

# THE BIG IMPACT OF SMALL BUSINESS

IN SANTA BARBARA AND VENTURA COUNTIES



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**VENTURA COUNTY AND SANTA BARBARA COUNTY  
SMALL BUSINESS DEVELOPMENT CENTER**

HOSTED BY THE ECONOMIC DEVELOPMENT COLLABORATIVE-  
VENTURA COUNTY



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For detailed references on data throughout this report, please contact the SBDC/EDC-VC office at 805-384-1800.



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# SMALL BUSINESS LEADS THE WAY TO ECONOMIC VITALITY

Economic growth is increasingly tied to small business and start-ups. It's well documented that small businesses create most of the nation's new jobs, employ more than half of the nation's private sector workforce and provide more than half of the nation's non-farm, private real gross domestic product.

On the Central Coast, the contribution of small business to the region's economy overall is even greater than it is for the nation as a whole. According to the California Employment Development Department:

- 65 percent of Santa Barbara County's employment base is derived from industries dominated by small companies.
- 62 percent of Ventura County's employment base is derived from industries dominated by small companies.

This report is a "hats off" to the entrepreneurs and small businesses in Ventura and Santa Barbara counties for their significant role in building a healthy regional economy. In addition to showcasing impacts and significance of small businesses in the Central Coast, this document aims to be a resource by providing information about services available to help build small business success.

Our audience for this report is small business owners and stakeholders who provide resources for entrepreneurs, including public- and private-sector entities that contribute the services essential for success in the current economy. This includes policy-makers and service providers—bankers, accountants, attorneys, vendors and suppliers—who might find insights and inspiration here to create greater investment in small business resources and assistance.

We welcome your comments and hope the following pages spark dialogue that continues to build regional prosperity and quality of life.

Bruce Stenslie, President/CEO  
Economic Development Collaborative-Ventura County

# SMALL BUSINESS\* DEFINED



*In 2008, José Miguel (not pictured) and Luz Undurraga opened Panini Place, a European-style café. Before opening the café, EDC-VC helped them with business financial consulting, a business plan and marketing. Today, Panini Place is a popular dining spot that draws hungry diners to Old Town Camarillo.*

**For this report, unless otherwise stated, we define a small business as having fewer than 20 employees.**

We chose this standard for several reasons including:

- It tracks to data collected by state and federal agencies.
- Because of the variety and limitations of data sources for this report, references to firm size vary, (“fewer than 14 employees” or “fewer than 17”), but all are included by referencing 20 or fewer employees.
- Firms of this size warrant attention for their actual as well as potential economic impact.
- Firms of this size could benefit most from the array of support services identified in this report.

This report’s data is based on firms that report payroll tax for part-time or full-time employees. In Ventura County, for example, the California Labor Market Information Division reports there are 22,217 private-sector firms paying payroll taxes for regular part-time and full-time employees. This data excludes an estimated 35,000 additional sole proprietors and owner-operators such as consultants, artists, trades workers and professionals who are in business as self-employed but not employing additional workers.

We recognize that many small businesses start with an entrepreneur as a sole proprietor, gain momentum through careful business planning, and grow by adding employees, which fuels our regional prosperity. This report concentrates on firms with employees because of the availability of data on those firms, which is linked to payroll tax records, and because firms that supply jobs for additional workers directly contribute to wider gains in the economy.

***\*There is no standard definition of what constitutes a small business. For most industries, the U.S. Small Business Administration (SBA) defines a small business as any with fewer than 500 employees. That might be a reasonable definition for the \$14-trillion U.S. economy, but is less applicable to the Central Coast. Still, most agree that any firm with 500 workers is a large business.***

*While small business is the focus of this report, we recognize the dynamic interplay and interdependence between small and large businesses in our region’s economy. In Ventura County, for example, Haas Automation, the western world’s largest CNC machine tool builder, supports an extensive network of professional machine shops and other suppliers, creating and sustaining jobs dependent upon Haas’ market leadership.*

## CHANGE IN PRIVATE SECTOR EMPLOYMENT BY COMPANY SIZE 2005 TO 2009

### Ventura County

From 2005 to 2009 in Ventura County, the net employment growth was in firms with fewer than 20 workers, and the largest share of growth was by firms with fewer than five workers. This may suggest that the growth is not just in small business, but in start-ups particularly. While the county overall lost more than 19,000 jobs, small business persevered.

