center</td>
<td>Yes</td>
<td>The Center is a partnership between Cisco Systems, the City of San José, and national corporations and non-profits. This one-stop center provides start-up and existing businesses with a range of support services and tools. The Center focuses on the role of technology and innovative partnerships to create “true equalizers” for businesses.</td>
<td>Internet training Technology showcase Interactive technology tools Resource center/reference library Access to capital Venture funding Office furnishing options W/MBE and SBE certification WBE loan, procurement, and export market assistance Tax education</td>
<td>The Center provides services to all businesses, but some services are targeted towards small businesses and entrepreneurs.</td>
<td>Services provided by the Entrepreneur Center are free of charge. Nearly all training classes, workshops and seminars are also free of charge.</td>
<td>Consulting services are provided on a one-on-one basis at the Center’s site in San José. Training classes are held at the Center as well.</td>
<td>Businesses and entrepreneurs are not required to make appointments with the Center to meet with a counselor and are encouraged to come explore the Center in person.</td>
<td>Not required</td>
</tr>
<tr>
<td>San José State University - Silicon Valley Center for Entrepreneurship</td>
<td>Yes</td>
<td>Housed at San José State University’s College of Business, the Center for Entrepreneurship promotes effective entrepreneurship through its research-based curriculum, collaborative partnerships and outreach activities.</td>
<td>Ideas fair Business plan competition Speakers and events Entrepreneurial research Entrepreneurship and business courses</td>
<td>The Center provides services to students and entrepreneurs in all business sectors through the start-up process.</td>
<td>Services are provided as part of the College of Business’s entrepreneurial program. Tuition covers the costs of participation.</td>
<td>Services are provided on-site at San José State University; many events and speakers are hosted throughout the city.</td>
<td>Students must be enrolled in the College to participate.</td>
<td>Not required</td>
</tr>
<tr>
<td>Legal Services for Entrepreneurs</td>
<td>No</td>
<td>LSE is an economic justice project of the Lawyers’ Committee for Civil Rights, LSE provides a wide range of free business legal services to low-income individuals who want to start or develop businesses and to businesses committed to community economic development. Legal counseling One-on-one legal representation Legal workshops</td>
<td>LSE has strict eligibility requirements for businesses and individuals, and requires acceptance into the program.</td>
<td>All services provided by LSE are free of charge.</td>
<td>After acceptance into LSE and successful matching with a partner attorney, services are provided directly from the client’s legal representation.</td>
<td>Legal services are one-on-one and confidential. After a successful pairing of client and attorney, appointments are required with the lawyer. LSE does not directly participate after matching clients and attorneys.</td>
<td>Not required</td>
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Note: BOS stands for Business incubation and support.
### Entrepreneurial assistance (cont.)

<table>
<thead>
<tr>
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</tr>
</thead>
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<tr>
<td><strong>Environmental Business Cluster</strong></td>
<td>Yes</td>
<td>The largest of its kind, the Environmental Business Cluster (EBC) is a cleantech incubator located in Silicon Valley. The EBC provides commercialization support and facilities for emerging clean energy and environmental technology companies. Founded in 1994 by the City of San José and the San José State University Research Foundation, the EBC both provides a wide breadth of services and hosts a physical cluster of cleantech entrepreneurs.</td>
<td>Entrepreneur-in-residence Business modeling Presentations/collateral development Pitch practice sessions On-site service providers Pro-bono mentors Pro-bono legal services Investors and corporate partners Access to policymakers and agencies Finance and public funding National labs Business development Policy and regulation Cleantech-focused events Furnished facilities Business and operations support Entrepreneur and mentor community</td>
<td>The EBC provides services to only emerging cleantech businesses. A firm must apply for acceptance into the EBC to receive services as either a residential or affiliate company. Affiliates companies receive services at deeply discounted prices. Residential companies are provided services free of charge.</td>
<td>Residential companies receive commercialization support on-site within the EBC facility. Affiliates companies have access to services only and do not reside within the incubator facility.</td>
<td>Businesses and entrepreneurs are required to apply for acceptance into the EBC. If an application passes the screening process, companies will be invited to interview in person. Decisions are made within one month of the in person interview.</td>
<td>Not required</td>
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<tr>
<td><strong>San José BioCenter</strong></td>
<td>Yes</td>
<td>The San José BioCenter fosters the growth of entrepreneurial life-sciences, nanotech and cleantech companies by providing state-of-the-art wet laboratories and office space. By providing a wide range of products, services and equipment, the BioCenter enables growing businesses to build value early without the high costs of infrastructure and facilities.</td>
<td>Furnished offices Individual lab space Shared facilities and equipment Lab support and training Reception/office services Online business portal/promotion Media/industry exposure Investment assistance Collaboration/partner assistance Advisor support Pro-bono legal services Monthly lunches and seminars International collateral review Accounting services Client financial interactions Pitch assistance</td>
<td>The BioCenter supports companies across various sectors, all of which must have the potential for long-term market success. A company must be selected as either a residential or affiliate firm to receive services. Client companies are charged for services and facility space. A company must submit an application, participate in an in-person interview, and receive acceptance as a client company to receive services. All services are provided on-site at the BioCenter.</td>
<td>Business services are provided by professionals at the Center and facilities are also on-site. Laboratory professionals operate and manage the labs and provide assistance.</td>
<td>Not required</td>
<td>Not required</td>
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</tbody>
</table>
| SDForum                                           | No          | The SDForum is a nonprofit that provides individuals and businesses with a range of services and resources for the technology-sector community, including education, a link between global business and Silicon Valley and the exchange of knowledge and ideas. | Monthly events  
Business seminars  
Workshops  
Quarterly newsletter  
Online resources  
Online discussion groups  
One-on-one advisory meetings  
Legal advisory services  
Monthly Special Interest Group meetings  
Conference and meeting facilities | The SDForum targets technology-sector companies and individuals in Silicon Valley. Many workshops and seminars are intended for small businesses and start-ups. | SDForum requires annual membership, the cost of which ranges from $40 for students to $850 for companies. | All services require membership. Advisory services and monthly events are provided at scheduled times each month. Use of the conference room and facilities requires a reservation. | Advisory services are provided on a one-on-one basis from business professionals and lawyers. Many other services are provided by volunteers, and most workshops and seminars are provided at a variety of locations across the area. | Not required                                                                                       |
| Economic development                              |             |                                                                                                                                                                                                          | Bidding opportunities  
Tax credits  
Tax deductions  
Free architectural design services  
Permit processing and fee payment assistance  
Bidding and construction management assistance  
Grants  
Leasing assistance  
Signage grants  
Small business loans  
Temporary business tax suspension | The SJRDA provides services to all businesses in San Jose; services are particularly targeted towards businesses in the Downtown, Neighborhoods, and Industrial Areas. | All services provided by the SJRDA are free of charge. | Services can be accessed at the SJRDA site. | Businesses will work with specific project coordinators to check eligibility and availability of services. These consultations can be made by either contacting the center itself or individual project coordinators. | Not required                                                                                       |
| San José Redevelopment Agency                     | Yes         | The SJRDA is a government organization that partners with local businesses to revitalize the community, by creating jobs, developing affordable housing, strengthening neighborhoods and providing public facilities. SJRDA offers a comprehensive set of programs, ranging from small business loans to tax or office space incentives. |                                                                                                                                                       |                                                                                                                                                                                                 |                                                                                                                                                                                                 |                                                                                                                                                                                                 | Not required                                                                                       |
| Christine Velasquez, Small Business Assistance    |             |                                                                                                                                                                                                          | Bidding opportunities  
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| 299 E. Santa Clara St., 14th Floor                |             |                                                                                                                                                                                                          | Bidding opportunities  
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| San José, CA 95113                                |             |                                                                                                                                                                                                          | Bidding opportunities  
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| Christine Velasquez, Small Business Assistance    |             |                                                                                                                                                                                                          | Bidding opportunities  
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| Christine Velasquez, Small Business Assistance    |             |                                                                                                                                                                                                          | Bidding opportunities  
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<tr>
<td>City of San José Office of Economic Development</td>
<td>Yes</td>
<td>The OED guides the City’s economic strategy, provides assistance for</td>
<td>Business counseling, Enterprise zone incentives, Finance, Tax incentives, Information</td>
<td>The OED provides services to all businesses and entrepreneurs in the City of San</td>
<td>All services provided by</td>
<td>Many small business services are provided online as the first step. Further</td>
<td>Appointments are not required and</td>
<td>Not required</td>
</tr>
<tr>
<td>200 E. Santa Clara St.</td>
<td></td>
<td>business success, helps to connect employers with workers and provides</td>
<td>resources, Procurement, Workforce development, Site development, Small Business</td>
<td>José.</td>
<td>the OED are free of charge.</td>
<td>services and programs are administered on-site with program coordinators and</td>
<td>the OED’s clients are served on</td>
<td></td>
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<tr>
<td>San José, CA 95113</td>
<td></td>
<td>additional services to the community.</td>
<td>Development Corporation, Small Business Development Commission, Small Business</td>
<td></td>
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<td>business counselors.</td>
<td>a walk-in basis. Web inquiries and phone calls are also welcome for further</td>
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<tr>
<td>Phone: (408) 535-8181</td>
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<td></td>
<td>Ambassador Program</td>
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<td>assistance.</td>
<td>assistance.</td>
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<tr>
<td>Fax: (408) 292-6719</td>
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<tr>
<td>Website: <a href="http://www.sjeconomy.com">http://www.sjeconomy.com</a></td>
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<tr>
<td>E-mail: <a href="mailto:economic.development@sanjoseca.gov">economic.development@sanjoseca.gov</a></td>
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<tr>
<td>Gilroy Economic Development Corporation</td>
<td>Yes</td>
<td>The Gilroy Economic Development Corporation works towards the continued</td>
<td>Business assessment tools, Business referrals, Loan assistance, Online classes,</td>
<td>The GEDC provides services to all businesses and entrepreneurs in the City of</td>
<td>All services provided by</td>
<td>Many small business services are provided online as the first step. Further</td>
<td>Appointments are not required and</td>
<td>Not required</td>
</tr>
<tr>
<td>7471 Monterey St.</td>
<td></td>
<td>revitalization of Gilroy downtown business core and its green technology</td>
<td>Small business portal, Information binder, Business planning, Business database,</td>
<td>Gilroy.</td>
<td>the GEDC are free of charge.</td>
<td>services and programs are administered on-site with program coordinators and</td>
<td>the GEDC serves most of its</td>
<td></td>
</tr>
<tr>
<td>Gilroy, CA 95020</td>
<td></td>
<td>sector. The GEDC provides a number of services especially targeted at</td>
<td>Site selection, Planning documents, Incentive programs, Fee deferrals</td>
<td></td>
<td></td>
<td>business counselors.</td>
<td>clients on a walk-in basis.</td>
<td></td>
</tr>
<tr>
<td>Phone: (408) 847-7611</td>
<td></td>
<td>bringing new business into Gilroy.</td>
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<td></td>
<td>Web inquiries and phone calls are also welcome for further information and</td>
<td></td>
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<tr>
<td>Fax: (408) 842-6010</td>
<td></td>
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<td></td>
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<td>assistance.</td>
<td>assistance.</td>
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<tr>
<td>Website: <a href="http://www.gilroydc.org">http://www.gilroydc.org</a></td>
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<td>Japanese American Chamber of Commerce of Silicon Valley</td>
<td>Yes</td>
<td>The JACCSV is a non-profit volunteer organization that supports business interests through the development of commercial relationships with local and global partners. The JACCSV promotes strong economic growth, particularly for Japanese American businesses, and encourages its membership to seek alliances and partnerships.</td>
<td>Membership directory, Auto insurance discounts, Referrals and access to services, Business plan assistance, Business counseling, Financial/loan assistance, City of San José economic development assistance, Monthly newsletter, Website creation, Website links and promotion, Job postings</td>
<td>The JACCSV provides services to all member businesses and individuals. Services are targeted specifically at those of Japanese American descent.</td>
<td>JACCSV requires an annual membership fee, ranging from $75 for an individual up to $5000 for a Corporate Gold member. Events might require a fee, but members receive discounted rates.</td>
<td>Services and opportunities provided by the JACCSV require membership in the Chamber. Businesses and individuals receive a variety of services depending on their membership level.</td>
<td>Many services are provided outside the JACCSV by partners of the organization. Businesses receive access to all services provided through the JACCSV through membership and referrals. Events and special programs are hosted through the JACCSV and generally require pre-registration.</td>
<td>Provides referrals</td>
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<tr>
<td>Silicon Valley Black Chamber of Commerce</td>
<td>Yes</td>
<td>The SVBCC is a non-profit volunteer organization with a mission to economically empower and develop African-American and underserved communities. Membership is open to both individuals and businesses. The Chamber serves to assist in the economic development and growth of the African American business community and connect it to the larger business community in Santa Clara County.</td>
<td>Mentoring and consulting, Venture capital and investment, Membership directory, Referrals and access to services, Business plan, Financial/loan planning and access, Database marketing access, Monthly newsletter, Discount membership program, Affordable advertising, Minority business certification, Workshops, Guest speakers, Corporate advertising</td>
<td>The SVBCC provides services to all member businesses and individuals. Services are targeted specifically at African Americans.</td>
<td>SVBCC requires an annual membership fee. Pricing differs by membership level: individual ($100), small business ($250) and corporate ($1,000).</td>
<td>Services and opportunities provided by the SVBCC require membership in the Chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.</td>
<td>Many services are provided outside the SVBCC by partners of the organization. Various services are also provided on-site at the SVBCC and at workshops and training sessions. Businesses receive access to all services provided through the SVBCC through membership and referrals.</td>
<td>Provides referrals</td>
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<td>Hispanic Chamber of Commerce</td>
<td>Yes</td>
<td>The Hispanic Chamber of Commerce Silicon Valley is a non-profit, volunteer organization with a mission to maximize Hispanic business and the development of Silicon Valley by serving as an advocate and resource for its members and the community in general.</td>
<td>Membership directory, Referrals and access to services, Financial/loan assistance, Monthly newsletter, Discount membership program, Affordable advertising, Procurement, Workshops, Guest speakers, Corporate advertising</td>
<td>The HCCSV provides services to all member businesses and individuals. Services are targeted specifically at Latinos.</td>
<td>HCCSV requires an annual membership fee. There are four levels of membership, ranging from small business and individual ($100) to corporate ($1,000).</td>
<td>Services and opportunities provided by the HCCSV require membership in the Chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.</td>
<td>Many services are provided by partners of HCCSV. Services are also provided on-site or at workshops and training sessions. Businesses receive access to all services provided through the HCCSV via membership and referrals.</td>
<td>Provides referrals</td>
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### Chambers of commerce (cont.)

