Letter from Sharon Miller,
President, Small Business, Head of
Specialty Banking and Lending

I am pleased to present the 2023 Women & Minority Business Owner Spotlight. This year’s report explores the perspectives, aspirations and concerns of small business owners across the country, with breakout sections on women, Hispanic-Latino, Black and Asian American and Pacific Islander (AAPI) business owners. Nationwide, small business owners have strong business expectations for the next year. Two-thirds of business owners expect their revenue to increase, and concerns over supply chains, labor shortages and a potential recession have dropped significantly year-over-year.

Meanwhile, confidence in some external factors, such as national and local economies, has decreased since last fall. Even as revenue expectations climbed, small business owners have tempered their plans to obtain funding and expand their businesses. Business owners also continue to monitor the impacts of inflation and rising interest rates.

With 2023 coming to a close, women and minority business owners have high aspirations for the year ahead. Nearly half of women business owners plan to expand their business in 2024. Hispanic-Latino and AAPI small business owners are driven to expand their education to help them improve efficiencies across their businesses. Black business owners are confident about expansion and revenue growth, while also embracing new ways of working.

With an ever-changing path forward, I am encouraged to see the strength and resilience of our small business owners. These entrepreneurs are the backbone of our economy, and they help drive progress and economic development in our communities every day. Whether you’ve been in business for decades or are just starting out, Bank of America is committed to helping provide you with the resources necessary to manage, sustain and grow your business.

Methodology
Ipsos conducted the Bank of America 2023 Women & Minority Business Owner Spotlight survey online between August 10 and August 27, 2023 using a pre-recruited online sample of small business owners. Ipsos contacted a national sample of 1,079 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 292 interviews of Hispanic small business owners, 308 interviews of Black small business owners and 131 interviews of Asian American small business owners. The final results for the national and demographic segments were weighted to national benchmark standards for size, revenue and region.
National Business & Economic Outlook

Revenue expectations continue to rise for small business owners. However, plans to expand their business dropped over the past year.

Over the next 12 months...
I expect my revenue to increase

46% of business owners plan to expand their business, down from 52% in Fall 2022.
Plans to obtain funding are down year-over-year. Over the next 12 months, 77% of business owners plan to obtain funding for their business, down from 83% in Fall 2022.

Of those, the top funding choices are:

- Business credit cards: 54%
- Personal savings: 46%
- Personal credit cards: 35%
- Traditional bank loans: 24%
- Family/Friends: 18%

Confidence in the national economy significantly decreased since last fall, while local economic confidence also declined.

The national economy will improve over the next 12 months:


My local economy will improve over the next 12 months:

Economic Concerns

Inflation continues to be the top concern for small business owners. Notably, concern about a potential recession dropped, down 7 percentage points year-over-year, as business owners evaluate the national economic landscape.

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
<th>Change Since Fall 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>78%</td>
<td>+3 PP</td>
</tr>
<tr>
<td>U.S. political environment</td>
<td>67%</td>
<td>+1 PP</td>
</tr>
<tr>
<td>Interest rates</td>
<td>63%</td>
<td>—</td>
</tr>
<tr>
<td>Commodities prices</td>
<td>63%</td>
<td>-6 PP</td>
</tr>
<tr>
<td>Recession</td>
<td>60%</td>
<td>-7 PP</td>
</tr>
<tr>
<td>Health care costs</td>
<td>58%</td>
<td>-5 PP</td>
</tr>
<tr>
<td>Strength of the U.S. dollar</td>
<td>58%</td>
<td>-2 PP</td>
</tr>
<tr>
<td>U.S. and/or global stock market</td>
<td>52%</td>
<td>-2 PP</td>
</tr>
<tr>
<td>Supply chain</td>
<td>51%</td>
<td>-10 PP</td>
</tr>
<tr>
<td>Consumer spending</td>
<td>51%</td>
<td>-9 PP</td>
</tr>
<tr>
<td>Corporate tax rates</td>
<td>48%</td>
<td>-4 PP</td>
</tr>
<tr>
<td>Climate change</td>
<td>46%</td>
<td>-3 PP</td>
</tr>
<tr>
<td>Labor shortages/hiring challenges</td>
<td>40%</td>
<td>-7 PP</td>
</tr>
<tr>
<td>Credit availability</td>
<td>38%</td>
<td>-7 PP</td>
</tr>
<tr>
<td>Social/racial inequality</td>
<td>35%</td>
<td>-6 PP</td>
</tr>
<tr>
<td>$15 federal minimum wage</td>
<td>35%</td>
<td>-5 PP</td>
</tr>
</tbody>
</table>

