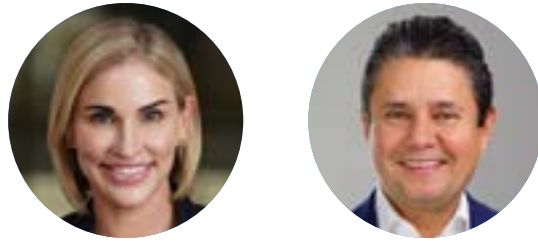


2024 Women and Minority Business Owner Spotlight





LETTER FROM

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Raul Anaya, President and Co-Head of Business Banking

We are pleased to share the 2024 Bank of America Women and Minority Business Owner Spotlight. This year’s report explores the aspirations, viewpoints, and goals of all business owners with revenues up to \$50 million, with specific insights from women, Hispanic-Latino, Black/African American and Asian American Pacific Islander (AAPI) business owners.

We see that business owners are optimistic about the year ahead, with most reporting confidence in the economy, anticipating revenue increases and planning for expansion.

Sharing this strong economic outlook, most women, Hispanic-Latino, Black/African American and AAPI business owners are anticipating revenue growth over the next 12 months. However, challenges such as inflation and supply chain issues continue to concern business owners, with many AAPI business owners reporting that better supply chains would improve their economic confidence.

Business owners are also optimizing their productivity and prioritizing the experiences of their employees in an effort to address labor concerns. AAPI business owners are using new technology like AI and automation tools to help in the hiring process and Hispanic-Latino and Black/African American business owners are investing in employee education.

Looking ahead, many business owners are planning to expand their businesses and apply customer engagement strategies. Black/African American business owners are personalizing customer interactions to strengthen loyalty and women business owners are prioritizing work-life balance despite strong expansion plans.

We are continuously impressed by all business owners’ abilities to manage, sustain and expand their businesses. At Bank of America, we remain committed to providing business owners with the resources they need to grow and achieve their entrepreneurial dreams.

Methodology Ipsos conducted the Women & Minority Business Owner Spotlight survey online between August 7 and August 21, 2024 using a pre-recruited online sample of small and mid-sized business owners. Ipsos contacted a national sample of 752 small business owners in the United States with annual revenue between \$100,000 and \$4,999,999 and employing between two and 99 employees, as well as 406 interviews of Hispanic-Latino small business owners, 269 interviews of Black/African American small business owners and 160 interviews of Asian American Pacific Islander (AAPI) small business owners. Ipsos also interviewed a national sample of 323 mid-sized business owners in the United States with annual revenue between \$5,000,000 and \$49,999,999 and employing between two and 499 employees, along with 200 interviews of Hispanic-Latino mid-sized business owners, 159 interviews of Black/African American mid-sized business owners, and 55 interviews of AAPI mid-sized business owners. The final results for the national segments, the demographic segments and combined samples of the small and mid-sized business owners were weighted to national benchmark standards for size, revenue and region.

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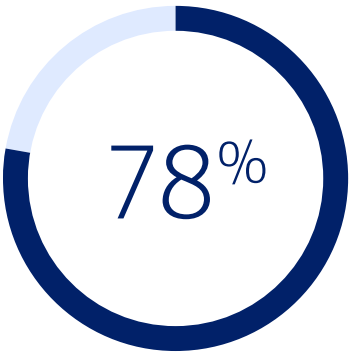
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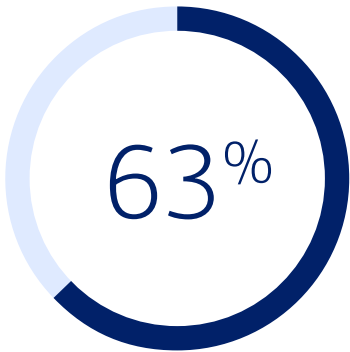
National Business & Economic Outlook

Overall, U.S. business owners with revenues up to \$50MM are bullish about the coming year. Most business owners expect revenues to increase and plan to expand their businesses over the next year.

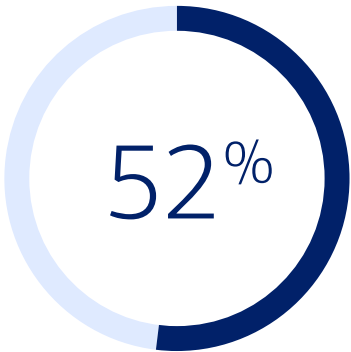
Over the next 12 months:



Expect their revenues to increase



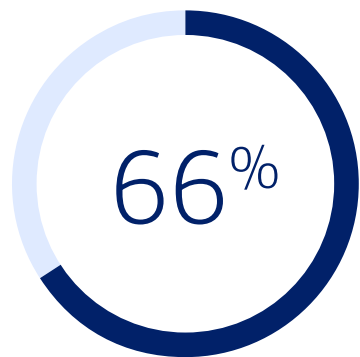
Plan to expand their businesses



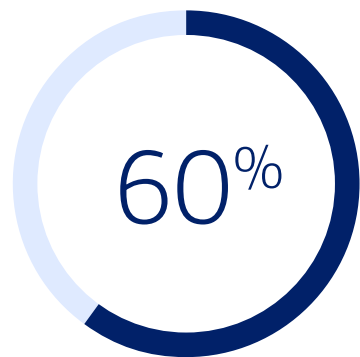
Plan to hire

Outside of their businesses, these entrepreneurs have varying optimism about the potential for economic improvement.

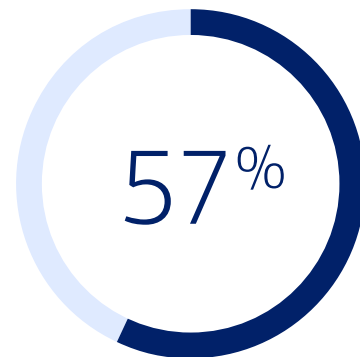
Over the next 12 months, business owners believe:



Their local economy will improve



The national economy will improve

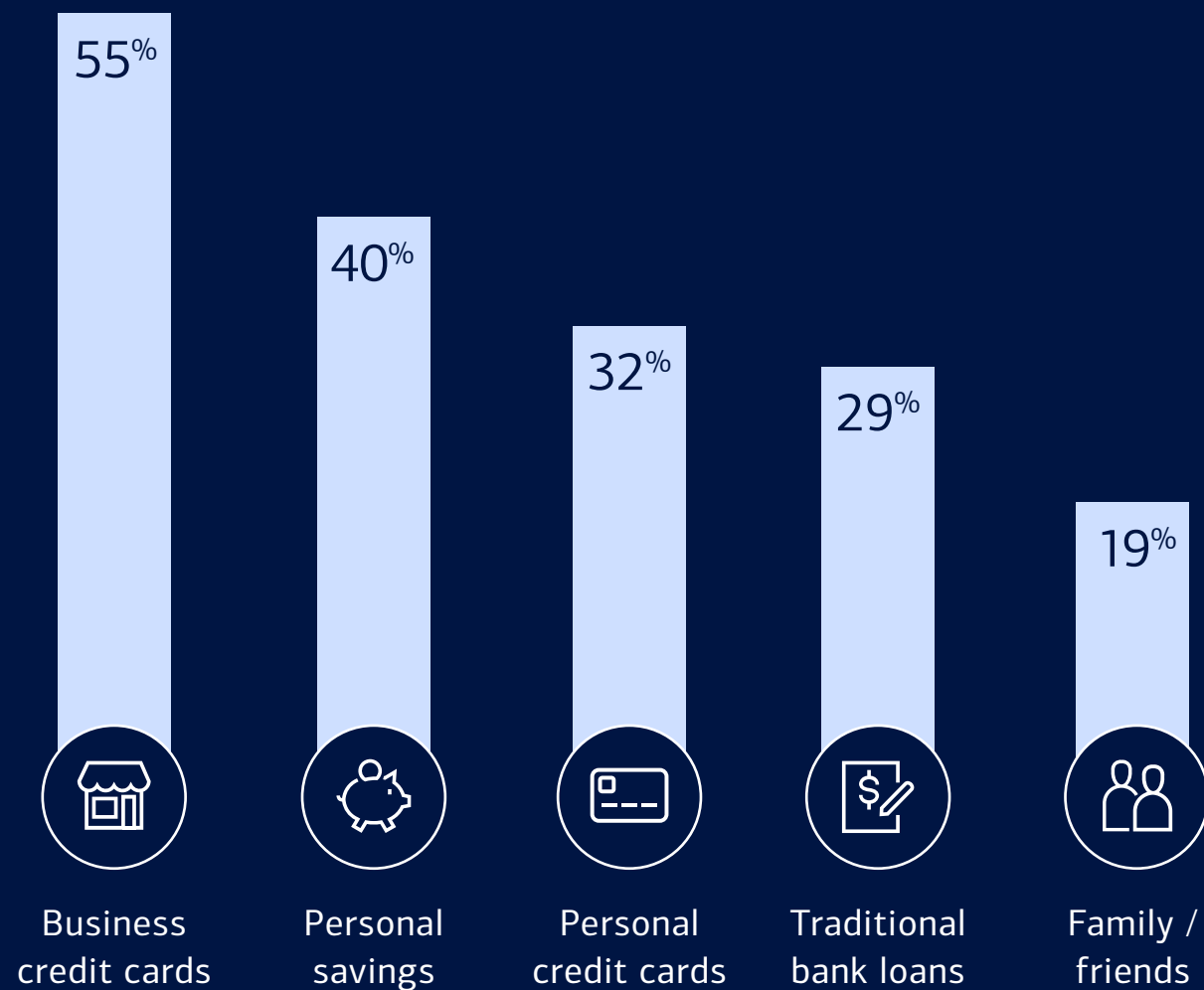


The global economy will improve



88% of business owners plan to obtain funding for their business in the year ahead.