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<tr>
<td><strong>Filipino American Chamber of Commerce of Santa Clara County</strong>&lt;br&gt;1046 W. Taylor, Suite 206&lt;br&gt;San José, CA 95126&lt;br&gt;Phone: (408) 283-0833&lt;br&gt;Fax: (408) 998-1252&lt;br&gt;Website: <a href="http://www.filchamber.org">http://www.filchamber.org</a>&lt;br&gt;E-mail: <a href="mailto:info@filchamber.org">info@filchamber.org</a></td>
<td>Yes</td>
<td>The Filipino American Chamber of Commerce of Santa Clara County (FACCSC) is a non-profit volunteer organization with a mission to promote and assist Filipino American businesses and those wanting to do business with the Philippines.</td>
<td>Business/trade information and referrals&lt;br&gt;Business start-up&lt;br&gt;Loan applications&lt;br&gt;Business planning&lt;br&gt;Business consulting&lt;br&gt;Certification assistance&lt;br&gt;Trade missions&lt;br&gt;Conferences&lt;br&gt;Exhibits&lt;br&gt;Workshops/seminars&lt;br&gt;Publications and mailers&lt;br&gt;Employment referral&lt;br&gt;Community outreach&lt;br&gt;Advertising discounts</td>
<td>The FACCSC provides services to all member businesses and individuals. Services are targeted specifically at Filipino Americans.</td>
<td>FACCSC requires an annual membership fee/There are a number of membership categories, including individual ($100), small business ($250) and lifetime ($1,500).</td>
<td>Services and opportunities provided by the FACCSC require membership in the chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.</td>
<td>Many services are provided outside the FACCSC by partners of the organization. FACCSC workshops and training sessions occur at a variety of locations, with most information and registration online. Businesses receive access to all services provided through the FACCSC through membership and referrals.</td>
<td>Provides referrals</td>
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### Disadvantaged groups assistance

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<td><strong>Northern California Minority Business Enterprise Center</strong>&lt;br&gt;111 N. Market St., Suite 920&lt;br&gt;San José, CA 95113&lt;br&gt;Phone: (408) 998-8058&lt;br&gt;Fax: (408) 998-8872&lt;br&gt;Website: <a href="http://norcalmbec.com">http://norcalmbec.com</a></td>
<td>Yes</td>
<td>The Northern California MBEC is federally funded by the Minority Business Development Agency under the U.S. Department of Commerce. The mission of MBEC is to promote the growth and competitiveness of Minority Business Enterprises through three areas of service: financing and bonding, contracting, and business consulting. MBEC works with eligible minority entrepreneurs in Northern California and provides assistance to help these firms grow in size, scale and capacity.</td>
<td>Free client assessments&lt;br&gt;Contract assistance&lt;br&gt;Networking&lt;br&gt;Partnerships&lt;br&gt;Strategic definition and planning&lt;br&gt;Organizational management&lt;br&gt;Operations&lt;br&gt;Capital expenditure prioritization and benchmarking&lt;br&gt;Goal-setting&lt;br&gt;Business plan benchmarking&lt;br&gt;Marketing&lt;br&gt;Certification assistance&lt;br&gt;Finance&lt;br&gt;Access to capital&lt;br&gt;Budgeting and forecasting</td>
<td>The MBEC has eligibility requirements centered on the race/ethnicity of business ownership, annual business revenues, and business location.</td>
<td>The fees for MBEC’s services are based on a $100/hour rate, but are heavily subsidized from 40 to 90 percent. The level of subsidy is based on the previous year’s gross revenues of the minority business client.</td>
<td>Services are available only to eligible minority entrepreneurs. Information on how to access services is limited. Interested parties can register on the website or call the MBEC offices.</td>
<td>Businesses and entrepreneurs receive services on-site at the Center from qualified professionals.</td>
<td>Not required</td>
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### Disadvantaged groups assistance (cont.)