### Santa Barbara County

In Santa Barbara County from 2005 to 2009, we see that except for positive movement in the county's 11 private-sector firms with more than 500 workers, net growth in employment was in firms with fewer than five workers. Just as for Ventura County, it's in these extremely small businesses that we see net growth. Aside from the extremely large firms, the smallest firms were the only ones with job gains in the face of overall job losses during the last several years.

Ventura County										
	Size Categories: (Numbers of Employees per Firm)									
	Total	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
<b>2009</b>										
No. of Firms	22,217	14,073	3,342	2,279	1,616	555	266	56	21	9
No. of Employees	249,798	18,821	21,963	31,084	48,931	39,106	39,233	20,260	13,636	16,764
No. of Employees per Business	11.2	1.3	6.6	13.6	30.3	70.5	147.5	361.8	649.3	1,862.7
<b>2005</b>										
No. of Firms	20,062	11,686	3,424	2,252	1,692	592	310	73	21	12
No. of Employees	269,100	17,876	22,646	30,630	51,227	40,891	45,851	24,328	14,739	20,912
No. of Employees per Business	13.4	1.5	6.6	13.6	30.3	69.1	147.9	333.3	701.9	1,742.7
<b>Change: 2005 to 2009</b>										
<b>Increase/Decrease in Firms</b>	<b>2,155</b>	<b>2,387</b>	<b>-82</b>	<b>27</b>	<b>-76</b>	<b>-37</b>	<b>-44</b>	<b>-17</b>	<b>0</b>	<b>-3</b>
<b>Increase/Decrease in Employees</b>	<b>-19,302</b>	<b>945</b>	<b>-683</b>	<b>454</b>	<b>-2,296</b>	<b>-1,785</b>	<b>-6,618</b>	<b>-4,068</b>	<b>-1,103</b>	<b>-4,148</b>

Source: California Employment Development Department

Santa Barbara County										
	Size Categories: (Numbers of Employees per Firm)									
	Total	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
<b>2009</b>										
No. of Firms	13,532	8,459	2,100	1,392	1,035	334	165	36	8	3
No. of Employees	145,188	11,489	14,037	19,009	31,192	23,142	24,386	11,987	5,037	4,909
No. of Employees per Business	10.7	1.4	6.7	13.7	30.1	69.3	147.8	333.0	629.6	1,636.3
<b>2005</b>										
No. of Firms	12,680	7,368	2,219	1,420	1,091	339	187	46	7	3
No. of Employees	153,247	10,949	14,751	19,370	33,154	23,329	27,539	15,035	4,622	4,498
No. of Employees per Business	12.1	1.5	6.6	13.6	30.4	68.8	147.3	326.8	660.3	1,499.3
<b>Change: 2005 to 2009</b>										
<b>Increase/Decrease in Firms</b>	<b>852</b>	<b>1,091</b>	<b>-119</b>	<b>-28</b>	<b>-56</b>	<b>-5</b>	<b>-22</b>	<b>-10</b>	<b>1</b>	<b>0</b>
<b>Increase/Decrease in Employees</b>	<b>-8,059</b>	<b>540</b>	<b>-714</b>	<b>-361</b>	<b>-1,962</b>	<b>-187</b>	<b>-3,153</b>	<b>-3,048</b>	<b>415</b>	<b>411</b>

Source: California Employment Development Department

## PART 1:

# THE CENTRAL COAST: EMANATING THE ENTREPRENEURIAL SPIRIT



Photo: Bass Images.com

*Business start-ups are crucial for job creation. The number of jobs created through the expansion of existing businesses was generally insufficient to counteract the job destruction due to business deaths and contractions.*

*-SBA Office of Advocacy*

The ease of starting a business is one reason that the United States has the world's most dynamic economy. Small businesses, unhampered by risk-averse bureaucracies, are major sources of innovation, creating new products and services and finding better ways of performing existing tasks. The list of major companies includes many that were not in existence just a decade ago, Google and Facebook for example.

On the Central Coast, small business contributes an even greater share to economic prosperity. As a fertile location for start-up firms, we've seen several huge successes in our region. These include Amgen in Ventura County and Citrix in Santa Barbara County. Both of these firms, which started small and local, are now major players in their industries. They support and energize networks of small businesses throughout the region.