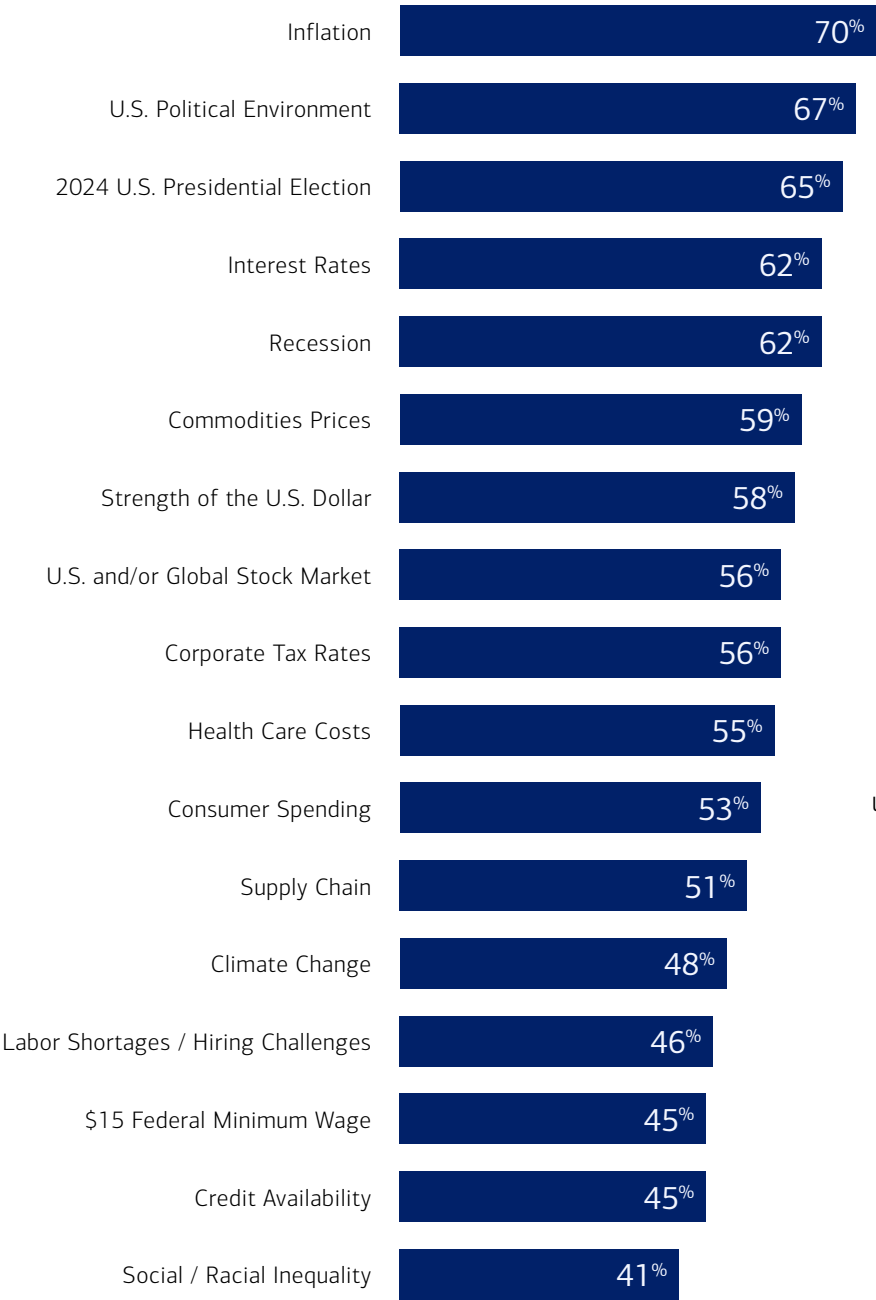
Of those looking to fund their business, they plan to use:





National Economic Concerns

Inflation is the top concern for business owners for the year ahead. Concerns over a potential recession and interest rates are also high.



Beyond economic concerns, the U.S. political environment and upcoming presidential election are top of mind for business owners.

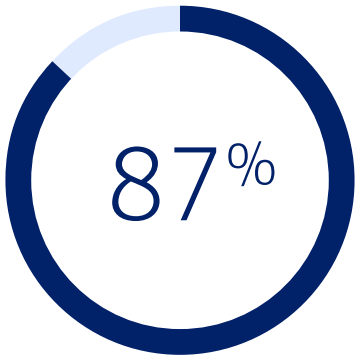


of business owners say political stability would improve their economic confidence.



National Inflation, Supply Chain Issues & Pricing Impacts

Nearly nine-in-ten business owners say inflation is currently impacting their business, while three-in-four say supply chain issues are taking a toll. As a result, business owners are raising prices and wages, reevaluating cash flow and spending, and more.



say inflation is currently impacting their business.

As a result, business owners are:



Raising prices
57%



Increasing wages
34%



Reevaluating cash flow and spending
34%



Reducing business costs
33%



74%

say supply chain issues are currently impacting their business.

As a result, business owners are:



Raising prices

49%



Having difficulties sourcing products and supplies

29%



Delaying delivery of goods and services

28%



Changing to locally-based suppliers

25%

Over the last 12 months:



75%

of business owners said their costs have increased.

In response:



76%

of business owners have raised their prices.

On average, those who raised prices did so by

11.6%



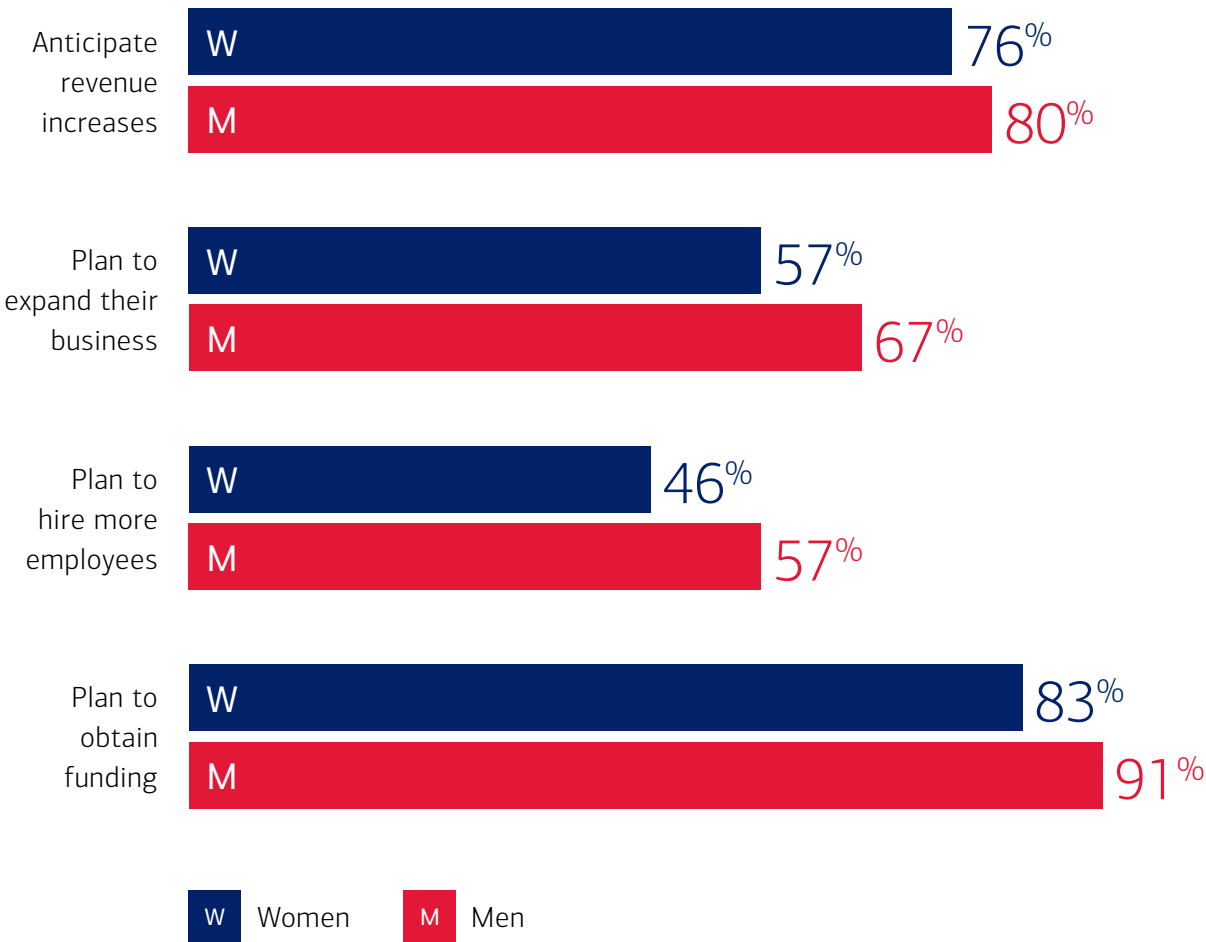


Women Business Owners:

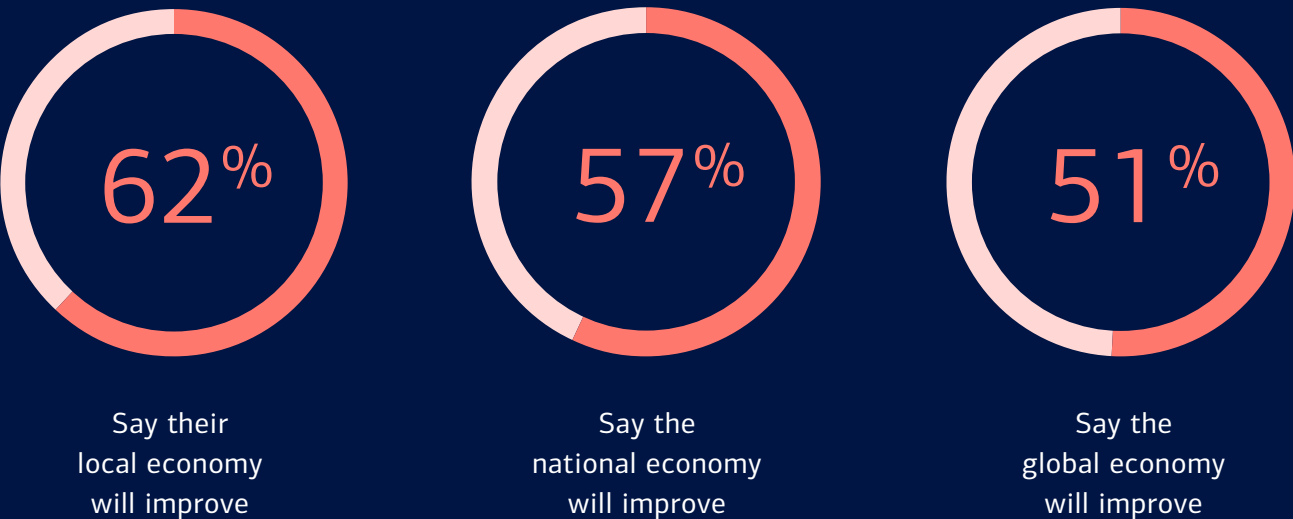
Business & Economic Outlook & Access to Capital

As women business owners evaluate the economic landscape, most anticipate revenue increases and over half plan to expand their business.