While 60% of business owners are concerned a recession will impact their business over the next 12 months, 77% say their business is equipped to survive a recession.
Inflation, Supply Chain & Labor Impacts

While inflation challenges persist, business owners are slowly seeing improvements with supply chain issues. To help combat the impacts of inflation and supply chain disruptions, some business owners are raising their prices, by nearly 13% on average.

86% say inflation is currently impacting their business, slightly down from last fall (88%).

Impacted business owners are:

- Raising prices: 63%
- Reevaluating cash flow and spending: 36%
- Losing sales: 27%
68% say supply chain issues are currently impacting their business, down significantly from last fall (80%).

Impacted business owners are:

- Raising prices: 57%
- Having difficulty sourcing products/supplies: 34%
- Delaying delivery of goods and services: 32%

46% of business owners say labor shortages are currently impacting their business, down significantly from last fall (61%).

Impacted business owners are:

- Working more hours: 52%
- Having difficulty filling job openings: 32%
- Raising wages to attract competitive talent: 31%

Hiring plans have decreased and the impacts from labor shortages have significantly decreased since last fall.

I plan to hire more employees over the next 12 months
Women Business Owners:
Economic Outlook & Access to Capital

Women business owners have a positive business outlook, though tempered when compared to their male counterparts. Most expect revenue growth over the next 12 months, and a majority feel equipped to weather a potential recession.

- **Anticipate revenue increase**: 63% (Women) vs 70% (Men)
- **Plan to expand their business**: 45% (Women) vs 46% (Men)
- **Plan to hire more employees**: 32% (Women) vs 35% (Men)
- **Plan to obtain funding**: 74% (Women) vs 80% (Men)
- **Feel equipped to survive a recession**: 73% (Women) vs 81% (Men)
Top economic concerns for women business owners are:

- Inflation: 79%
- Commodities prices: 66%
- Interest rates: 65%
- U.S. political environment: 65%
- Recession: 63%

More than half of women business owners believe they currently have equal access to capital to start a business, as gaps still exist for women entrepreneurs.

- 51% currently have equal access to capital
- 31% will never have equal access to capital

On average, these women business owners believe they will achieve equal access to capital by 2037, compared to 2031 when asked last year.

- 18% will have equal access to capital in the future

31% of women business owners say they have experienced challenges accessing capital. Of those:

- 42% say they do not have a relationship with a lender
- 31% feel they do not have the proper information/qualifications to feel confident applying for capital
Women Business Owners: Work-Life Balance & Caregiving

As conversations around mental health become commonplace, more than half of women business owners say they have strong mental health and most actively measure their work-life balance.

How women business owners rate their mental health

- Strong: 53%
- Fair: 42%
- Poor: 5%
90% of women business owners measure their work-life balance. Of those, a successful work-life balance means:

- Having enough time to take care of personal responsibilities: 66%
- Having enough energy to accomplish what they want to do: 58%
- Not working more than 40 hours a week: 21%

49% of women business owners say they have better work-life balance as a business owner compared to their previous work experience.

Women business owners are more likely to take on caregiving roles compared to their male counterparts, making sacrifices while still actively running their business.

34% of women business owners identify as a caregiver vs. 23% of men.