On the Central Coast, quality of life is paramount and preserved by the region's communities, making small businesses a good fit for the region's cities. Small businesses have fewer and less complicated requirements than large companies. Proportionally, they are better suited for local markets.

Ventura and Santa Barbara counties are likely to continue to remain an attractive location for innovation. They have fine, nationally recognized universities that generate new ideas, an ideal location near Los Angeles but with a more desirable lifestyle, a cleaner environment, and endless natural and cultural amenities.

**To attract more businesses to locate in Ventura County, recently the EDC-VC with the Workforce Investment Board of Ventura County launched a business attraction campaign supported by the website [www.venturacountygrowsbusiness.com](http://www.venturacountygrowsbusiness.com), aiming to build on the area's skilled workforce for employers and high quality of life for workers.**

## VIC ANSELMO APPLIED POWDERCOAT, OXNARD

Since its founding in 1989, Applied Powdercoat has established itself as a leader in the powder-coating industry. The company has an updated 30,000-square-foot facility with state-of-the-art systems and prides itself on the principles of quality, responsiveness and customer service.

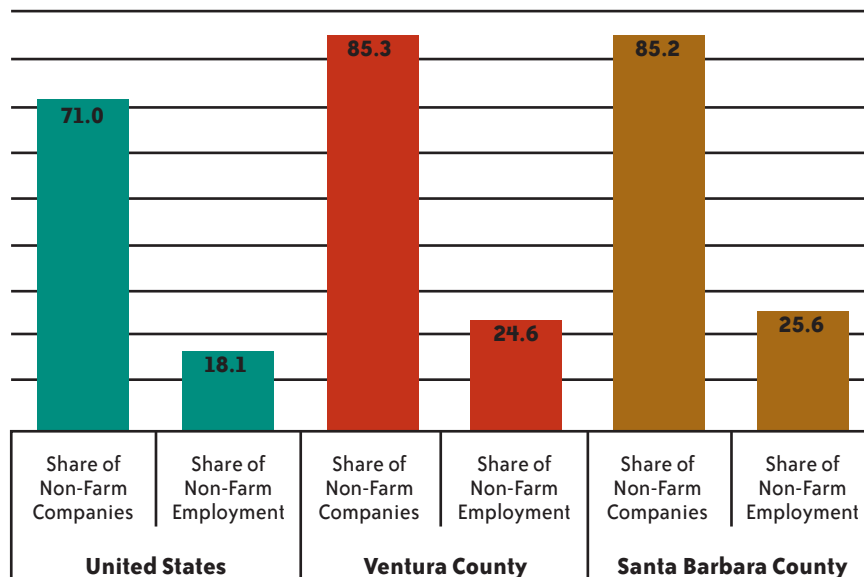
President Vic Anselmo wanted to be even more responsive to the marketplace, so he accessed a variety of services through EDC-VC and its partnerships with the Workforce Investment Board (WIB) of Ventura County, the state Employment Training Panel, the California Manufacturing Technology Center and the SBDC.

Through a combination of consulting and training assistance, key employees participated in a 75-hour continuous improvement training program that resulted in significant process improvements and higher job retention. The company realized a 10-20% increase in sales, an increase in efficiency, lower rework rates and an increase in employee morale and communication. In addition, five full-time positions were added to the company payroll.



Photo: BassImages.com

## SMALL COMPANY\* ECONOMIC CONTRIBUTION: 2007



\*19 or fewer employees

Small business represents a far larger component of the economies of Santa Barbara County and Ventura County than it does for the United States economy, as illustrated in this report.

In 2007, private-sector companies that employed fewer than 19 employees comprised 85.2 percent of Santa Barbara County companies and 25.6 percent of Santa Barbara County employees. This compares with United States percentages of 71.0 and 18.1, respectively.

In 2007, private sector companies that employed fewer than 19 employees comprised 85.3 percent of Ventura County companies and 24.6 percent of Ventura County employees. As noted above, this compares with United States percentages of 71.0 and 18.1, respectively.

Very few economic sectors are dominated locally by large firms, and those sectors are a source of relatively fewer jobs. It is also important to note, however, that even in sectors dominated by larger firms, the average firm tends to be relatively small.

## PART 2:

# BEYOND THE MOM & POP SODA SHOP



SBDC Clients Dan and Leslie McLeod of Crime Point

Robust and diverse, the Central Coast small business landscape includes a healthy variety of industries and business sectors that reach far beyond the retail shop that people tend to think of as the owner-operator entrepreneur.