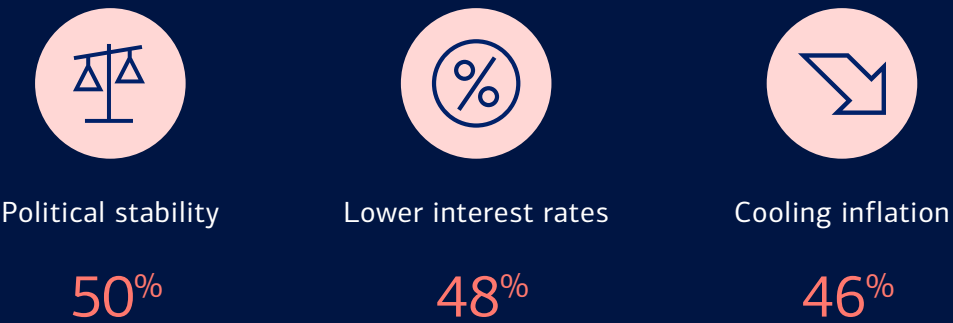
Over the next 12 months:



Women business owners are **moderately confident** that the economy will improve over the next 12 months.

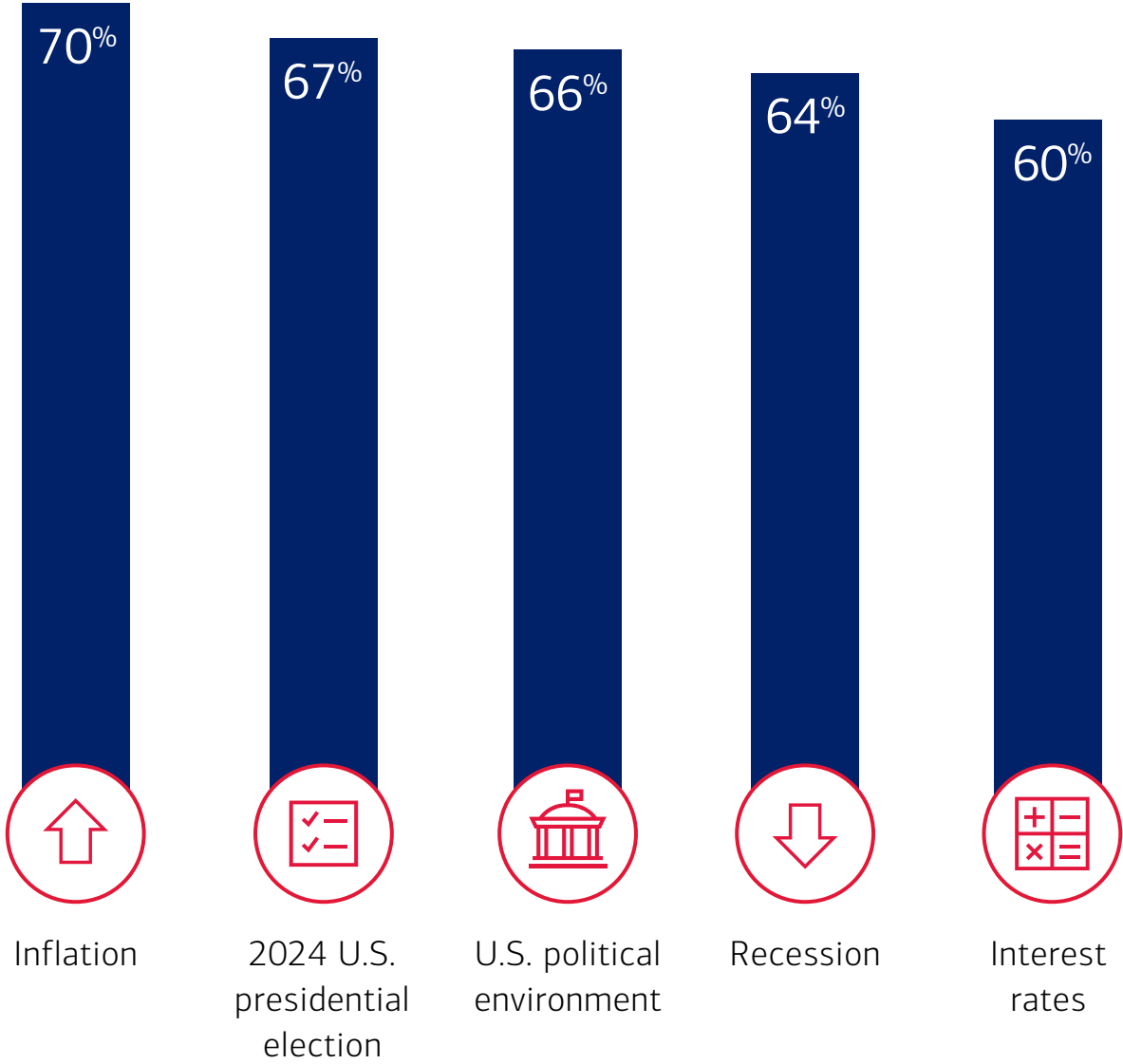


Women business owners say their **economic confidence would improve** with the following:

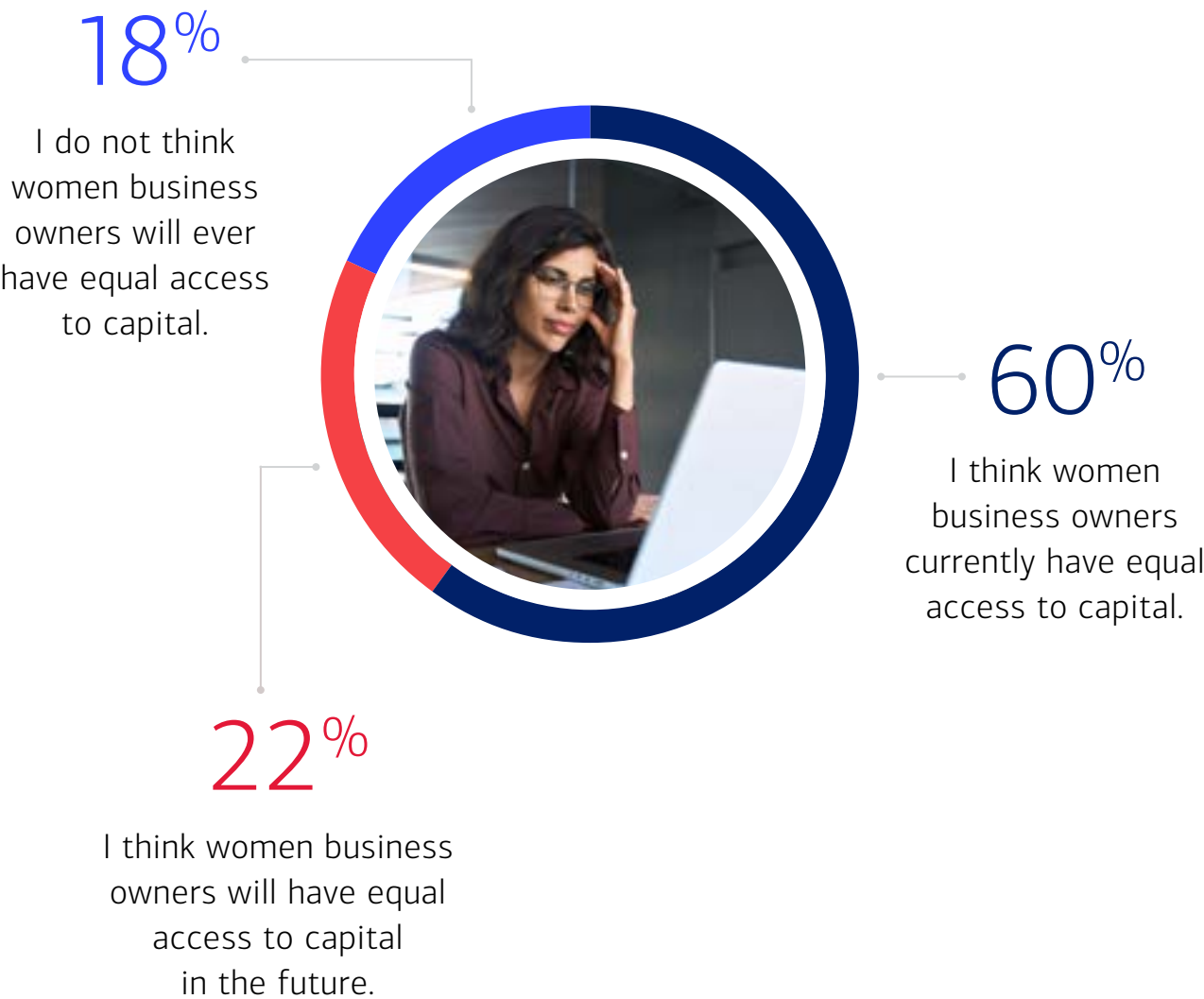


Despite overall confidence, women business owners are monitoring key economic areas over the next 12 months.