| Organization                      | BOS partner | Overview                                                                                                                                                                                                                                                                                                                                 | Types of assistance                                                                                                                                                                                                 | Businesses served                                                                                                                                                                                                 | Cost                                                                 | Access to services                                                                                                                                                                                                 | Service delivery                                                                                                                                                                                                 | Referrals                                                                 |
|-----------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| **Opportunity Fund**              | Yes         | The Opportunity Fund is a community organization aimed at helping individuals and families that are not self-sufficient to join the financial mainstream through financial education and access to capital. The Opportunity Fund promotes entrepreneurship through microfinance loans and other strategies.                                                                 | Business advertising  
Affordable home loans  
Financial education  
Small business loans  
Saving plans and incentives  
Microfinance loans                                                                                                                                       | Services are targeted at those with extreme financial need who cannot receive lending from traditional sources.                                                                                          | All services provided by the Opportunity Fund are free of charge.                                                                                                                                            | Services are provided on-site with team members at the San José or San Francisco locations. Seminars and partner events are held throughout the region.                                                                                                     | Loan applications may be online or in person. Counseling and assistance are held one-on-one at the Opportunity Fund offices, as well as in group formats at training and assistance programs throughout the area. |
| **AnewAmerica San José**          | No          | AnewAmerica San José seeks to promote the long-term economic empowerment of low-income, new Americans — new citizens, immigrants and refugees — in San José. The Virtual Business Incubator is a three-year program that assists new Americans to establish or expand microbusinesses and to build personal and community assets to empower their communities. | Community networks  
Business planning  
Computer technology  
Financial education  
Loan assistance  
Socially-responsible business training  
College certification  
Business coaching  
Technical assistance  
Savings incentives  
Asset planning  
Business and community leadership development                                                                                                           | AnewAmerica serves new Americans — new citizens, immigrants and refugees who are low-income earners in need of business and financial support. Women who are also new Americans are eligible for the Women’s Business Center. | All services provided by AnewAmerica are free of charge.                                                                                                                                                    | Services are provided to clients participating in the Virtual Incubator Program. Acceptance into the program is required and eligibility requirements must be met.                                                                                   | Businesses and entrepreneurs may find additional information online, but must contact or visit an AnewAmerica office to apply for the Virtual Incubator Program. Counseling and assistance is delivered in an on-line format. Most assistance is provided through training and classes in a group format. | Requests business referrals; not required                                                                                              |
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<td><strong>Women’s Initiative for Self-Employment</strong></td>
<td>Yes</td>
<td>The Women’s Initiative for Self-Employment is a non-profit that supports the entrepreneurial capacity of women to overcome economic and social barriers. The Initiative has six training sites across the Bay Area and providing resources and economic growth for communities.</td>
<td>Business action plan creation Revolving loan fund Matched savings accounts Graduate networking, seminars and coaching Financial accounting and management Business planning Marketing Consulting services</td>
<td>The Women’s Initiative is targeted at high-potential, low-income women; participants must fall within specified income brackets depending on household size.</td>
<td>The Initiative’s “My Business Action Plan” sessions are free to all women and determine eligibility for the program. Upon acceptance, the course fee and workbooks total $100.</td>
<td>Sessions occur at the Initiative’s San Francisco, Downtown Oakland, East Oakland, Concord, Novato and San José locations. The sessions are held on prescheduled dates; participants must be accepted and registered.</td>
<td>Women are required to apply for acceptance into the Women’s Initiative program. The 22-session training requires classes twice a week for three hours per class. There is also a one-hour lab requirement each week.</td>
<td>Not required</td>
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<td><strong>Pacific Community Ventures</strong></td>
<td>Yes</td>
<td>PCV is a non-profit organization that invests in businesses, providing economic gains to low/moderate income communities in California, especially in overlooked communities. PCV provides access to capital, business advice and critical business resources to facilitate company growth</td>
<td>Venture funding Access to capital Strategy roundtables Educational workshops One-on-one advising</td>
<td>The PCV serves overlooked communities in California. There are eligibility requirements for funding and for firms to participate in the Business Advisory Program.</td>
<td>All services provided by the PCV are free of charge.</td>
<td>Services are provided to companies that fulfill the eligibility requirements. Firms may apply online and will receive notification following a site visit, interview and committee review.</td>
<td>Businesses and entrepreneurs are required to apply online. Services are held on a one-on-one basis with experienced professionals and investors.</td>
<td>Not required</td>
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<td><strong>Bay Area Development Company</strong></td>
<td>No</td>
<td>The Bay Area Development Company packages SBA and commercial real estate loans for small- to mid-size companies throughout Northern California. The Development Company provides SBA financing to help businesses achieve long-term growth and success</td>
<td>SBA and commercial loan prequalification SBA and commercial loan assistance</td>
<td>The Bay Area Development Company serves small businesses throughout Northern California. The Company also assists a number of local nonprofits.</td>
<td>Costs of services depend on the type of loan assistance retained.</td>
<td>Only companies who qualify for SBA 504 loans may receive services from the Bay Area Development Company. These loans are targeted to successful growing companies, and most privately held for-profit companies are eligible.</td>
<td>Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client is assigned a single loan officer.</td>
<td>Not required</td>
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**Financial development**

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**Notes:**
- All services provided by the Women’s Initiative are free of charge. Women are required to apply for acceptance into the Women’s Initiative program. The 22-session training requires classes twice a week for three hours per class. There is also a one-hour lab requirement each week.
- All services provided by the PCV are free of charge. Services are provided to companies that fulfill the eligibility requirements. Firms may apply online and will receive notification following a site visit, interview and committee review.
- Services are provided to companies that fulfill the eligibility requirements. Firms may apply online and will receive notification following a site visit, interview and committee review.
- Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client is assigned a single loan officer.
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| California Coastal Rural Development Corporation | No                            | The Corporation is a chartered Financial Development Corporation that provides loan capital and financial services to businesses and farms on the Central Coast. It targets development that benefits family farmers and other rural agricultural businesses. | Direct farm loans  
Intermediary re-lending  
Monterey County Revolving Loans program  
Microloan program  
504 loan program  
Loan guarantees  
B&I equipment and building loans | The Corporation serves small businesses throughout Northern California, targeting rural development and agriculture. | Costs of services depend on the type of loan assistance retained. | Only companies who qualify for the various loan programs may work with the Corporation. Each loan program outlines its individual requirements for eligibility. | Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client is assigned a single loan officer. | Not required |
| TMC Development                       | No                            | TMC Development is a chartered Financial Development Corporation that provides loan capital and financial services to businesses in Northern California. With PCL Lender status, TMC can provide in-house loan approval and assistance through the entire loan process. | SBA lending and loan assistance  
Microloans  
Industry partnerships | TMC Development serves small businesses throughout Northern California that are targeted towards rural development and agriculture. | Costs of services depend on the type of loan assistance retained. | Only companies who qualify for the various loan programs may work with the TMC. Each loan program outlines its individual requirements for eligibility. | Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client is assigned a single loan officer. TMC can conduct services in several languages. | Not required |
**Silicon Valley Small Business Development Center**

Patrick Cook, Director  
Gail Buettgenback, Guest Services  
100 East Santa Clara Street, First Floor (at Third Street)  
San José CA 95113-1901  
Phone: (408) 351-3600  
Phone: (650) 539-5569  
Website: http://svsbdc.org

**Overview.** The Silicon Valley Small Business Development Center (SVSBDC) is one of many Small Business Development Centers in Northern California. The SVSBDC serves current and potential business owners located in the Greater Silicon Valley Area, which includes Santa Clara and San Mateo counties. Dedicated to the success of entrepreneurship, the counselors at the SVSBDC have considerable experience running small businesses.

**Types of business assistance.** Services provided by the SVSBDC include consulting, training, information resources, events and seminars. Expert counselors provide assistance with the following:

- Business planning;
- Marketing strategies and planning;
- Sales;
- Access to capital, including bank finance, SBA loans and asset financing;
- Venture funding;
- Government contracting;
- Strategic technology acquisition and practical, hands-on application;
- Financial projections and budgeting;
- Operating challenges; and
- Purchase or sale of a business.

Training classes are offered in management basics for entrepreneurs considering a new business venture as well as in specialized subjects for experienced entrepreneurs. The SVSBDC partners with the SBDC Technology Adoption Program (SBDCTAP), which provides technology consulting and training to entrepreneurs and business owners throughout Northern California.

**Businesses served.** The SVSBDC provides services to all businesses; however, services are targeted towards small businesses and entrepreneurs.

**Cost.** All consulting services provided by SVSBDC are confidential and free of charge. Training classes range from free to lost-cost. The low-cost programs range anywhere from $10 to $130 depending on the class topic and length.

*work2future and BusinessOwnerSpace (BOS) partner organization.*
**Access to services.** Consulting services are provided on a one-on-one basis at each of the San José, Sunnyvale, Mountain View, Redwood City, and Milpitas locations. Training classes are held throughout Santa Clara County and southern San Mateo County, primarily at the San José and Milpitas locations.

**Service delivery.** Businesses and entrepreneurs are required to make appointments with the SVSBDC to meet with a counselor. These appointments can be made by either contacting the center or signing up for services online.

**Referrals.** The SVSBDC does not require referrals for services.
Overview. The Silicon Valley SCORE (SVSCORE) is the local chapter of a nationwide non-profit association dedicated to the formation, growth and success of small businesses. The SVSCORE caters to small businesses in the greater Silicon Valley area, and brings executive volunteers together with prospective and current business owners to facilitate success.

Types of business assistance. Services provided by the SVSCORE include free counseling, low-cost workshops and seminars, existing business mentoring, business library and information resources, and email counseling. Expert, executive counselors provide assistance with the following:

- Accounting;
- Consulting;
- Distribution;
- Financial planning;
- Access to capital, including bank finance, SBA loans and asset financing;
- Venture funding;
- Franchising;
- Government contracting;
- Human resources;
- Marketing;
- Operations;
- Publishing;
- Retail;
- Strategic planning;
- Technology; and
- Non-profit management.