In the following two tables, labeled Small Versus Large Firm Comparison by Sector, we see further evidence that local economic activity is concentrated in industry sectors that employ, on average, fewer than 17 jobs per firm. This is true for both counties in 2005, the most recent year for which this distribution of jobs by industry is available.

In Ventura County, 62.3% of employment is concentrated in industries averaging fewer than 17 employees per firm. The density is even greater in Santa Barbara County, where 64.9% of employment is concentrated in industries averaging fewer than 17 employees per firm.

Small versus Large Firm Comparison by Sector Ventura County — 2005 quarter 1			
	Size Indicator (jobs per firm)	2005 Q1	% Share
<b>Sectors with less than 17 jobs per firm</b>			
Construction	8	17,549	6.6
Wholesale Trade	12	12,204	4.6
Retail Trade	15	35,702	13.5
Transportation & Warehousing	13	4,655	1.8
Information	15	5,921	2.2
Finance & Insurance	13	18,037	6.8
Real Estate & Rental & Leasing	5	4,302	1.6
Professional, Scientific, & Technical Services	7	15,901	6.0
Admin & Support & Waste Mgmt & Remediation	16	19,563	7.4
Health Care & Social Assistance	12	23,400	8.8
Arts, Entertainment & Recreation	14	4,555	1.7
Personal, Repair & Maintenance Services	2	9,320	3.5
<b>Sectors with at least 17 jobs per firm</b>			
Agriculture, Forestry, Fishing & Hunting	44	21,401	8.1
Mining	28	778	0.3
Utilities	21	954	0.4
Manufacturing-Durable	31	23,822	9.0
Manufacturing-Nondurable	50	14,438	5.4
Management of Companies & Enterprises	54	5,374	2.0
Educational Services	20	3,312	1.2
Accommodation & Food Services	18	24,084	9.1
<b>Sectors with less than 17 jobs per firm</b>	<b>62.3%</b>	Source: California Employment Development Department	
<b>Sectors with at least 17 jobs per firm</b>	<b>37.7%</b>		

## Small versus Large Firm Comparison by Sector Santa Barbara County — 2005 quarter 1

	Size Indicator (jobs per firm)	2005 Q1	% Share
<b>Sectors with less than 17 jobs per firm</b>			
Construction	6	9,717	6.8
Manufacturing-Nondurable	16	3,198	2.2
Wholesale Trade	10	4,460	3.1
Retail Trade	13	19,847	13.9
Transportation & Warehousing	12	2,409	1.7
Finance & Insurance	7	4,941	3.4
Real Estate & Rental & Leasing	5	3,073	2.1
Professional, Scientific, & Technical Services	8	10,256	7.2
Admin & Support & Waste Mgmt & Remediation	14	9,717	6.8
Health Care & Social Assistance	15	16,330	11.4
Arts, Entertainment & Recreation	13	2,650	1.8
Personal, Repair & Maintenance Services	2	6,413	4.5
<b>Sectors with at least 17 jobs per firm</b>			
Agriculture, Forestry, Fishing & Hunting	24	11,654	8.1
Mining	30	852	0.6
Utilities	19	426	0.3
Manufacturing-Durable	30	10,066	7.0
Information	17	4,170	2.9
Management of Companies & Enterprises	28	1,949	1.4
Educational Services	18	2,582	1.8
Accommodation & Food Services	20	18,564	13.0
<b>Sectors with less than 17 jobs per firm</b>	<b>64.9%</b>	Source: California Employment Development Department	
<b>Sectors with at least 17 jobs per firm</b>	<b>35.1%</b>		



Photo: BassImages.com

### GREGORY LIU JAXX MANUFACTURING, INC., SIMI VALLEY

Gregory Liu and Bob Keel started Jaxx Manufacturing, Inc. on a shoestring in a garage in 1992 with \$60,000 borrowed from friends and family.

Within a year, they had repaid their loans and rented a 600-square-foot facility. Today, the electronics manufacturing service occupies a 15,000-square-foot facility, has 67 employees and is looking for a larger facility to help the company reach its goals of increasing market share through increased sales and developing an Internet presence.

Initially focused on medical products that were labor intensive and required no capital equipment, Jaxx quickly built up their portfolio of services to include increasingly complex and automated manufacturing to attract a broader range of industrial clients.