Top economic concerns for women business owners are:



Three-in-five women business owners think they currently have equal access to capital, yet a quarter still face challenges when securing capital for their business.



25% of women business owners say they have experienced challenges accessing capital for their business.



Of those:

- 31%** say they do not have a relationship with a lender
- 30%** feel they do not have the proper information/ qualifications to feel confident applying for capital

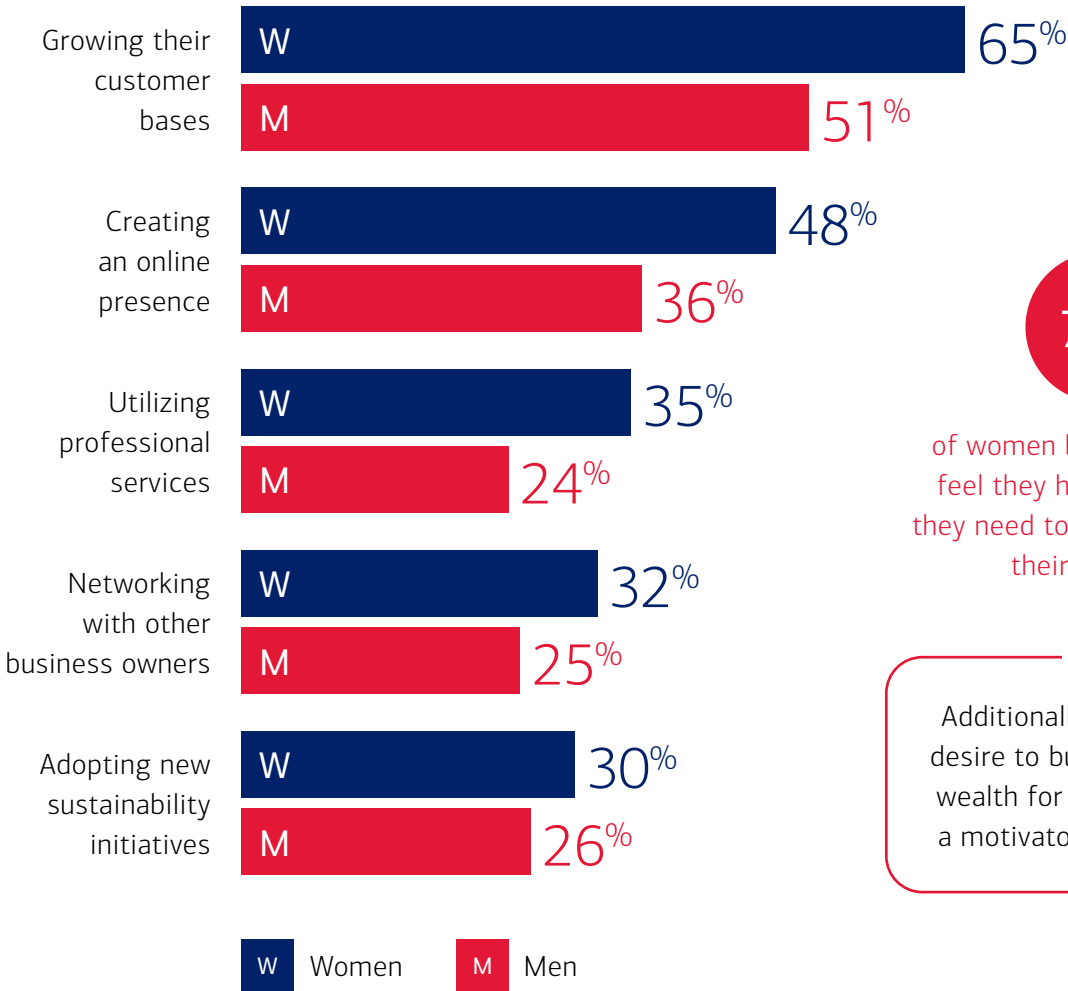


Women Business Owners:

Expansion, Work-Life Balance & Gender Impacts

Women business owners are implementing some expansion strategies in the year ahead, despite trailing their male counterparts in plans to expand their business overall.

Over the next 12 months, they are:



75%

of women business owners feel they have the support they need to grow and expand their business.

Additionally, **45%** say the desire to build generational wealth for their families is a motivator for expansion.

Work-life balance continues to take priority as they expand, as **54% of women business owners have increased their prioritization of work-life balance** over the past year.



87%

of women business owners say they measure their work-life balance through:



Having time to take care of personal responsibilities

71%



Having enough energy to accomplish everything they want to

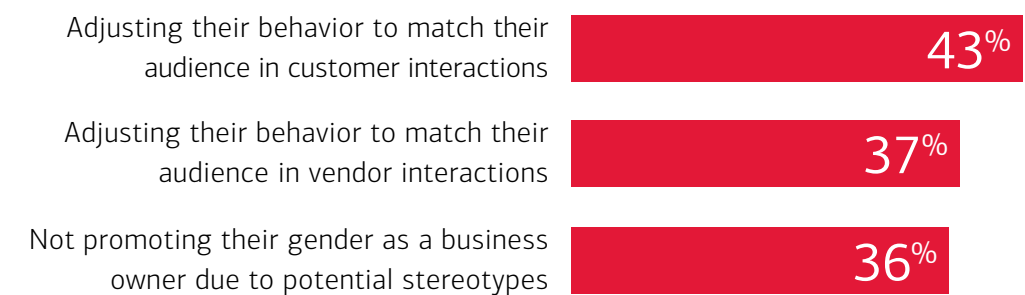
62%

Women business owners believe their status as entrepreneurs offers them a unique perspective that positively impacts their community, but also note challenges they face.

62% say that being a woman business owner impacts how they interact with their community, including:



Despite these positive impacts, 52% of women business owners also note that gender stereotypes affect them as business owners. The top impacts are:



On top of potential stereotypes:



63% of women business owners feel they need to work harder to achieve the same level of success as their male counterparts.

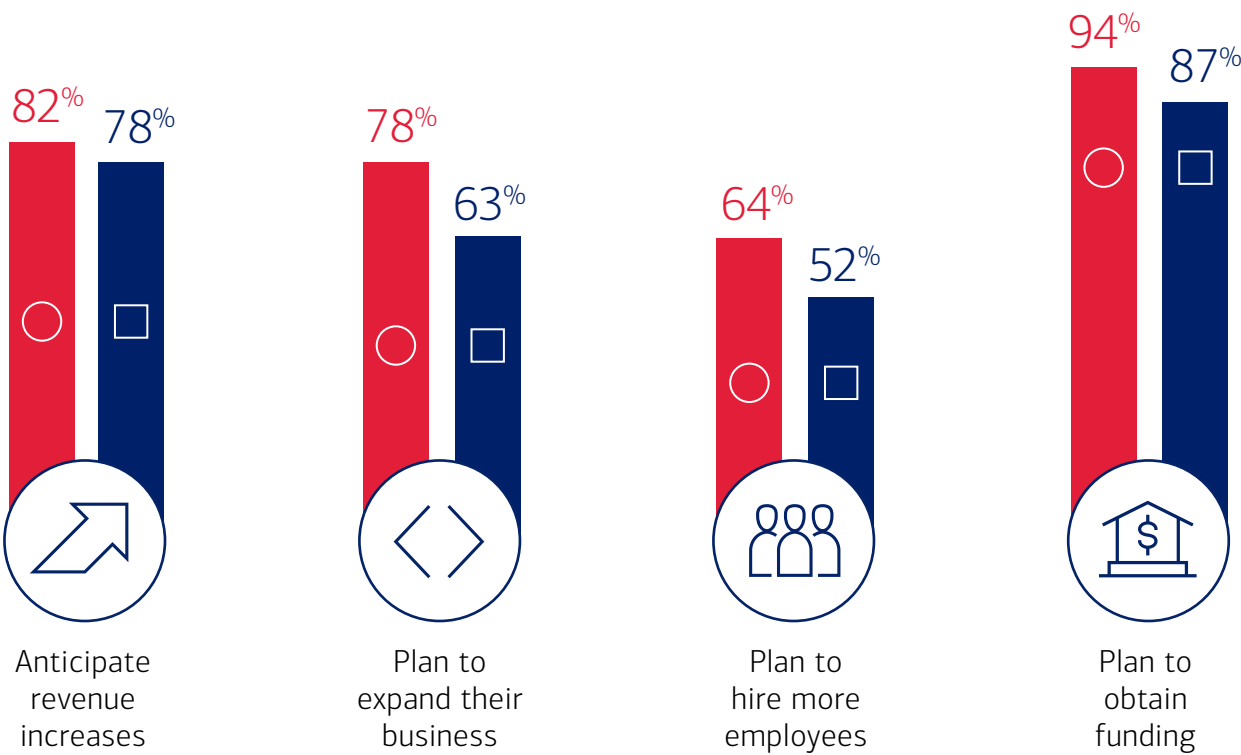


Hispanic-Latino Business Owners:

Business & Economic Outlook & Access to Capital

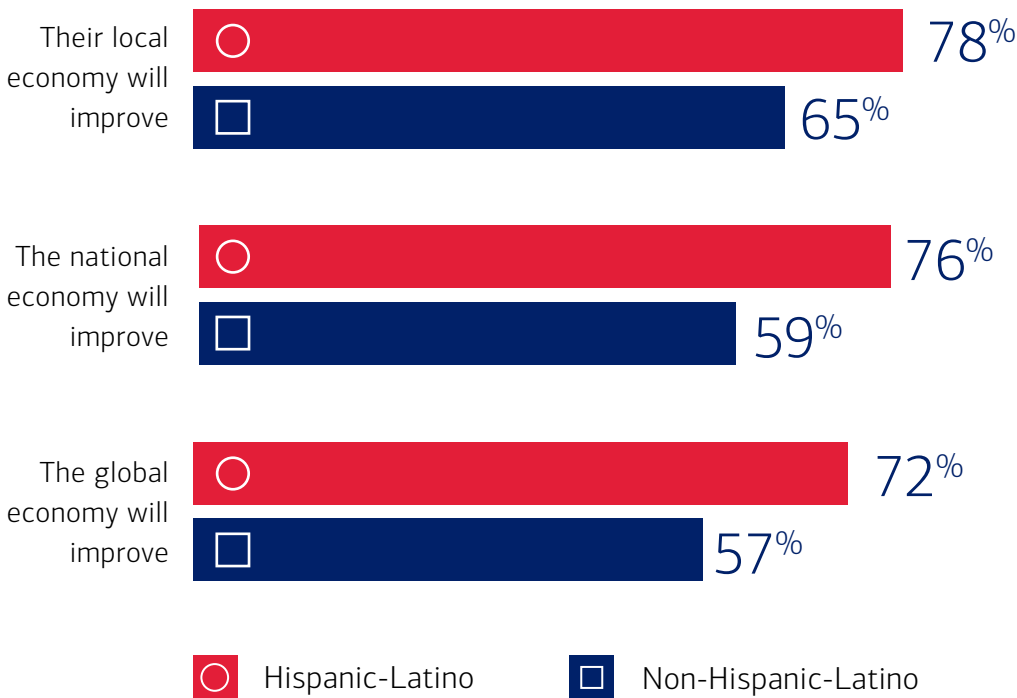
Most Hispanic-Latino business owners are confident that the economy will improve over the next 12 months, and the majority anticipate revenue increases and plan to expand their businesses.

Over the next 12 months:

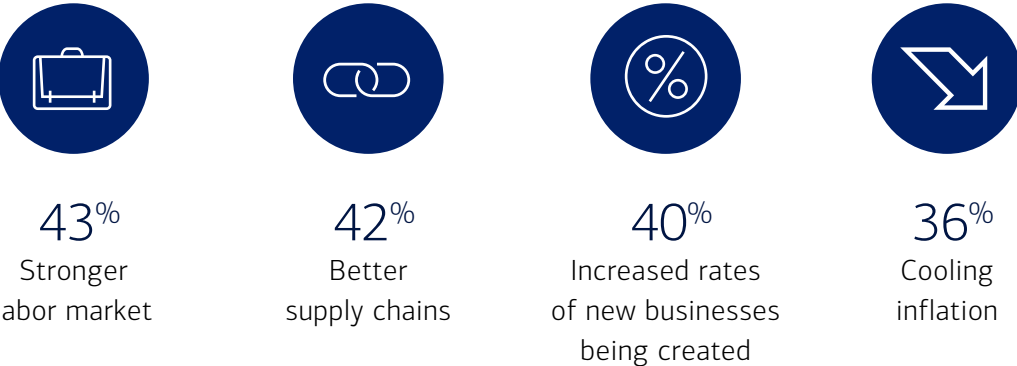


○ Hispanic-Latino □ Non-Hispanic-Latino

Hispanic-Latino business owners are confident that:



Hispanic-Latino business owners say their economic confidence would improve with the following:



More than half of Hispanic-Latino business owners think they currently have equal access to capital, yet nearly as many face challenges when securing capital for their business.



53% of Hispanic-Latino business owners have experienced challenges accessing capital.

Of those, top issues include:

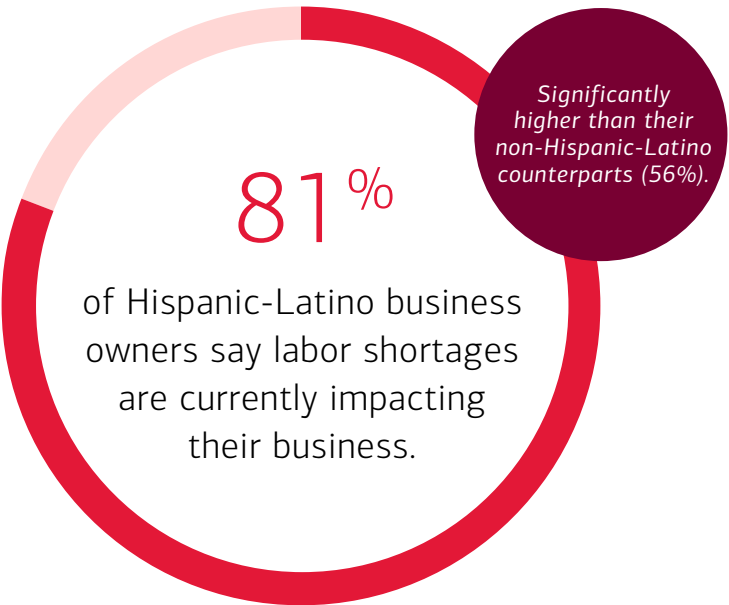




Hispanic-Latino Business Owners:

Labor Challenges & Employee Relations

Most Hispanic-Latino business owners say labor shortages are currently impacting their business, but they are rethinking operations to maintain their edge in an increasingly competitive labor market.



As a result, business owners are:



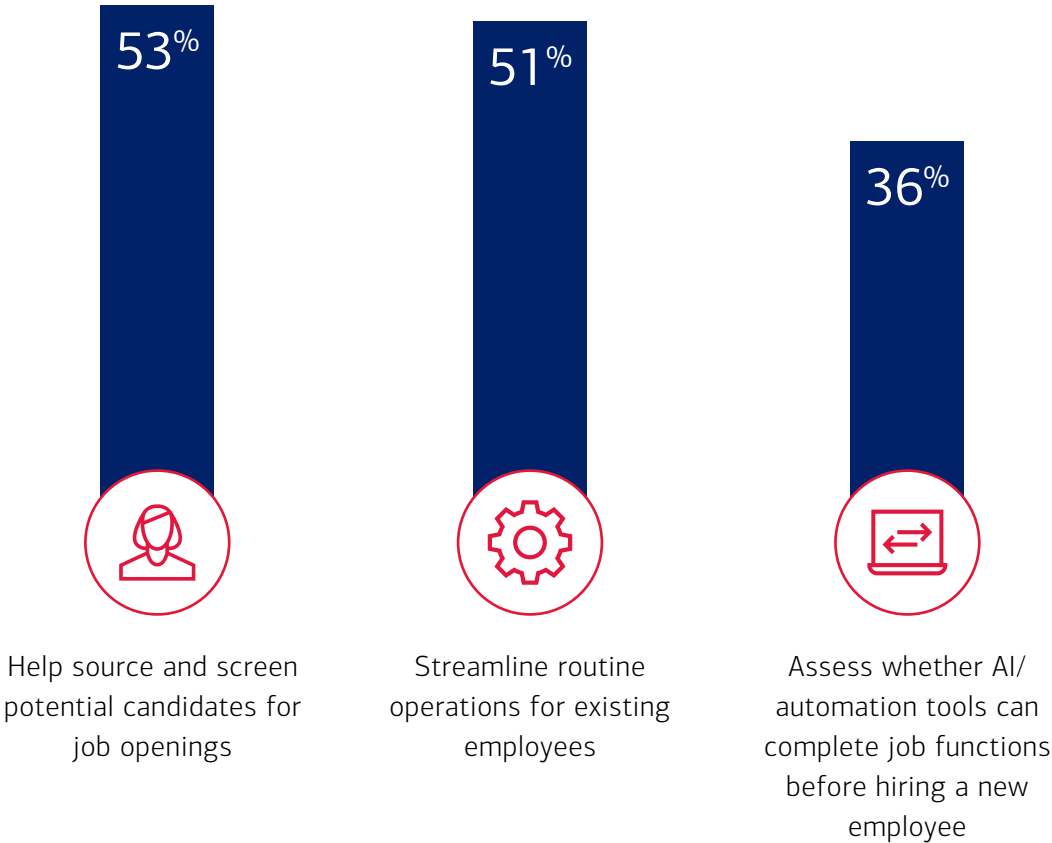
Four-in-five Hispanic-Latino business owners have also struggled to hire employees over the past 12 months, significantly higher than their non-Hispanic-Latino counterparts (53%).

These challenges include:



90% of Hispanic-Latino business owners say AI/automation tools have impacted their approach to staffing over the past 12 months.

These business owners have used AI to:



Beyond hiring challenges, Hispanic-Latino business owners are struggling to retain their current staff. They prioritize their workforce by providing educational programs, implementing strategies to enhance employee engagement and supporting their employees’ financial wellness.



To help engage employees, 97% of Hispanic-Latino entrepreneurs have implemented strategies to enhance employee satisfaction over the past 12 months.