Training classes are offered on a variety of business topics, ranging from legal issues to social media use in small businesses. Special services and training are available for non-profits. The SVSCORE houses a comprehensive business resource library with more than 600 books, computers, software, magazine subscriptions, reference materials and videos.

Businesses served. The SVSCORE provides services to all businesses; however, services are targeted towards small businesses and entrepreneurs.

* work2future and BusinessOwnerSpace (BOS) partner organization.
Cost. Counseling services from the SVSCORE are free of charge. Training classes and seminars range from free to low-cost. The low-cost sessions range in price from around $40 to $60.

Access to services. Consulting services are provided on a one-on-one basis at the SVSCORE site and at the Chambers of Commerce of Campbell, Cupertino, Los Altos, Los Gatos, Milpitas, Morgan Hill, Mountain View, Palo Alto, Santa Clara, Saratoga and Sunnyvale. The national SCORE organization provides online and email counseling services. Training classes are also held at the SVSCORE site.

Service delivery. Businesses and entrepreneurs are required to make appointments with the SVSCORE to meet with a counselor. Individuals should contact the SVSCORE directly to make appointments on-site, or the various Chambers directly for appointments at these locations. The SVSCORE asks that businesses arrive five minutes early and arrive with a completed preparation form provided when an appointment is made.

Referrals. The SVSCORE does not require referrals for services.
The Workforce Institute

Carol Coen, Executive Director
600 South Bascom Ave., Suite T-101
San José, CA 95128
Phone: (408) 283-3600
Fax: (408) 282-0811
Website: http://wi-sjeccd.org/
E-mail: Carol.Coen@sjeccd.org

Overview. The Workforce Institute (WI) is a workforce intermediary for the greater San José and South Bay area and operates as an alliance with Evergreen Valley College and San José City College. WI is the sole provider of WIA intensive services in the area, providing work development workshops and training to individuals and businesses in topics ranging from professional development to management and certification. The alliance also has extensive experience in the management and operation of a variety of contracted training programs and educational services for specifically targeted business professionals.

Types of business assistance. Services provided by the WI are either online or in person. Expert staff provides training and assistance with the following:

- Leadership development;
- Business communications;
- Communications for foreign born professionals;
- Cultural proficiency;
- Computer and technical skills;
- Performance consulting;
- Ethics and compliance;
- Customer service;
- Project management certification; and
- Water distribution/treatment certification.

While the WI provides a number of services for business professionals, its corporate training program is most targeted towards local businesses and industry. This training program can be delivered and targeted to each individual business’s specific needs.

Businesses served. The WI serves businesses of all sizes and types throughout the San José and South Bay area.

Cost. Costs of services depend on whether it is an individual attending classes or a firm entering in a contract with the corporate training program. Price is determined upon creation of the contract.

Access to services. The WI works with companies to set up contracts for corporate training programs. Individual training may be set up on a personal basis.
**Service delivery.** Services for the corporate training program are offered either on-site at the business’s location or at WI’s state-of-the-art training facilities. Professional development classes are held on-site at the new Tech Center at the San José City College location. Various courses are offered online.

**Referrals.** The WI does not require referrals for services.
**Gavilan College Community Education**

5055 Santa Teresa Blvd  
Gilroy, CA 95020  
Phone: (408) 852-2801  
Fax: (408) 852-2805  
Website: http://gavilan.augusoft.net  
E-mail: tnewman@gavilan.edu

**Overview.** Gavilan College’s Community Education Department provides classes to individuals and business owners looking to enhance their firm’s bottom line. Training consists of short-term, not-for-credit classes that provide skills and knowledge to better operate a business. The programs are performance-oriented and can be directly linked to a participant’s strategic organizational goals.

**Types of business assistance.** Courses offered through the Community Education Program include:

- Boosting website traffic;
- Communicating and marketing using social networks;
- Entrepreneur boot camp;
- Workplace law compliance; and
- Mentoring and coaching in the workplace.

Courses may be provided online or at the college campus in Gilroy.

**Businesses served.** The Community Education department serves individuals from all business sectors. Participants must be over the age of 18.

**Cost.** Programs range in price, anywhere from $120 to $1,300. The price of the course depends on its length, type and materials. All costs are listed on the website.

**Access to services.** An individual must sign up to participate in the courses. No credit is awarded for participation in the business management courses.

**Service delivery.** Classes are held on-site at Gavilan College, both at the main campus in Gilroy and at the Morgan Hill Community Center in Morgan Hill.

**Referrals.** The department does not require referrals for services.

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* work2future and BusinessOwnerSpace (BOS) partner organization.
Overview. The City of San José’s Environmental Services Department (ESD) works with local businesses to provide education, certification and assistance to promote conservation and sustainability. Founded in 1993, the ESD helps the city and local business respond quickly to new regulations and initiatives while simultaneously implementing targeted initiatives to promote “green” business.

Types of business assistance. Services provided by the ESD include consulting, training, information resources, events and seminars. Program coordinators provide assistance with the following:

- Green business certification;
- Environmental Management System (EMS) assistance;
- ISO 14001 certification;
- Free business recycling services;
- Construction and demolition recycling incentives;
- Waste prevention and recycling education;
- Landscaping programs;
- Water conservation audits;
- High-efficiency toilet installation; and
- “Green” plumber training.

The ESD partners with the Pacific Gas & Electric Company and Ecology Action to create the Silicon Valley Energy Watch (SVEW) to provide assistance to small businesses and other organizations for cost-saving, energy-efficient technologies. The program offers free energy audits, targeted retrofits, technical assistance, education, training and more. The Water Efficient Technologies (WET) program offers rebates of up to $50,000 per water efficiency project to businesses discharging to the San José/Santa Clara Water Pollution Control Plant, including the cities of San José, Santa Clara, Milpitas, Campbell, Cupertino, Los Gatos, Monte Sereno, and Saratoga.

Businesses served. The ESD provides services to all businesses. Various programs target small businesses specifically; however, most services are available to businesses of all sizes in the area.

Cost. All services provided by ESD are free of charge, with the exception of some permit fees.

* work2future and BusinessOwnerSpace (BOS) partner organization.
**Access to services.** Services are provided out of the ESD office in San José. Assistance takes on a variety of forms depending on the program, but project coordinators will assist each business individually.

**Service delivery.** ESD programs operate individually out of the ESD office. Businesses should contact specific programs for further information and assistance.

**Referrals.** The ESD does not require referrals for services.
Cisco Systems-San José Entrepreneur Center*

100 East Santa Clara Street
San José, CA 95113
Phone: (408) 351-3600
Website: http://www.ecenteronline.org

Overview. Housed in the Silicon Valley Small Business Development Center, the Cisco Systems-San José Entrepreneur Center is a collaborative partnership between Cisco Systems, the City of San José, and various national corporations and non-profit organizations. The vision of this one-stop center is to provide start-up and existing businesses with a full range of support services and tools to compete successfully. Engaging the expert advice of counselors, Chamber representatives and sponsoring partners, the Center focuses on the role of technology and innovative partnerships in creating “true equalizers” for businesses of all sizes.

Types of business assistance. Services provided by the Entrepreneur Center include financing programs, technical assistance, training, technology development and procurement assistance. Expert counselors and Chamber representatives provide assistance with the following:

- Internet training;
- Technology showcase;
- Interactive technology tools;
- Resource Center reference library;
- Access to capital, including bank finance, SBA loans and asset financing;
- Venture funding;
- Office furnishing options;
- W/MBE and SBE certification;
- WBE loan, procurement, and export market assistance; and
- Tax education.

Training classes are offered in executive management and technology, including training in computer technology, management concepts, financial planning, marketing and related topics. The Center hosts the Cisco Internet Development Center where businesses can work hands-on to find the Internet resources to enable success. The Entrepreneurial Development Institute also resides in the Center, sponsored by FSB Magazine. The Institute provides expert training and business forums specifically targeted at the current applications and techniques of current technologies.

Businesses served. The Center provides services to all businesses; however, services are targeted towards small businesses and entrepreneurs.

Cost. All services provided by the Entrepreneur Center are free of charge. Nearly all training classes, workshops and seminars are also free of charge.

*work2future and BusinessOwnerSpace (BOS) partner organization.
**Access to services.** Consulting services are provided on a one-on-one basis at the Center’s site in San José. Training classes are held at the Center as well.

**Service delivery.** Businesses and entrepreneurs are not required to make appointments with the Center to meet with a counselor and are encouraged to come explore the Center in person.

**Referrals.** The Center does not require referrals for services.
Overview. Housed at San José State University within the College of Business, the Silicon Valley Center for Entrepreneurship has a mission to promote effective entrepreneurship through knowledge creation, knowledge dissemination, collaborative partnerships and outreach activities. With a curriculum informed by research, the Center fosters a connected entrepreneurial community and mindset in its students and in the greater Silicon Valley area.

Types of business assistance. Services provided by the Center include financing programs, technical assistance, training, technology development and procurement assistance. Expert counselors and Chamber representatives provide assistance with the following:

- Ideas fair;
- Business plan competition;
- Speakers and events;
- Entrepreneurial research; and
- Entrepreneurship and business courses.

Classes are offered in finance, marketing, global entrepreneurship, business plans and more. The Center hosts a variety of events throughout the year to promote relationships among entrepreneurs, investors and the wider business community. Frequent speakers provide sessions on pitches, business plans, brands and more. Although an academic environment, the Center concentrates on real world applicability and frequently incubates business ideas.