They supply assemblies to a wide range of industries, including high-end audio/video, defense and aerospace, aeronautics and international industrial signature digitizers for

security sensitive applications. In addition, they utilize metal-core boards for industrial lighting applications, one of the newest technologies being employed to reach new green quotas locally and nationwide.

To expand their business strategically into the international market, Gregory and Cindy Liu participated in EDC-VC's Global Entrepreneur Training in Trade Program and will be working as an SBDC client on export projects. EDC-VC connected them with California's Employment Training Program and the company has used EDC-VC's business consultation programs.



According to Intuit's December 2010 monthly report, small business employment grew by 0.3 percent in December, equating to an annual growth rate of about 3.4 percent or about 57,000 new jobs created nationwide. The Index is based on figures from the country's smallest businesses that use Intuit Online Payroll.

Using the representative sample year of 2005, industries dominated by small firms (fewer than 17 employees) were by far the major source of new local jobs in Ventura County. In Santa Barbara County, they were the only source of new jobs, while industries comprised of relatively larger firms cut more than 2,000 jobs.

### Job Gains by Industry & Company Size Ventura County — 2001 quarter 1 to 2005 quarter 1

	Size Indicator (jobs per firm)	2001 Q1	2005 Q1	Change	%Change
<b>Sectors with Smaller Companies: (fewer than 17 jobs per firm)</b>					
Construction	8	15,182	17,549	2,367	15.6
Wholesale Trade	12	10,979	12,204	1,225	11.2
Retail Trade	15	33,349	35,702	2,353	7.1
Transportation & Warehousing	13	5,124	4,655	-470	-9.2
Information	15	8,374	5,921	-2,453	-29.3
Finance & Insurance	13	14,753	18,037	3,283	22.3
Real Estate & Rental & Leasing	5	4,005	4,302	297	7.4
Professional, Scientific, & Technical Services	7	13,612	15,901	2,289	16.8
Admin & Support & Waste Mgmt & Remediation	16	19,940	19,563	-377	-1.9
Health Care & Social Assistance	12	21,232	23,400	2,169	10.2
Arts, Entertainment & Recreation	14	3,878	4,555	677	17.5
Personal, Repair & Maintenance Services	2	8,631	9,320	690	8.0
<b>Sectors with Larger Companies: (17 or more jobs per firm)</b>					
Agriculture, Forestry, Fishing & Hunting	44	18,458	21,401	2,942	15.9
Mining	28	758	778	20	2.7
Utilities	21	867	954	88	10.1
Manufacturing-Durable	31	27,372	23,822	-3,550	-13.0
Manufacturing-Nondurable	50	14,151	14,438	287	2.0
Management of Companies & Enterprises	54	3,491	5,374	1,883	53.9
Educational Services	20	2,466	3,312	846	34.3
Accommodation & Food Services	18	21,932	24,084	2,152	9.8
<b>Summary of Job Gains from 2001 Q1 to 2005 Q1</b>					
<b>Sectors with Smaller Companies</b>		<b>12,050</b>			
<b>Sectors with Larger Companies</b>		<b>4,669</b>			

Source: California Employment Development Department (QCEW data program)

## Job Gains by Industry & Company Size Santa Barbara County — 2001 quarter 1 to 2005 quarter 1

	Size Indicator (jobs per firm)	2001 Q1	2005 Q1	Change	%Change
<b>Sectors with Smaller Companies: (fewer than 17 jobs per firm)</b>					
Construction	6	8,066	9,717	1,651	20.5
Manufacturing-Nondurable	16	3,113	3,198	85	2.7
Wholesale Trade	10	4,654	4,460	-194	-4.2
Retail Trade	13	19,905	19,847	-58	-0.3
Transportation & Warehousing	12	2,363	2,409	46	2.0
Finance & Insurance	7	4,949	4,941	-8	-0.2
Real Estate & Rental & Leasing	5	3,509	3,073	-435	-12.4
Professional, Scientific, & Technical Services	8	8,681	10,256	1,575	18.1
Admin & Support & Waste Mgmt & Remediation	14	9,412	9,717	305	3.2
Health Care & Social Assistance	15	15,305	16,330	1,025	6.7
Arts, Entertainment & Recreation	13	2,396	2,650	253	10.6
Personal, Repair & Maintenance Services	2	6,304	6,413	109	1.7
<b>Sectors with Larger Companies: (17 or more jobs per firm)</b>					
Agriculture, Forestry, Fishing & Hunting	24	10,376	11,654	1,277	12.3
Mining	30	1,176	852	-323	-27.5
Utilities	19	468	426	-42	-9.0
Manufacturing-Durable	30	12,423	10,066	-2,356	-19.0
Information	17	4,770	4,170	-601	-12.6
Management of Companies & Enterprises	28	1,885	1,949	64	3.4
Educational Services	18	2,954	2,582	-371	-12.6
Accommodation & Food Services	20	18,281	18,564	283	1.5
<b>Summary of Job Gains from 2001 Q1 to 2005 Q1</b>					
<b>Sectors with Smaller Companies</b>		<b>4,354</b>		Source: California Employment Development Department (QCEW data program)	
<b>Sectors with Larger Companies</b>		<b>-2,070</b>			