Women small business owners report challenges with caregiving responsibilities that impact their ability to run a business, including:

- Feeling tired and burnt out: 33%
- Planning their business schedule around caregiving: 32%
- Having to take time off from their business due to caregiving responsibilities: 31%
- Having less time to focus on their business: 17%
Hispanic-Latino Business Owners: Economic Outlook & Business Plans

Hispanic-Latino small business owners have slightly tempered their outlook for the year ahead.

- I believe my revenue will increase:
  - 2023: 63%
  - 2022: 71%

- I believe the national economy will improve over the next 12 months:
  - 2023: 35%
  - 2022: 45%

- I believe my local economy will improve over the next 12 months:
  - 2023: 45%
  - 2022: 52%
Top economic concerns for Hispanic-Latino business owners are:

- Inflation: 78%
- Interest rates: 77%
- Commodities prices: 73%
- U.S. political environment: 67%
- Health care costs: 66%

More than half of Hispanic-Latino business owners plan to expand their business and nearly half plan to hire more employees, though plans are both down compared to last fall.

Plan to expand their business over the next year:
- 2023: 51%
- 2022: 59%

Plan to hire more employees over the next year:
- 2023: 43%
- 2022: 45%

89% of Hispanic-Latino business owners plan to obtain financing for their business in the year ahead. Of those, the most popular sources include:

- Business credit cards: 57%
- Personal savings: 46%
- Traditional bank loan: 31%
- Personal credit cards: 29%
Hispanic-Latino Business Owners: Access to Capital & Education

More than two-in-five Hispanic-Latino entrepreneurs still experience challenges accessing capital, while a majority believe they currently have equal access to capital to start a business.

43% of Hispanic-Latino business owners say they’ve experienced challenges accessing capital.

Of those, challenges include:

- Not knowing how to apply for capital: 25% in 2023, 16% in 2022
- No relationship with a lender: 24% in 2023, 39% in 2022
As Hispanic-Latino entrepreneurs look to grow their businesses, one-in-five believe they will never have equal access to capital for their business.

20% will have equal access to capital in the future

20% will never have equal access to capital

60% currently have equal access to capital

On average, these Hispanic-Latino business owners believe they will achieve equal access to capital by 2034, compared to 2031 when asked last year.

Hispanic-Latino entrepreneurs are driven to expand their education and recognize the importance of investing in education for their employees.

84% of Hispanic-Latino entrepreneurs wish they had more educational resources to enhance their small business knowledge. The resources they think would be most helpful are:

- Their bank/financial professional: 41%
- A third-party education source such as online or in-person courses: 40%
- Government programs/resources: 34%

Of those, top choices include:

- Online training programs: 44%
- On-site training: 43%
- Mentoring: 40%

Hispanic-Latino business owners invest in educational resources for their employees.
Black small business owners have optimistic revenue expectations, even with a slightly tempered economic outlook.

I believe my revenue will increase

<table>
<thead>
<tr>
<th>Year</th>
<th>I believe my revenue will increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>72%</td>
</tr>
<tr>
<td>2023</td>
<td>86%</td>
</tr>
</tbody>
</table>

I believe the national economy will improve over the next 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>I believe the national economy will improve over the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>51%</td>
</tr>
<tr>
<td>2023</td>
<td>48%</td>
</tr>
</tbody>
</table>

I believe my local economy will improve over the next 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>I believe my local economy will improve over the next 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>62%</td>
</tr>
<tr>
<td>2023</td>
<td>58%</td>
</tr>
</tbody>
</table>
Top economic concerns for Black business owners are:

- Inflation: 73%
- Interest rates: 66%
- Social/racial inequality: 64%
- Strength of the U.S. dollar: 63%
- U.S. political environment: 62%

71% of Black entrepreneurs plan to expand their business over the next year, up 6 percentage points from Fall 2022.