Businesses served. The Center provides services to students and entrepreneurs through the start-up process. Students and professionals in all sectors are welcome.

Cost. Center services are provided as a program of the College of Business’ entrepreneurial academic program. The cost of tuition covers the costs of participation.

Access to services. Students are provided services on site at San José State University and many events and speakers are hosted throughout the city.

Service delivery. Students must be enrolled in the College to participate.

Referrals. The Center does not require referrals for services.

* work2future and BusinessOwnerSpace (BOS) partner organization.
Legal Services for Entrepreneurs

Helen M. Smolinski, Staff Attorney
131 Steuart Street, Suite 400
San Francisco, CA 94105
Phone: (415) 543-9444
Fax: (415) 543-0296
Website: http://www.lccr.com/lse_cdo_factsheet.pdf
E-mail: hsmolinski@lccr.com

Overview. Legal Services for Entrepreneurs is an economic justice project of the Lawyers’ Committee for Civil Rights of the San Francisco Bay Area. LSE provides free business legal services to low-income individuals, including women and persons of color, who want to start or develop for-profit businesses as well as not-for-profit businesses committed to community economic development. Providing a wide range of legal services, LSE focuses on clients who will enhance the economic infrastructure of their neighborhoods and who have limited access to credit and capital.

Types of business assistance. LSE focuses on legal services. Legal representation provides assistance with the following:

- Legal counseling;
- One-on-one legal representation; and
- Legal workshops.

LSE includes participation from 22 law firms and corporate legal departments. Services are limited to business law matters and include topics such as entity formation, commercial leases, employment issues and more.

Businesses served. LSE has strict eligibility requirements and requires acceptance into the program. Individual eligibility requirements include factors such as access to credit and capital, adjusted gross income, family size and assets. Business eligibility includes location in a low-income neighborhood, number and quality of jobs created, including location of the jobs created and training provided and the socioeconomic backgrounds of its employees. LSE employs a balancing test when evaluating qualifications, and strives to account for the barriers faced by women and minority business owners.

Cost. All services provided by LSE are free of charge.

Access to services. After acceptance into LSE and successful matching with a partner attorney, services are provided directly by the client’s legal representation.

Service delivery. All legal services are administered one-on-one and are confidential. After an in-person interview and a successful pairing of client and attorney, appointments are required with the lawyer. LSE does not directly participate in the process after matching the client with an attorney.

Referrals. LSE does not require referrals for services.
**Environmental Business Cluster**

10 South 3rd Street 5th Floor  
San José, CA 95113  
Phone: (408) 790-2000  
Fax: (408) 790-2038  
Website: http://www.environmentalcluster.org/index.htm  
E-mail: erika@prescienceintl.com

**Overview.** The largest of its kind, the Environmental Business Cluster (EBC) is a “cleantech” incubator located in Silicon Valley. The EBC provides commercialization support and facilities for emerging clean energy and environmental technology companies. Founded in 1994 by the City of San José and the San José State University Research Foundation, the EBC provides a wide breadth of services and hosts a physical cluster of cleantech entrepreneurs.

**Types of business assistance.** Services provided by the EBC include coaching, networks, education, and resources for emerging cleantech firms. The incubator provides assistance with the following:

- Entrepreneur-in-residence counseling;
- Business modeling;
- Presentations/collateral development;
- Pitch practice sessions;
- On-site service providers;
- Pro bono mentors;
- Pro bono legal services;
- Investors;
- Corporate partners;
- Access to policy-makers and regulatory agencies;
- Public funding;
- National labs;
- Finance;
- Business development and processes;
- Science and technology;
- Policy and regulation;
- Cleantech focused events;
- Furnished offices, conferences and training facilities;
- Business and operations support; and
- A community of cleantech entrepreneurs and mentors.

*work2future and BusinessOwnerSpace (BOS) partner organization.*
Participating companies engage in frequent programs and events as part of the incubator process. Monthly lunches and roundtable discussions, conferences and tours, monthly seminars, quarterly industry panels and more provide the context for many of the services provided in this collaborative environment.

**Businesses served.** The EBC provides services only to emerging cleantech businesses, defined as those providing technology, products and services which generate superior commercial benefits to customers while addressing significant environmental concerns such as global warming, sustainability of natural resources and energy security. While the company is located in Silicon Valley, many of its companies come from all over the world. A firm must apply for acceptance into the EBC to receive services as either a residential or affiliate company.

**Cost.** Affiliate companies receive commercialization services at deeply discounted prices. Residential companies are provided services free of charge.

**Access to services.** Residential companies receive commercialization support on site within the EBC facility. Affiliate companies have access to services only and do not reside within the incubator facility.

**Service delivery.** Businesses and entrepreneurs are required to apply for acceptance into the EBC. If an application passes the screening process, companies will be invited to interview in person. Decisions are made within one month of the in person interview.

**Referrals.** The EBC does not require referrals for services.
San José BioCenter
5941 Optical Court
San José, CA 95138
Phone: (408) 960-3807
Fax: (408) 960-3822
Website: http://www.sjbiocenter.com
E-mail: info@sjbiocenter.com

Overview. The San José BioCenter fosters the growth of entrepreneurial high potential life science, nanotech and cleantech companies by providing a state-of-the-art facility equipped with wet laboratory and office space. By providing a wide range of products, services and equipment, the BioCenter enables growing businesses to build value early without the high costs of infrastructure and facilities. The Center has developed a systematic selection process that maintains a balanced and diversified portfolio across science sectors and business stages of development. The BioCenter partners closely with its portfolio of companies to promote growth over the long term with the resources, contacts and experience necessary for commercialization.

Types of business assistance. The BioCenter targets entrepreneurial science companies and provides on-site assistance, services and facilities to promote company growth. Services include business management and lab support. The BioCenter provides assistance with the following:

- Furnished offices and Individual lab space;
- Shared facilities and equipment;
- Lab support;
- Lab training;
- Reception/office services;
- Online business portal;
- Media exposure;
- Investment assistance and investor relations;
- Collaboration and partner assistance;
- Advisor support;
- Pro bono legal services;
- Monthly lunches and events;
- Industry exposure;
- International collateral review;
- Accounting advice and other services;
- Client financial interactions;
- “Pitch” assistance;
- Monthly seminars; and
- Online promotion.

*work2future and BusinessOwnerSpace (BOS) partner organization.
**Businesses served.** The BioCenter supports companies across the various bioconvergence sectors, including drug development, diagnostics, device, nanotech, cleantech, energy, bioinformatics, biophotonics and more. These companies range in their level of development, but must have the potential for long-term market success. A company must be selected as either a residential or affiliate firm to receive services. The Center serves over 20 residential companies and another dozen affiliate firms. Client membership is month-to-month. Resident companies receive access to all facilities and services provided by the BioCenter, while affiliate companies have access only to services and the conference rooms.

**Cost.** Client companies are charged for the services and facility space.

**Access to services.** A company must submit an application, participate in an in-person interview, and receive acceptance as a client company to receive services. All services are provided on-site at the BioCenter.

**Service delivery.** Business services are provided by professionals at the Center and facilities are also on-site. Laboratory professionals operate and manage the labs and provide assistance.

**Referrals.** The BioCenter does not require referrals for services.
Overview. The SDForum is a non-profit that aims to foster innovation, entrepreneurship and leadership within Silicon Valley by providing both individuals and businesses with the information and resources to be successful in emerging technologies. A range of services provide connections and community, education and access to resources, a link between global business and Silicon Valley and the exchange of knowledge and ideas.

Types of business assistance. The SDForum focuses its resources in the software and technology sectors, offering events, seminars, trainings and facilities to its users. These services include:

- Monthly events;
- Business seminars;
- Workshops;
- Quarterly newsletter;
- Online resources;
- Online discussion groups;
- One-on-one advisory meetings;
- Legal advisory services;
- Monthly Special Interest Group (SIG) meetings; and
- Conference room and meeting facilities.

Each year, the SDForum hosts an Investor Forum, where SDForum start-up or company members can submit a one-page business plan summary for review by the SDForum community. Experienced Venture Capitalists choose presenters. This event provides peer-to-peer networking and the opportunity for businesses to obtain funding. This past year, companies participating in the Investor Forum received over $25 million in funding.

Businesses served. The SDForum targets companies and individuals in Silicon Valley working in the technology sector. There are no size limits, but many of the workshops and seminars are directed towards small businesses and start-ups. There is a heavy focus on entrepreneurial ventures.

Cost. Participation in the SDForum requires annual membership, which ranges from $40 for full time college students to $850 for companies with ten members. There are a variety of membership options for both individuals and businesses. Once membership fees have been paid, all services are provided free of charge by volunteer experts.
**Access to services.** All services require membership. Advisory services and monthly events are provided at scheduled times each month. Use of the conference room and facilities requires a reservation and members are entitled to one full day of free use.

**Service delivery.** Advisory services are provided on a one-on-one basis from business professionals and lawyers. Many other services are provided by volunteers, and most workshops and seminars are provided at a variety of locations across the area.

**Referrals.** The SDForum does not require referrals for services.
Overview. The San José Redevelopment Agency (SJRDA) is a government organization created in 1956 by the City of San José. The SJRDA partners with business and the community to revitalize certain communities within San José by creating jobs, developing affordable housing, strengthening neighborhoods and providing public facilities. Through a comprehensive set of programs ranging from small business loans to tax or office space incentives, the SJRDA supports business and promotes investment to revitalize the city’s downtown, neighborhoods and industrial areas.