These strategies include:

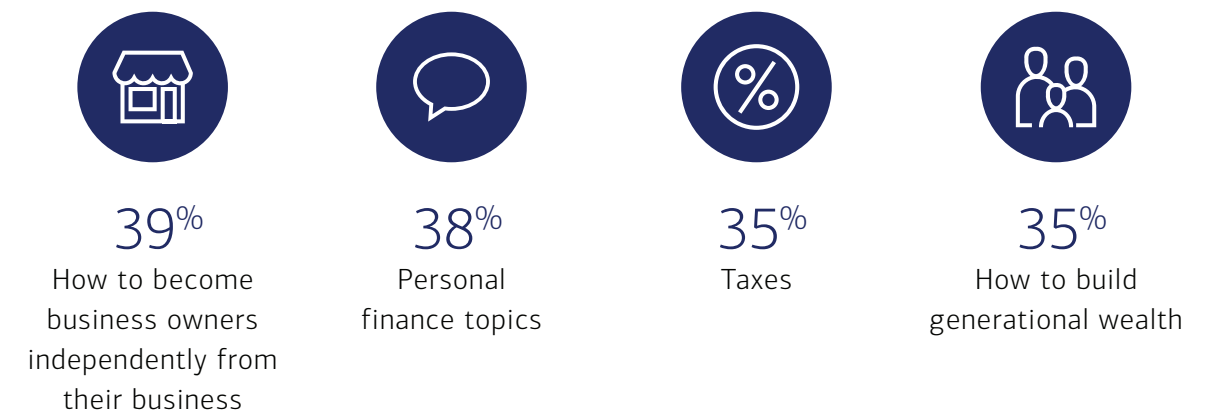




These investments include:



These business owners are providing guidance on:



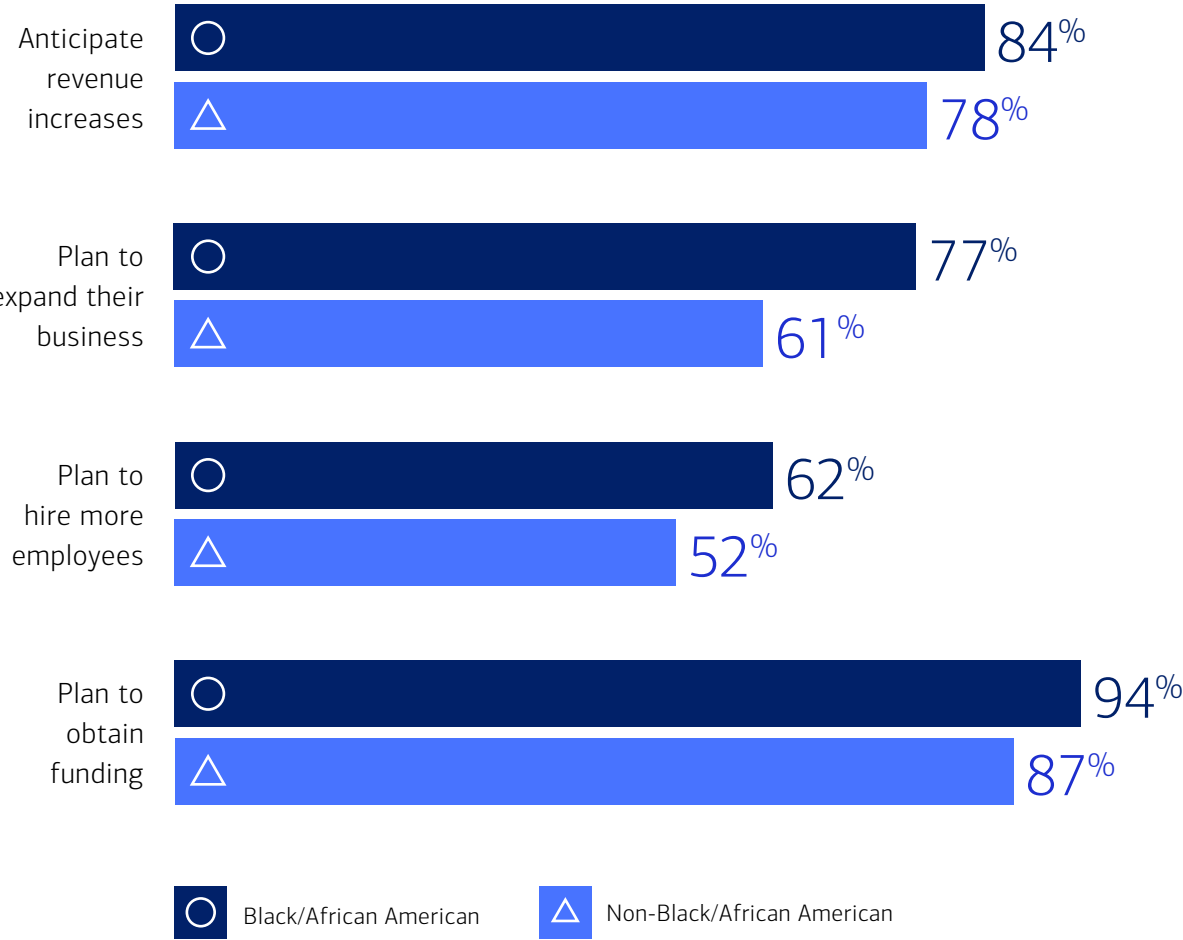


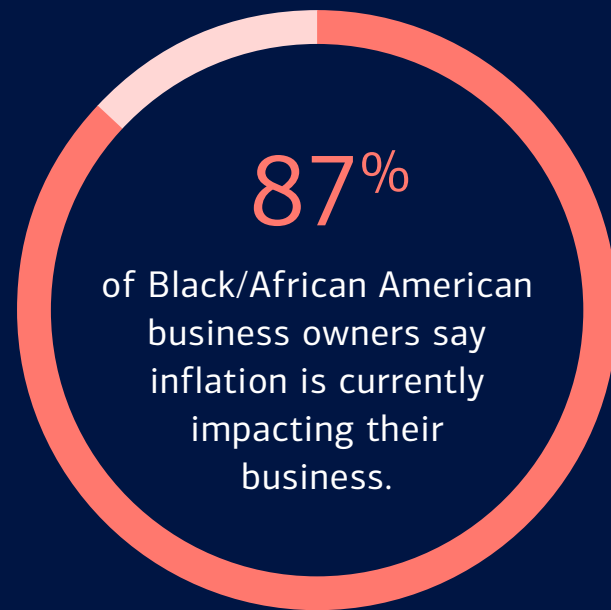
Black/African American Business Owners:

Business & Economic Outlook & Access to Capital

Black/African American business owners have optimistic business and economic expectations, despite inflationary pressures.

Over the next 12 months:





As a result, they are:



53%
Raising
prices



34%
Reducing
business costs

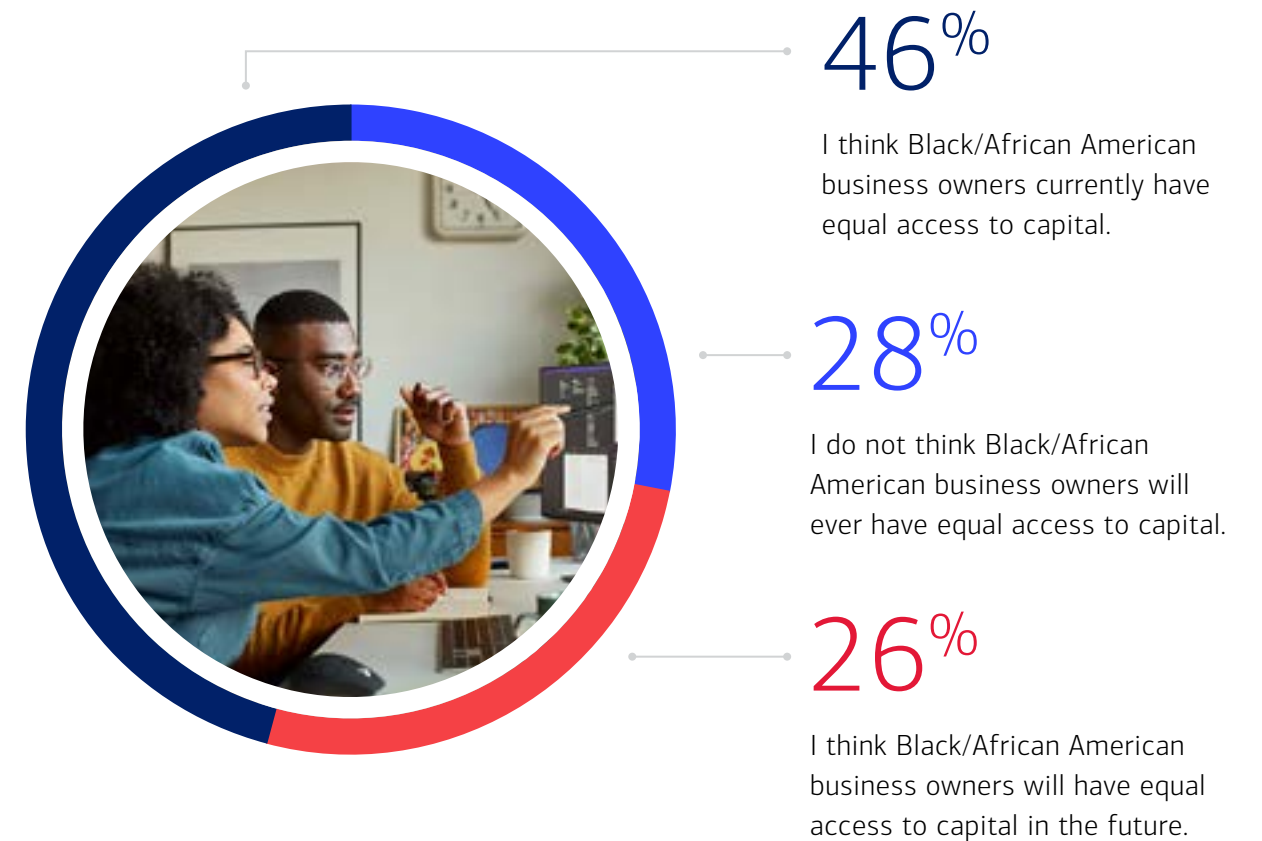


30%
Increasing
wages



30%
Reevaluating
cash flow
and spending

While nearly half of Black/African American business owners say they currently have equal access to capital, **two-in-five say they have faced challenges when securing capital for their business.**



40% of Black/African American business owners say they have experienced challenges accessing capital for their business. Of those:

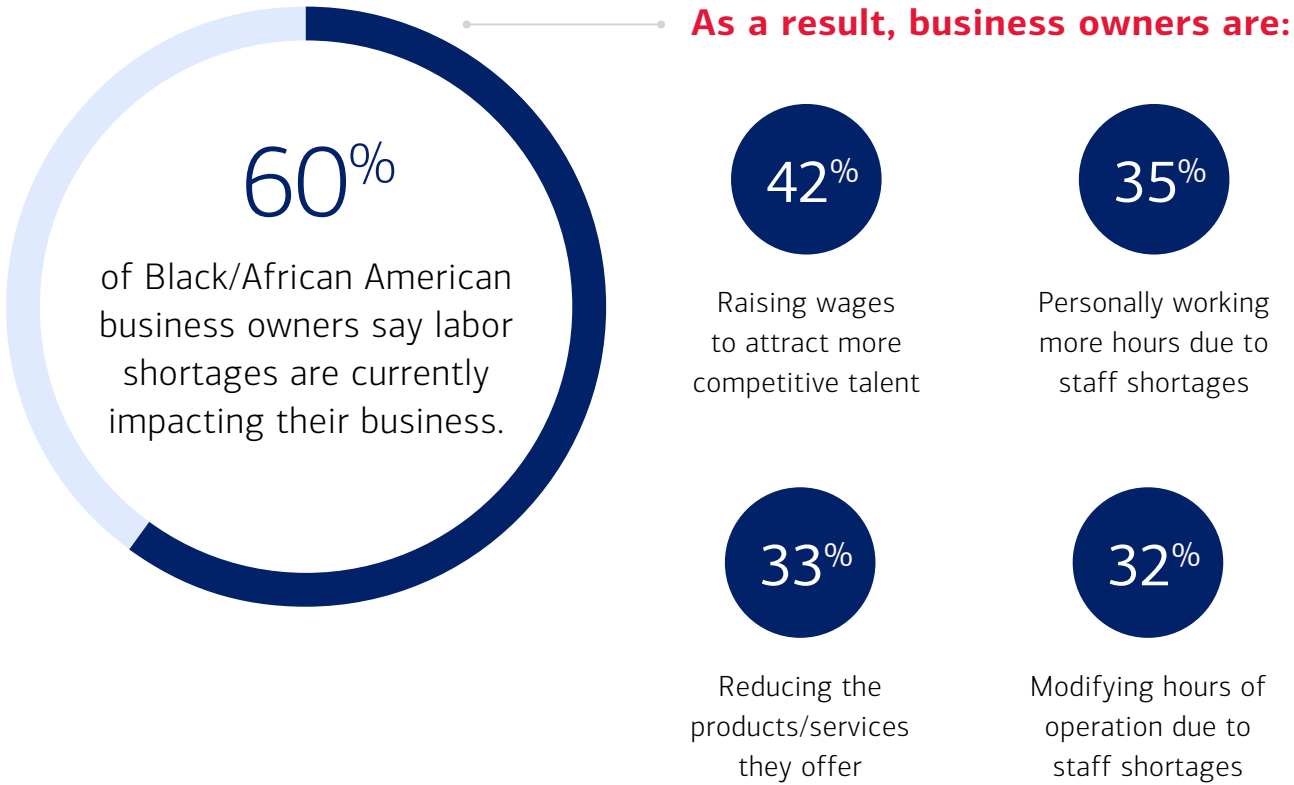




Black/African American Business Owners:

Labor Challenges, Employee Relations & Customer Personalization

Labor shortages and employee retention present challenges for Black/African American business owners, leading to a greater investment in employee relationships.



Black/African American business owners are dedicated to their customers, personalizing customer interactions and adjusting their marketing strategies at higher rates than non-Black/African American business owners.



70%

of Black/African American business owners think it's extremely important to personalize customer interactions, compared to 67% of non-Black/African American business owners.

They are personalizing customer interactions in a variety of ways:



49%
Encouraging employees to greet and interact with customers



45%
Sending out satisfaction surveys to existing customers



41%
Creating loyalty programs to incentivize repeat customers

92% of Black/African American business owners have adjusted their business' marketing approach to better attract and retain customers.

Of those, they have:

54%

Increased presence and posting cadence across social media channels

46%

Analyzed previous customer sales data

45%

Offered personalized deals and discounts to individual customers

31%

of Black/African American business owners say they openly promote their business as minority-owned to stand out in their communities.



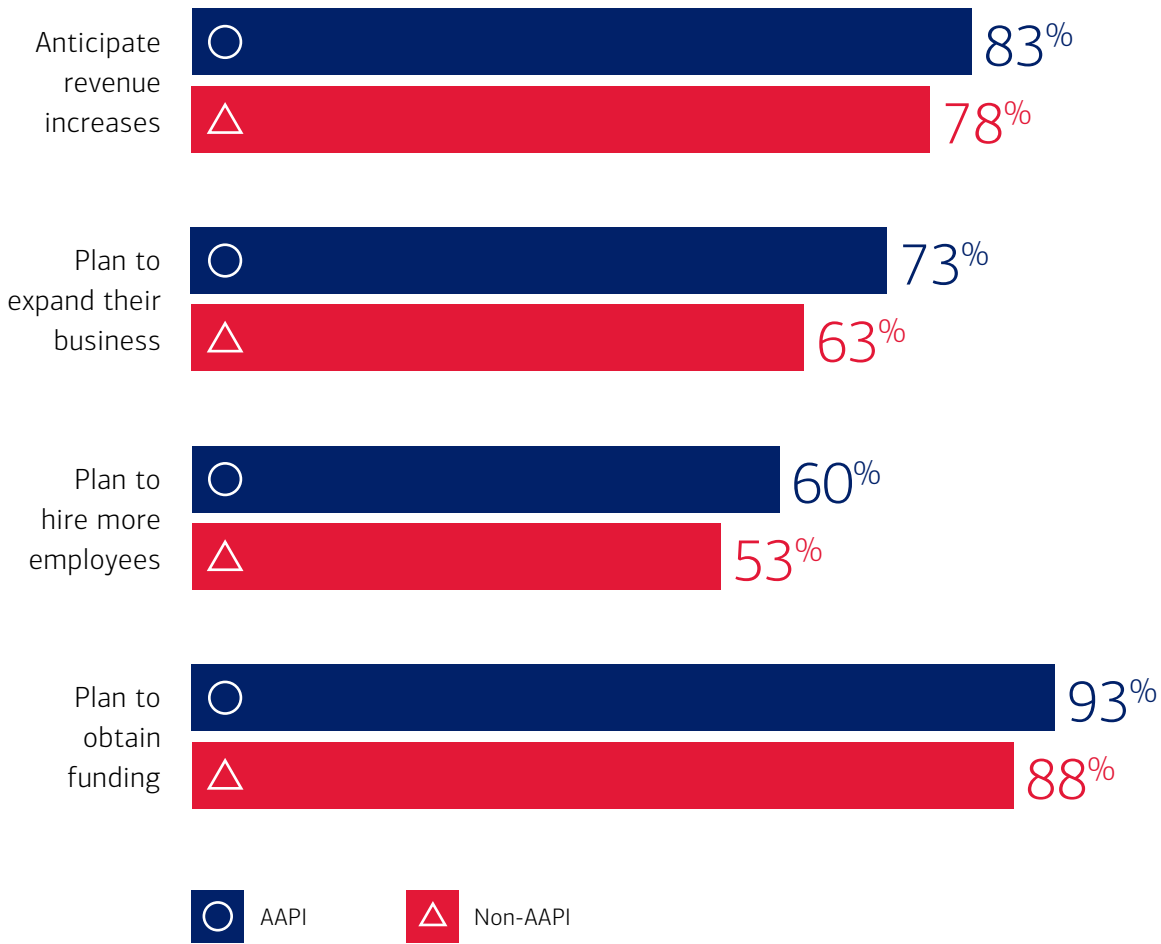


AAPI Business Owners:

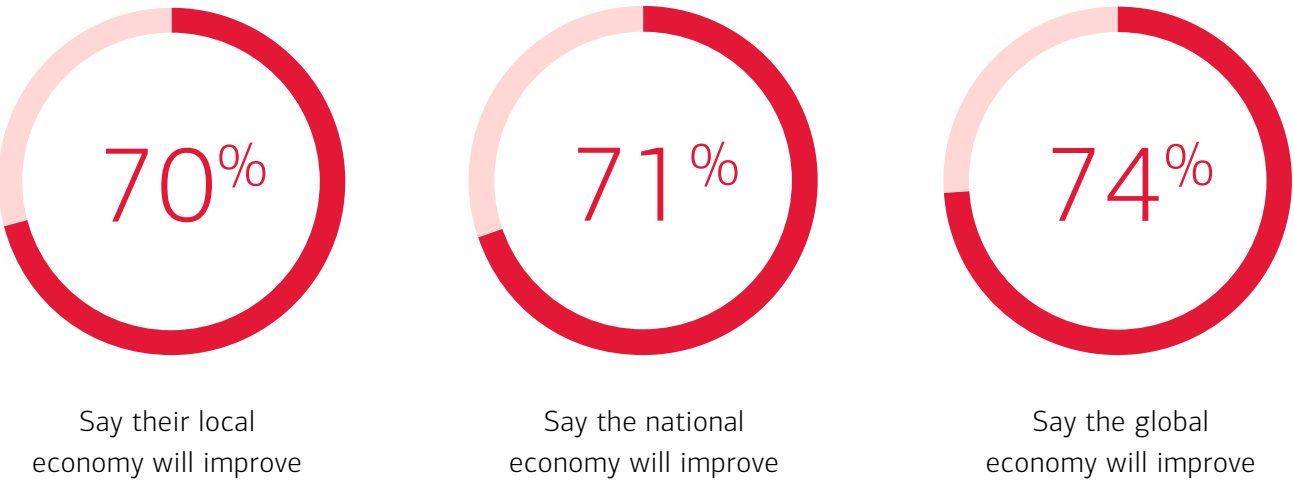
Business & Economic Outlook & Access to Capital

Asian American Pacific Islander (AAPI) business owners are confident in their revenue expectations and a majority plan to expand their business in the year ahead.

Over the next 12 months:



AAPI business owners' optimism is grounded in a strong belief that national, local and global economies will improve over the next 12 months.