More than half plan to hire more employees over the next 12 months up significantly from 2022:

- 2023: 56%
- 2022: 44%

96% of Black business owners plan to obtain financing for their business in the year ahead. Of those, the most popular sources include:

- Business credit cards: 59%
- Personal savings: 44%
- Personal credit cards: 30%
- Grants: 25%
Most Black entrepreneurs still face barriers and concerns about accessing capital to grow and expand their business. 44% of Black business owners say they’ve experienced challenges accessing capital. Of those, challenges include:

- **Not knowing how to apply for capital**
  - 38% in 2023
  - 20% in 2022

- **No relationship with a lender**
  - 35% in 2023
  - 38% in 2022

Black entrepreneurs feel confident in their success as business owners, but over one-in-three believe they will never have equal access to capital for their business.

Black business owners believe they:

- **32%** will have equal access to capital in the future
- **35%** will never have equal access to capital
- **33%** currently have equal access to capital

On average, these Black business owners believe they will achieve equal access to capital by 2040, compared to 2035 when asked last year.
Black Business Owners: Embracing Workplace Changes

Black business owners are embracing new ways of working. Roughly half of Black entrepreneurs offer hybrid work and are seeing positive impacts on hiring efforts and employee retention.

51% of Black business owners offer hybrid work for their employees.

Of those, they implemented these policies to:

- 53% Help improve employee work-life balance
- 48% Strengthen their business’ work culture
- 42% Improve employee morale/retention
- 38% Reduce operational costs (e.g., rent, utilities)
When considering how their hybrid work policies impact their business, those that offer these policies say they have:

- **54%** Made it easier to hire employees
- **53%** Increased employee retention

Most Black business owners measure their work-life balance and are mindful of how it impacts their lives outside of their business.

- **92%** of Black business owners measure their work-life balance.
  - **70%** Having enough time to take care of their personal responsibilities
  - **59%** Having enough energy to accomplish all the things they want to

Most Black entrepreneurs say they have better work-life balance as a business owner compared to their work experience before becoming a business owner,

- **62%** while nearly a quarter say it’s the same as their previous work experience.

Adding to their ability to balance their work and personal responsibilities, **38%** of Black business owners identify as a caregiver.
AAPI Business Owners: Accessing Capital Amid Economic Concerns

AAPI small business owners have tempered their overall business and economic outlook for the year ahead, as just over half believe their revenue will increase over the next 12 months.

I believe my revenue will increase

- 2023: 54%
- 2022: 62%

I believe the national economy will improve over the next 12 months

- 2023: 33%
- 2022: 43%

I believe my local economy will improve over the next 12 months

- 2023: 37%
- 2022: 46%
Top economic concerns for AAPI business owners are:

- Inflation: 83%
- Recession: 62%
- Interest rates: 61%
- U.S. political environment: 61%
- Climate Change: 60%
- Consumer spending: 60%

Nearly half of AAPI business owners plan to expand their business and roughly one-in-four plan to hire more employees, which are both down significantly compared to last fall.
As they look to finance their business, most AAPI business owners plan to obtain funding over the next twelve months.

78% of AAPI business owners plan to obtain financing for their business in the year ahead.

Of those, the most popular sources include:

- **Business credit cards**: 59%
- **Personal savings**: 41%
- **Personal credit cards**: 29%
- **Traditional bank loan**: 24%

While AAPI entrepreneurs are confident in their success as business owners, one-in-five believe they will never have equal access to capital for their business.

23% will have equal access to capital in the future

20% will never have equal access to capital

AAPI business owners believe they:

- **Currently have equal access to capital**: 57%
- **Will have equal access to capital in the future**: 23%
- **Will never have equal access to capital**: 20%

On average, these AAPI business owners believe they will achieve equal access to capital by **2045**, compared to **2039** when asked last year.

31% of AAPI business owners say they’ve experienced challenges accessing capital.
AAPI Business Owners: Challenges with Work-Life Balance

While business ownership gives them more autonomy and opportunities to support their family, AAPI business owners are split on how their work-life balance compares to their work experiences before becoming a business owner.

- 36% say their work-life balance is better as a business owner.
- 49% say their work-life balance is the same.
- 28% say their work-life balance is worse.