Types of business assistance. Services provided by the SJRDA include targeted programs to initiate and facilitate private investment. Program managers can assist with the following:

- Bidding opportunities;
- Tax credits;
- Tax deductions;
- Free architectural design services;
- Permit processing and fee payment assistance;
- Bidding and construction management assistance;
- Grants;
- Leasing facilitation and assistance;
- Signage grants;
- Small business loans; and
- Temporary business tax suspension.

In addition to these services, which are housed under particular programs targeted at businesses in specific areas of San José, the SJRDA provides open invitations to bid meetings and events and retail opportunities to further increase investment and redevelopment.

Businesses served. The SJRDA provides services to all businesses in San José; however, services are targeted towards businesses in downtown, neighborhoods, and industrial areas.

Cost. All services provided by the SJRDA are free of charge.

Access to services. Services can be accessed at the SJRDA site.

*work2future and BusinessOwnerSpace (BOS) partner organization.
**Service delivery.** Businesses will work with specific project coordinators to check eligibility and availability of services. These consultations can be made by either contacting the center itself or individual project coordinators.

**Referrals.** The SJRDA does not require referrals for services.
City of Morgan Hill Economic Development Division

Morgan Hill Development Services Center
17575 Peak Avenue
San José, CA 95037
Phone: (408) 778-6480
Website: http://www.morganhill.ca.gov

Overview. The City of Morgan Hill Economic Development Division is part of the Business Assistance and Housing Services Department. The division encourages and promotes economic growth in Morgan Hill, with programs and services targeted at both incoming and current businesses within the city. The Economic Development Division serves as a one-stop service center with an abundance of information and assistance both online and on-site.

Types of business assistance. Services provided by the Economic Development Division include consulting, training, information resources and financial assistance. Counselors provide assistance with the following:

- Business planning;
- Business counseling;
- Referrals;
- Site selection;
- Loan and financial planning;
- Commercial rehabilitation loans;
- Façade improvement;
- Fee deferrals;
- Online information portal; and
- Business ombudsman services.

The online information portal — Tools for Business Success — acts as the division’s largest resource for small business and entrepreneurs. The site offers a one-stop online location for information on business formation, regulations, planning, funding and more. A Business Start-Up Kit, loan payment calculator and employer’s kit are just a few of the many resources available from this online tool.

Businesses served. The Economic Development Division provides services to all businesses and entrepreneurs in Morgan Hill.

Cost. All services provided by Economic Development Division are free of charge.

Access to services. Many small business services are provided online as the first step. Further services and programs are administered on-site with program coordinators and business counselors.

* work2future and BusinessOwnerSpace (BOS) partner organization.
**Service delivery.** Appointments are not required and many of the Economic Development Division’s clients are served on a walk-in basis. Web inquiries and phone calls are always welcome for further assistance.

**Referrals.** The Morgan Hill Economic Development Division does not require referrals for services.
City of San José Office of Economic Development

200 East Santa Clara Street
San José, CA 95113
Phone: (408) 535-8181
Fax: (408) 292-6719
Website: http://www.sjeconomy.com
E-mail: economic.development@sanjoseca.gov

Overview. The City of San José Office of Economic Development (OED) works to fulfill the mission of increasing prosperity for people and companies through enhancing City revenues in a vital, competitive economy. The OED guides the City’s economic strategy, provides assistance for business success, helps connect employers with workers and provides additional services to the community. By providing services and information for small businesses and entrepreneurial growth companies, the OED promotes economic growth and stability.

Types of business assistance. Services provided by the OED include consulting, training, information resources and financial assistance. The OED can help connect businesses with a number of assistance programs, especially in the following categories:

- Enterprise zone incentives;
- Finance;
- Tax incentives;
- International trade;
- Entrepreneurship;
- Workforce and training;
- Energy and the environment;
- Site development programs;
- Business organizations;
- Selling to the city;
- Local preference;
- Small Business Development Commission; and
- Small Business Ambassador Program.

While the OED primarily serves as a hub for a variety of programs, the Office provides assistance on a wide range of topics important to new and current businesses in San José. The OED houses work2future and is working to better provide assistance to small businesses in the area.

Businesses served. The OED provides services to all businesses and entrepreneurs in the City of San José.

Cost. All services provided by the OED are free of charge.

*work2future and BusinessOwnerSpace (BOS) partner organization.
**Access to services.** Many small business services are provided online as the first step. Further services and programs are administered on-site with program coordinators and business counselors.

**Service delivery.** Appointments are not required and many of the OED’s clients are served on a walk-in basis. Web inquiries and phone calls are welcome for further assistance.

**Referrals.** The OED does not require referrals for services.
**Overview.** The Gilroy Economic Development Corporation (GEDC) serves as a portal for prospective and current businesses in Gilroy. GEDC provides a number of services especially targeted at bringing new business into Gilroy.

**Types of business assistance.** Services provided by the GEDC include consulting, training, information resources and financial assistance. Counselors and online tools provide the following:

- Business assessment tools;
- Business referrals;
- Loan assistance;
- Online classes;
- Small business portal;
- Information binder;
- Business planning;
- Business database;
- Site selection;
- Planning documents;
- Incentive programs; and
- Fee deferrals.

The GEDC incentive programs are extensive, and the website includes an incentive calculator to help businesses determine their eligibility and savings. The two main incentives are the City of Gilroy Jobs Offset Program and the City of Gilroy Tax Offset Program. The Jobs Offset Program provides a credit of up to $4,000 per job for businesses that create at least 25 permanent full-time jobs within two years of opening. The Tax Offset Program provides offsets against development impact fees at a range of levels depending on the size of the business and business complex.

**Businesses served.** The GEDC provides services to all businesses and entrepreneurs in the City of Gilroy.

**Cost.** All services provided by the GEDC are free of charge.

**Access to services.** Many small business services are provided online as the first step. Further services and programs are administered on-site with program coordinators and business counselors.

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*work2future and BusinessOwnerSpace (BOS) partner organization.*
**Service delivery.** Appointments are not required, and the GEDC serves most of its clients on a walk-in basis. Web inquiries and phone calls are also welcome for further information and assistance.

**Referrals.** The GEDC does not require referrals for services.
Japanese American Chamber of Commerce of Silicon Valley

6017 Snell Ave. Suite 321
San José, CA 95123
Phone: (408) 288-5222
Website: http://www.jaccsv.com
E-mail: info@jaccsv.org

Overview. The Japanese American Chamber of Commerce of Silicon Valley (JACCSV) is a non-profit, volunteer organization that supports business interests through the development of commercial relationships with local and global partners. Recognizing the unique position and the opportunities that face Japanese American businesses, the JACCSV encourages its membership to seek alliances and partnerships along with promoting strong economic growth. The distinct partnerships between Silicon Valley and Asia and the rapid growth of Silicon Valley and its cultural diversity create a unique environment for Japanese American businesses to thrive.

Types of business assistance. Services provided by the JACCSV include counseling, information resources, events and seminars. The organization provides assistance with the following:

- Membership directory;
- Auto insurance discounts;
- Referrals and access to service providers;
- Business plan assistance;
- Business counseling;
- Financial/loan assistance;
- City of San José economic development assistance;
- Monthly newsletter;
- Website creation;
- Website links and promotion; and
- Job postings.

The JACCSV hosts programs and special events for local businesses on a variety of topics.

Businesses served. The JACCSV provides services to all member businesses and individuals. Services are targeted specifically at those of Japanese American descent.

Cost. Services are available upon the payment of a membership fee, which ranges annually from $75 for an individual up to $5,000 for a Corporate Gold member. Certain events require a fee, but all members receive discounted rates at these programs and special events.

Access to services. Services and opportunities provided by the JACCSV require membership in the Chamber. Upon receiving membership, businesses and individuals receive a variety of services

* work2future and BusinessOwnerSpace (BOS) partner organization.
depending on their membership level. Membership level depends on annual cost of membership as well as size of business, non-profit status, or individual participation.

**Service delivery.** Many services are provided outside the JACCSV by partners and friends of the organizations. Businesses receive access to all services provided through the JACCSV through membership and referrals. Events and special programs are hosted through the JACCSV and generally require pre-registration.

**Referrals.** The JACCSV provides referrals for services.
Silicon Valley Black Chamber of Commerce

1290 Parkmoor Ave, 3rd Floor
San José CA 95126
Phone: (408) 277-3115
Website: http://www.blackchamber.com
Email: info@blackchamber.com

Overview. The Silicon Valley Black Chamber of Commerce (SVBCC) is a non-profit, volunteer organization with a mission to economically empower and develop African American and underserved communities. Its membership is open to both individuals and the business community. The SVBCC works to connect the African American community and the larger community in Santa Clara County by providing information, links, services and products to foster visibility, understanding and communication.

Types of business assistance. Services provided by the SVBCC include counseling, information resources, events and seminars. The organization provides assistance with the following:

- Mentoring and consulting;
- Venture capital and investment;
- Membership directory (Bay Area Black Yellow Pages);
- Referrals and access to service providers;
- Business plan;
- Financial/loan planning and access;
- Database marketing access;
- Monthly newsletter;
- Discount membership program;
- Affordable advertising;
- Minority business certification;
- Workshops;
- Guest speakers; and
- Corporate advertising.

The SVBCC partners with the Center for Entrepreneurial Development for the Small Business Incubator Project. This project “incubates” small businesses for a maximum of 18 months in a supportive environment designed to help the business develop and expand. The program is available to low to moderate income adults and provides a variety of services, including low-cost office space, on site staff, training classes and seminars.