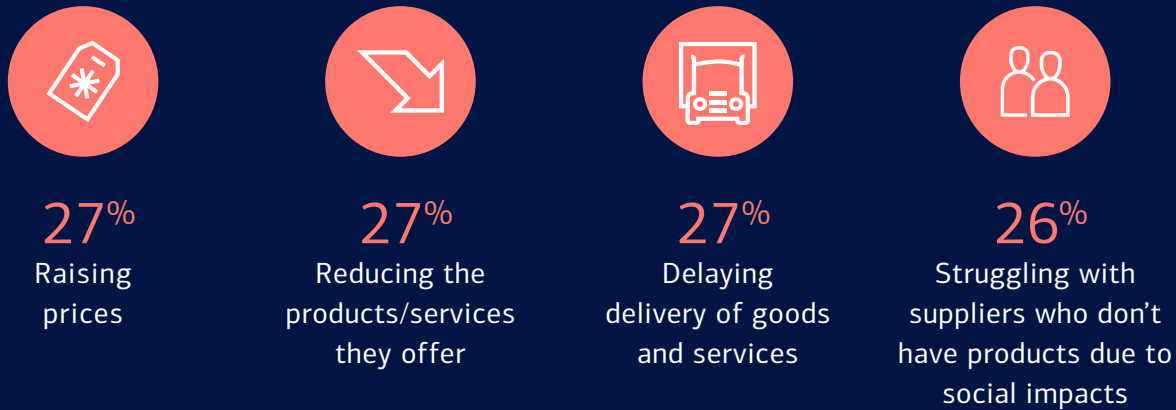


However, 93% of AAPI business owners say inflation is currently impacting their business.

As a result, they are:

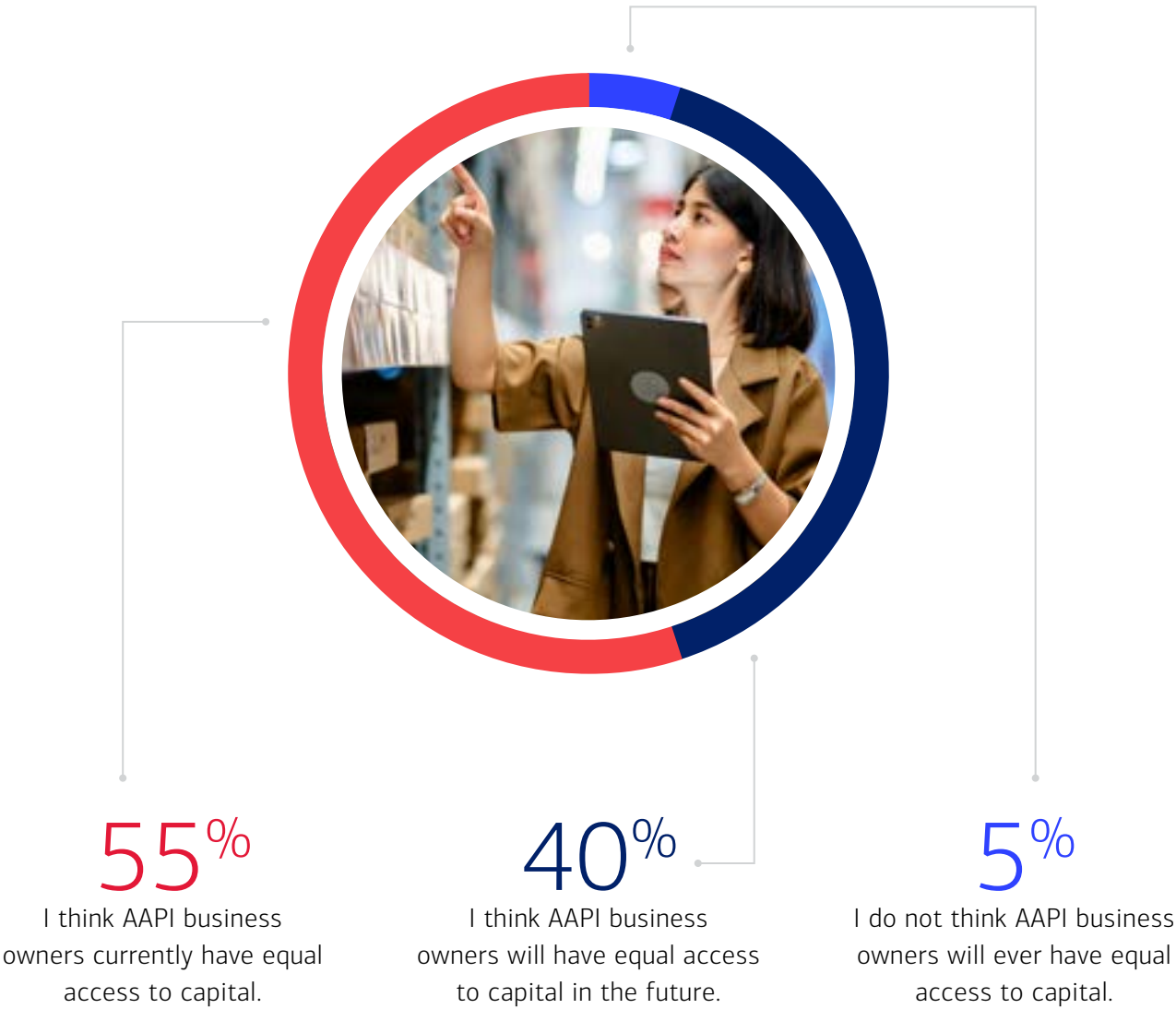


82% of AAPI business owners say supply chain issues are currently impacting their business. As a result, they are:



56% of AAPI business owners say better supply chains would improve their economic confidence.

More than half of AAPI business owners think they currently have equal access to capital, yet many still face challenges when securing capital for their businesses.



Roughly two-in-five AAPI business owners still face access to capital barriers that challenge their financial aspirations and growth potential, including:

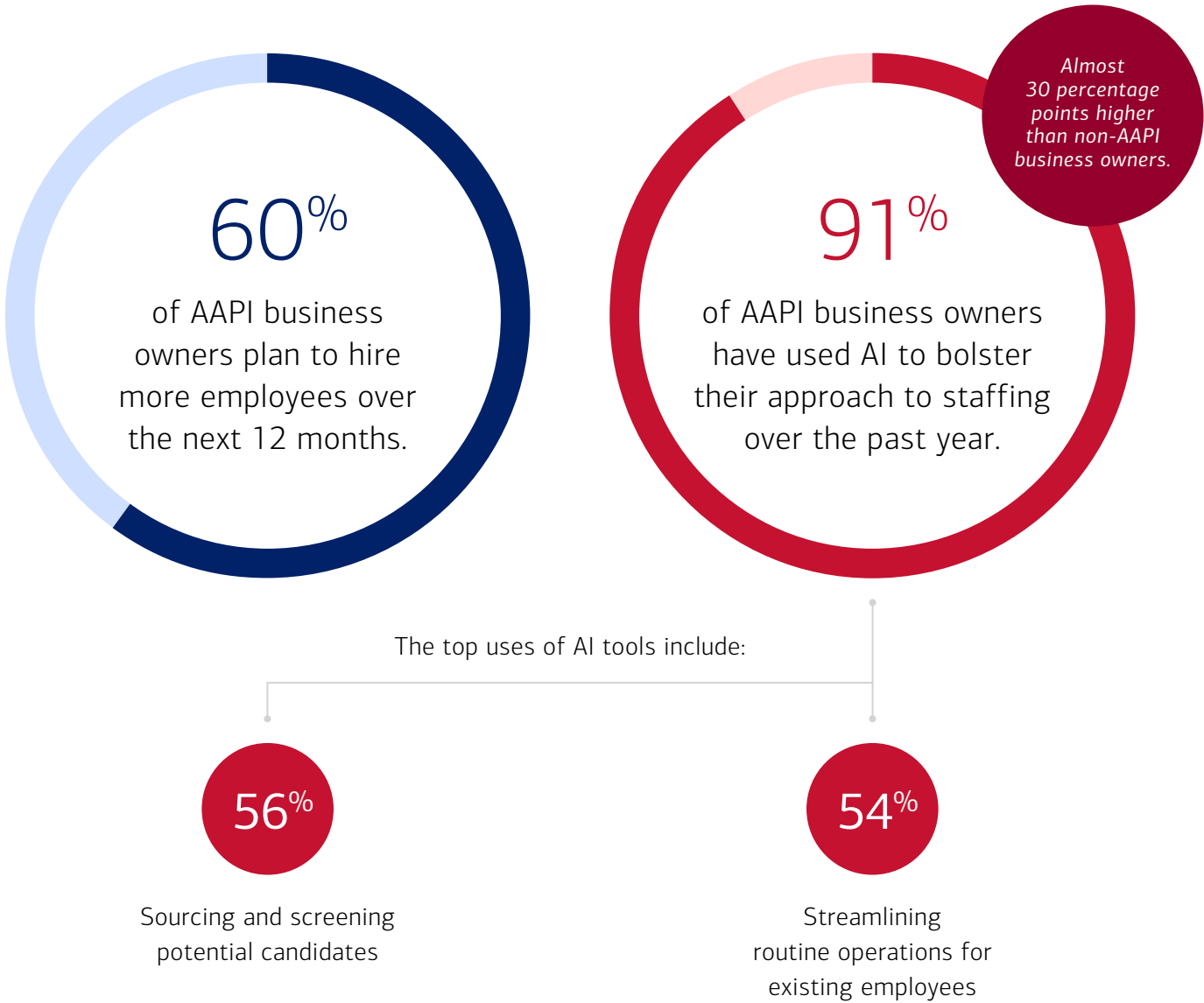




AAPL Business Owners:

Hiring, AI & Employee Relations

AAPL business owners plan to hire and address employee retention in the year ahead, taking steps to improve their workforce stability through various educational and developmental strategies.





As a result, business owners are:



39% of AAPI business owners plan to use funding from a loan or line of credit for payroll and staffing needs.

61% of AAPI business owners struggle with employee retention.

To address the issue of retention, they are investing in education for employees such as:



43% of AAPI business owners typically see employees stay less than one year.