AAPI business owners

Non-AAPI business owners
86% of AAPI business owners say they measure their work-life balance.

Of those, a successful work-life balance means:

- 74% Having enough time to take care of responsibilities
- 57% Having enough energy to accomplish what they want to do
- 27% Not working more than 40 hours a week

Adding to their ability to balance their work and personal responsibilities, 20% of AAPI business owners identify as a caregiver.

Hybrid work is a popular option AAPI business owners offer their employees to help improve their work-life balance.

46% of AAPI business owners say they offer hybrid work.

Of those, 65% do so to improve their employees’ work-life balance.

When considering how their hybrid work policies impact their business, those that offer these options say they have:

- 50% Made it easier to find employees
- 43% Increased employee retention
Born into a family of entrepreneurs who distributed luxury bags, Viola Sutanto was driven from the start to forge her own career path. She focused her entrepreneurial journey on a variety of businesses in other industries, but as time went on she rediscovered her appreciation for luxury bags and returned to her roots to start MAIKA, a company that produces sustainably-made, thoughtfully-designed bags and accessories.

As a working professional, multi-tasking mom and avid runner, Sutanto wanted to create something for comparable individuals that was functional, stylish and affordable – the inspiration behind MAIKA. "I’ve seen firsthand the quality of craftsmanship and love that goes into creating a luxury bag and I thought about how they’re so beautiful, but they’re not accessible to the average working professional," said Sutanto. "The question became, how can we craft a product that is of comparable quality, functionality and beauty, with a more accessible price point?"

After starting her business in 2014, Sutanto initially prioritized her creativity and design thinking, but as the business grew and expanded, she transitioned to think more like an executive. As a result, she has been able to develop a global supply chain at scale with an assortment of products. While the day-to-day can be challenging, Sutanto remains driven to achieve MAIKA’s mission in her work – a mission influenced by someone near and dear to her heart.

Sutanto’s daughter, Maika, was diagnosed with aplastic anemia when she was only nine years old. During their hospital stay, Sutanto would give Maika a hand-drawn illustration of something that brought her joy each day. The spirit exhibited by Maika amidst such a challenging time led Viola to the realization that her business’ mission was to inspire everyday joy – the embodiment of why MAIKA exists.

While in the hospital, Maika was granted a wish from the Make-A-Wish Foundation to create a mural in Oakland, which the pair designed together and enlisted their community to paint together. It still exists today. Fortunately, Maika has since recovered, but Sutanto remembers the joy the wish brought her daughter during this difficult time.

MAIKA has since formed a national partnership with Make-A-Wish to design an exclusive collection called “Maika’s Wish.” With every purchase of an item from Maika’s Wish collection, MAIKA makes a direct donation to Make-A-Wish so they can grant more wishes to kids with critical illnesses.

The charitable efforts the business carries out amplifies Viola’s vision for MAIKA – a lifestyle brand, available for everyone to find happiness in.

As Sutanto reflects on her entrepreneurial journey, she acknowledges the progress made by women entrepreneurs, while recognizing the work that still needs to be done to increase support and access to capital. "It’s a good sign that more and more women are starting businesses now, but we all need more support," Sutanto acknowledged. "I’ve been very grateful to have had the support of organizations that empower women, one of which is the Tory Burch Foundation and Bank of America Capital Program. This community really embraces ambition, and if more of these organizations were made available to women starting their businesses, it would be incredibly valuable."

For her fellow women entrepreneurs, Sutanto wants to underscore the importance of community, knowing the impact it had on her business journey: "Don’t wait until you need capital to reach out to your community, talk to professionals and learn what’s needed to raise capital,” Sutanto said. “The same can be said for all aspects of your business. For example, always be hiring mentally, even if you don’t have open roles. Stay ahead of your challenges and it will be easier to overcome them and position your business to fulfill its purpose.”

Whether you’ve been in business for decades or are just starting out, Bank of America is committed to helping women and minority entrepreneurs with the resources necessary to manage, sustain and grow your business.