Businesses served. The SVBCC provides services to all member businesses and individuals. Services are targeted specifically toward African Americans.

*work2future and BusinessOwnerSpace (BOS) partner organization.
Cost. Services are available upon the payment of an annual membership fee, which depends on the membership level. There are three membership levels: individual ($100), small business ($250) and corporate ($1,000).

Access to services. Services and opportunities provided by the SVBCC require membership in the Chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.

Service delivery. Many services are provided outside the SVBCC by partners and friends of the organizations. Various services are also provided on-site at the SVBCC and at workshops and training sessions. Businesses receive access to all services provided through the SVBCC through membership and referrals.

Referrals. The SVBCC provides many referrals for its members and has a policy of always referring its small businesses first.
**Hispanic Chamber of Commerce Silicon Valley**

310 South First Street  
San José, CA 95113  
Phone: (408) 213-0320  
Fax: (408) 282-7071  
Website: http://www.hccsv.org  
E-mail: info@hccsv.org

**Overview.** The Hispanic Chamber of Commerce Silicon Valley (HCCSV) is a non-profit, volunteer organization. Its mission is to maximize Hispanic business and the economic development of Silicon Valley by serving as an advocate and resource for its members and the community in general. The Chamber strives to provide training and technical assistance that is culturally and linguistically sensitive to Hispanic businesses.

**Types of business assistance.** Services provided by the HCCSV include business education, economic assistance, international business, entrepreneurship. The organization provides assistance with the following:

- Membership directory;
- Referrals and access to service providers;
- Financial/loan assistance;
- Monthly newsletter;
- Discount membership program;
- Affordable advertising;
- Procurement;
- Workshops;
- Guest speakers; and
- Corporate advertising.

The HCCSV operates “The Alliance,” which serves as a business referral network for Hispanic businesses. The Alliance is a group of professionals that meets on a twice-monthly basis for networking, business development and business growth.

**Businesses served.** The HCCSV provides services to all member businesses and individuals. Services are targeted specifically at Latinos.

**Cost.** Services are available upon the payment of a membership fee, which depends on the membership level. There are four membership levels: small business and individual ($100), small business ($250), executive ($500) and corporation ($1,000).

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*work2future and BusinessOwnerSpace (BOS) partner organization.*
**Access to services.** Services and opportunities provided by the HCCSV require membership in the Chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.

**Service delivery.** Many services are provided outside the HCCSV by partners and friends of the organization. Various services are also provided on-site at the HCCSV and at workshops and training sessions. Businesses receive access to all services provided through the HCCSV through membership and referrals.

**Referrals.** The HCCSV provides many referrals for its members.
Filipino American Chamber of Commerce of Santa Clara County

1046 West Taylor, Suite 206
San José, CA 95126
Phone: (408) 283-0833
Fax: (408) 998-1252
Website: http://www.filchamber.org
E-mail: info@filchamber.org

Overview. The Filipino American Chamber of Commerce of Santa Clara County (FACCSC) is a non-profit, volunteer organization with a mission to promote and assist Filipino American businesses and those wanting to do business with the Philippines.

Types of business assistance. Services provided by the FACCSC include business education, economic assistance, advertising, entrepreneurship and more. The organization provides assistance with the following:

- Business and trade information and referrals;
- Business start-up;
- Loan applications;
- Business planning;
- Certification applications;
- Trade missions;
- Conferences;
- Exhibits;
- Workshops;
- Seminars;
- Business consulting;
- Publications and mailers;
- Employment referral;
- Community outreach; and
- Advertising discounts.

The Chamber maximizes its impact with partnerships and collaborations with other chambers of commerce and other small business organizations. FACCSC hosts a number of networking and workshop opportunities with other organizations in the area.

Businesses served. The FACCSC provides services to all member businesses and individuals. Services are targeted specifically at Filipino Americans.

Cost. Services are available upon the payment of an annual membership fee. There are a number of membership categories, including individual ($100), small business ($250), lifetime ($1,500).

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* work2future and BusinessOwnerSpace (BOS) partner organization.
Access to services. Services and opportunities provided by the FACCSC require membership in the chamber. Upon receiving membership, businesses and individuals receive a variety of services depending on their membership level.

Service delivery. Many services are provided outside the FACCSC by partners and friends of the organization. FACCSC workshops and training sessions occur at a variety of locations, with most information and registration online. Businesses receive access to all services provided through the FACCSC through membership and referrals.

Referrals. The FACCSC provides many referrals for its members.
Overview. The Northern California Minority Business Enterprise Center (MBEC) is funded by the Minority Business Development Agency under the U.S. Department of Commerce. The mission of MBEC is to promote the growth and competitiveness of minority businesses through three areas of service: financing and bonding, contracting and business consulting. MBEC works with eligible minority entrepreneurs in Northern California to help these firms grow.

Types of business assistance. Services provided by the MBEC include three key areas: financing and bonding; contracting and business consulting; and technical assistance. A team of counselors provide assistance with the following:

- Client assessments;
- Contract assistance;
- Networking;
- Partnerships;
- Strategic definition and planning;
- Organizational management;
- Operations;
- Capital expenditure prioritization and benchmarking;
- Setting goals;
- Business plan benchmarking and mid-course alterations;
- Marketing;
- Certification assistance;
- Finance;
- Access to capital;
- Budgeting and forecasting; and
- Loan assistance.

MBEC develops and utilizes contacts and relationships across the private and public sectors to help promote minority businesses in procurement and contracting. After helping businesses decide on and apply for a variety of minority business certifications, MBEC uses its outreach channels to communicate procurement opportunities to minority businesses.

Businesses served. Services are provided only to eligible entrepreneurs: African Americans, Puerto Ricans, Spanish-speaking Americans, Aleuts, Asian and Pacific Americans, Asian Indians, Native American.
Americans, Eskimos and Hasidic Jews. Business assistance is only available to minority firms with $500,000 or more in annual revenue and/or minority businesses with “rapid growth potential.” Assistance is provided to businesses in the following counties: Alameda, Contra Costa, Mendocino, Marin, Monterrey, Napa, San Benito, San Francisco, San Mateo, San Joaquin, Santa Clara, Santa Cruz, Sacramento, Solano and Sonoma.

**Cost.** The fees for MBEC services are based on a $100 per hour rate, but are heavily subsidized, with reductions ranging from 40 to 90 percent. The level of subsidy is based on the previous year’s gross revenue of the minority business, resulting in a sliding scale from $10 to $60 per hour in fees.

**Service delivery.** Businesses and entrepreneurs receive services on-site at the Center from qualified professionals.

**Referrals.** MBEC does not require referrals for service.
Opportunity Fund

111 W. St. John Street, Suite 800
San José, California 95113
Phone: (408) 297-0204
Fax: (408) 297-4599
Website: http://www.opportunityfund.org
Email: info@opportunityfund.org

**Overview.** Formerly Lenders for Community Development, the Opportunity Fund is a community organization aimed at helping individuals and families that are not self-sufficient to join the financial mainstream. Opportunity Fund helps build a more inclusive financial system through financial education and access to capital. With microfinance loans and other financial strategies, Opportunity Fund helps individuals become self-sufficient through entrepreneurship.

**Types of business assistance.** Services provided by the Opportunity Fund are focus on finance, including financial assistance and financial education. A team of expert counselors provide assistance with the following:

- Business advising;
- Affordable home loans;
- Financial education;
- Small business loans;
- Savings plans and incentives; and
- Microfinance loans.

The Opportunity Fund provides loan application assistance at regular events throughout the Bay Area in order to assist businesses with their questions about the Fund and loan applications. These events are held in both English and Spanish as a way to reach as many entrepreneurs as possible. The Fund also partners with a number of organizations that reach their targeted populations, such as the Women’s Initiative and Small Business Development Centers.

**Businesses served.** The Opportunity Fund provides services to those with extreme financial need who cannot obtain loans from more traditional sources. Typical clients are small businesses with more than one year in business that generate enough income to support all expenses, have good or mixed credit, and cannot qualify for a conventional bank loan. The Fund lends to all kinds of businesses, from home-based businesses to retail or manufacturing.

**Cost.** All services provided by the Opportunity Fund are free of charge.

**Access to services.** Services are provided on-site with team members at either the San José or San Francisco locations. Application seminars and partner events happen throughout the area, but all resources are available on-site.

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*work2future and BusinessOwnerSpace (BOS) partner organization.*
**Service delivery.** Businesses and entrepreneurs may apply for loans online or in person. Counseling and assistance are delivered in a one-on-one format at the Opportunity Fund offices as well as in group formats at a variety of training and assistance programs throughout the area.

**Referrals.** The Opportunity Fund asks for business referrals for its program, though these referrals are not required for services.
AnewAmerica San José

Innovation Center Building
Entrepreneur Center
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San José, CA 95113
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Website: http://www.anewamerica.org
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Overview. AnewAmerica San José seeks to promote the long-term economic empowerment of low-income, new Americans — new citizens, immigrants and refugees — in San José. The Virtual Business Incubator is a three-year program that assists new Americans to establish or expand microbusinesses in addition to building the personal and community assets to empower their communities. The program links its participants with colleges and universities, financial institutions and successful, established “old American” entrepreneurs in order to maximize success and growth.

Types of business assistance. Services provided by AnewAmerica include business incubation, asset-building and social responsibility. Entrepreneurs receive a culturally and linguistically sensitive, three year, comprehensive package of services and assistance including:

- Community networks;
- Business planning;
- Computer technology;
- Financial education;
- Loan assistance;
- Socially-responsible business training;
- College certification;
- Business coaching;
- Technical assistance;
- Savings incentives;
- Asset planning; and
- Business and community leadership development.

AnewAmerica San José provides a three-year intensive business incubator program that provides entrepreneurs a range of assistance and training. The classes are offered in Spanish and Vietnamese. There is an additional program, the Women’s Business Center, which targets low-income, new American women. The women receive the same support as other participants in the Virtual Business Incubator, yet with an entirely female cohort and targeted trainings.

Businesses served. AnewAmerica serves new Americans — new citizens, immigrants and refugees who are low-income earners and in need of business and financial support. The client base includes Asian, African, Latino and other heritages. Women who are also new Americans are eligible for the Women’s Business Center.
**Cost.** All services provided by AnewAmerica are free of charge.

**Access to services.** Services are provided to clients participating in the Virtual Incubator Program. Acceptance into the program is required, and eligibility requirements must be met.

**Service delivery.** Businesses and entrepreneurs may find additional information online, but must contact or visit an AnewAmerica office to apply for the Virtual Incubator Program. Counseling and assistance is delivered in a one-on-one format. Most assistance occurs in a group format through training and classes.

**Referrals.** AnewAmerica does not require referrals for service.
Overview. The Women’s Initiative for Self-Employment is a non-profit founded in 1998 with a mission to build the entrepreneurial capacity of women to overcome economic and social barriers to self-sufficiency. The Initiative targets high-potential, low-income women throughout the Bay Area at six training sites, providing new resources and economic growth to communities.

Types of business assistance. Services provided by the Women’s Initiative are offered in both English and Spanish, with more than half of the participants seeking services in Spanish. These services include comprehensive business management and personal development training through 22 intensive training sessions. The Initiative provides assistance with the following:

- Business action plan creation;
- Revolving loan fund;
- Matched savings accounts;
- Graduate networking, seminars, and coaching;
- Financial accounting and management;
- Business planning;
- Marketing; and
- Consulting services.

Participating women can receive scholarships and stipends for childcare and transportation. The Alternativas para Latinas en Autosuficiencia (ALAS) program provides culturally competent services and large networks to provide direct resources for Latina women. The SuccessLink program engages graduates from the training program, providing funding and networking opportunities for continued growth and participation.

Businesses served. The Women’s Initiative is targeted at high-potential, low-income women, so participants must fall within specified income brackets depending on the size of household.

Cost. The Initiative’s “My Business Action Plan” sessions are free to all women and help determine eligibility for the program. Upon acceptance, the course costs $100, divided between $25 for workbooks and a $75 class fee.

* work2future and BusinessOwnerSpace (BOS) partner organization.
Access to services. Sessions are 11 weeks long and occur at the Initiative’s San Francisco, Downtown Oakland, East Oakland, Concord, Novato and San José locations. The sessions are established on specific days and schedules, and participants must be accepted and registered to participate.

Service delivery. Women are required to apply for acceptance into the Women’s Initiative program. Classes are delivered two times a week for three hours each. There is a one hour lab requirement each week. Graduation requires attendance at all mandatory sessions and for 90 percent of classroom time.

Referrals. The Women’s Initiative does not require referrals for services.
Pacific Community Ventures
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San Francisco, CA 94107
Phone: (415) 442-4300
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Website: http://www.pacificcommunityventures.org
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Overview. Pacific Community Ventures (PCV) is a non-profit organization that invests in businesses providing economic gains to low/moderate income communities in California, especially in overlooked areas in the Bay Area, Los Angeles, San Diego and the Central Valley. PCV provides access to capital, business advice and critical business resources to facilitate company growth. PCV acts as a link between its portfolio companies and the people and resources of the region’s business network. PCV is affiliated with three for-profit investment funds and provides a number of financial and business services in order to create double bottom line returns (both financial and non-financial returns).

Types of business assistance. Services provided by the SVSBDC include consulting, training, information resources, events and seminars. Advisors provide assistance with the following:

- Venture funding;
- Access to capital, including bank finance, SBA loans and asset financing;
- Strategy roundtables;
- Educational workshops; and
- One-on-one advising;

PCV offers its cornerstone program, the Business Advisory Program, to entrepreneurs in low/moderate income communities throughout California. The Program connects experienced professionals and portfolio company entrepreneurs to provide support, resources, business advice and guidance. This program lasts for 6-12 months, delivering ongoing strategic advice, practical business education and access to PCV’s professional network.

Businesses served. The PCV provides services to growth-oriented entrepreneurial firms in overlooked, low/moderate income communities in California, with a special focus on the Bay area. There are eligibility requirements for funding as well as for participation in the Business Advisory Program. To receive investment funds, a company must have between $5 million and $50 million in sales, show strong revenue growth, and employ a portion of its workforce from low/moderate income communities. For the Business Advisory Program, all firms must help create jobs and promote economic growth, have an operating history of at least six months, achieve $250,000-$20 million in annual sales, and have 3-100 employees.

Cost. All services provided by the PCV are free of charge.

* work2future and BusinessOwnerSpace (BOS) partner organization.
**Access to services.** Services are provided to companies that fulfill the eligibility requirements for either investment funds or the Business Advisory Program. Firms may apply online and will receive notification following a site visit, interview and application committee review.

**Service delivery.** Businesses and entrepreneurs are required to apply online. Once a firm is accepted to either receive funding or participate in the Business Advisory Program, it will receive many services one-on-one from experienced professionals and investors.

**Referrals.** The PCV does not require referrals for services.
Bay Area Development Company
1801 Oakland Boulevard
Suite 100
Walnut Creek, CA 94596
Phone: (888) 504-0504
Website: http://www.baydevco.com

Overview. The Bay Area Development Company packages SBA and commercial real estate loans for small- to mid-size companies throughout Northern California. The Development Company provides 504 financing, which are long-term commercial real estate loans with fixed, below-market interest rates and low down payments. These loans help businesses achieve long-term growth and success with tax benefits and appreciation from ownership, fixed occupancy costs and tailored rates.

Types of business assistance. Services provided by the Bay Area Development Company are provided in person. Staff provides assistance with the following:

- SBA and commercial loan prequalification; and
- SBA and commercial loan assistance.

The Company assists in all elements of the loan process, helping companies achieve a fixed-rate alternative for real estate. The 504 SBA loans enable companies to achieve low down payments, long-term financing and ownership options.

Businesses served. The Bay Area Development Company serves small businesses throughout Northern California. The Company also assists a number of local non-profits.

Cost. Costs of services depend on the type of loan assistance retained.

Access to services. Only companies who qualify for SBA 504 loans may receive services from the Bay Area Development Company. These loans are targeted to successful, growing companies, and most privately-held for-profit companies are eligible. The firm must have a proven ability to repay the financing, but well-structured new ventures may also qualify.

Service delivery. Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client has a single loan officer, providing consistent, personal and responsive communication with in-depth understanding throughout the entire process.

Referrals. The Bay Area Development Company does not require referrals for services.
California Coastal Rural Development Corporation

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Website: http://www.calcoastal.org/
E-mail: karl_zalazowski@calcoastal.org

Overview. The California Coastal Rural Development Corporation is a chartered Financial Development Corporation that provides loan capital and financial services to businesses and farms on the Central Coast, including the Monterey, Santa Cruz, San Benito, South Santa Clara, San Luis Obispo, Santa Barbara and Ventura counties. The Corporation targets development that benefits family farmers and other rural agricultural businesses.

Types of business assistance. Services provided by the California Coastal Rural Development Corporation are provided in person. Expert staff provides assistance with the following loan services:

- Direct farm loans;
- Intermediary re-lending;
- Monterey County Revolving Loan Program;
- Microloan program;
- 504 loan program;
- Loan guarantees; and
- B&I equipment and building loans.

Businesses served. The California Coastal Rural Development Corporation serves small businesses throughout Northern California that are targeted towards rural development and agriculture.

Cost. Costs of services depend on the type of loan assistance retained.

Access to services. Only companies that qualify for the various loan programs may work with the Corporation. Each loan program outlines its individual qualifications, and loan officers can help determine eligibility.

Service delivery. Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client has a single loan officer, providing consistent, personal and responsive communication with in-depth understanding throughout the entire process.

Referrals. The California Coastal Rural Development Corporation does not require referrals for services.
**TMC Development**

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Phone: (415) 989-8855  
Phone: (888) 989-8855  
Fax: (415) 989-3382  
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**Overview.** TMC Development is a chartered Financial Development Corporation that provides loan capital and financial services to businesses in Northern California. With PCL Lender status, TMC can provide in-house loan approval, providing loan assistance from the first to the last step of the process.

**Types of business assistance.** Services provided by TMC Development are provided in person. Staff provides assistance with the following loan services:

- SBA lending and loan assistance;
- Microloans; and
- Industry partnerships.

**Businesses served.** TMC Development serves small businesses throughout Northern California.

**Cost.** Costs of services depend on the type of loan assistance retained.

**Access to services.** Only companies who qualify for the various loan programs may work with TMC. Each loan program outlines its individual qualifications, and loan officers can help determine eligibility.

**Service delivery.** Services and loan assistance are provided by certified loan officers, each with extensive lending experience. Each client has a single loan officer, providing consistent, personal and responsive communication with in-depth understanding throughout the entire process. TMC also provides a diverse staff that can provide services in the following languages: Spanish, Korean, French, Cantonese, Hindi, Tamil and Malayalam.

**Referrals.** TMC does not require referrals for services.