Note: For both counties, we excluded years 2006 to 2009 that had rapid growth and the housing bubble, to create more “normal economy” sample years.



Photo courtesy of Meissner Filtration

There were 22,217 businesses in Ventura County in 2009, employing about 249,800 people. About 17,400 businesses employed fewer than 10 employees. Small companies (those employing fewer than 17 people on average) accumulated 12,050 jobs from 2001 to 2005, while the remaining larger companies gained only about 4,670 jobs during that period.

There were 13,532 businesses in Santa Barbara County in 2009, and about 10,500 businesses employed fewer than 10 employees. Small companies, (those employing fewer than 17 people on average), accumulated 4,300 jobs from 2001 to 2005, while the remaining larger companies lost about 2,000 jobs during the same period.

## THE ROAD OUT OF RECESSION



For many, the picture of a small business job that jumps to mind is the low-wage worker delivering for a flower shop or working behind the deli counter. Fact is, small businesses contribute to high-paying economic sectors in Ventura and Santa Barbara counties, as illustrated in the accompanying charts. Significant small business employment and employment density are in several of the higher paying industries including manufacturing, wholesale trade and finance and insurance, among others.

Manufacturing, professional services, high-tech and biotech businesses add vigor and stability to the region's economic growth, and are key to building sustained prosperity. Aside from significant local job losses in recent years, the region's manufacturing sector remains one of the most robust in the nation.

*The number of manufacturing firms with fewer than 20 employees is high in both counties, Ventura with 693 and Santa Barbara with 329.*

*The manufacturing sector is a high-value target for retention and potential growth.*

**Ventura County, Third Quarter 2009**  
Businesses, Employees, and Payroll by Size Category

Industry	Total	Size Categories				
		0-9	10-49	50-99	100-499	500+
<b>Total, All Private Industries</b>						
No. of Businesses	22,217	17,415	3,895	555	322	30
No. of Employees	249,798	40,784	80,015	39,106	59,493	30,400
Payroll (in thousands)	\$2,699,740	\$416,499	\$772,274	\$388,493	\$663,543	\$458,930
<b>Mining and Construction</b>						
No. of Businesses	2,045	1,680	323	31	11	0
No. of Employees	14,009	3,819	6,276	2,185	1,729	0
Payroll (in thousands)	\$192,490	\$42,138	\$83,797	\$36,494	\$30,061	\$0
<b>Manufacturing</b>						
No. of Businesses	956	542	292	63	54	5
No. of Employees	31,877	1,661	6,580	4,409	11,008	8,219
Payroll (in thousands)	\$541,609	\$19,286	\$82,033	\$60,718	\$165,839	\$213,733
<b>Wholesale Trade</b>						
No. of Businesses	1,070	803	228	24	14	1
No. of Employees	11,741	2,214	4,742	1,593	2,399	793
Payroll (in thousands)	\$181,854	\$32,912	\$62,592	\$23,020	\$36,140	\$27,189
<b>Finance and Insurance</b>						
No. of Businesses	1,177	942	204	7	20	4
No. of Employees	14,598	2,379	3,906	526	5,265	2,522
Payroll (in thousands)	\$242,383	\$38,602	\$60,187	\$9,655	\$97,699	\$36,240

Source: California Employment Development Department, CLU Center for Economic Research and Forecasting

*The Central Coast has retained a significantly higher concentration of high-tech manufacturing firms than most all other areas of the nation, as noted by the Milken Institute. It ranks Ventura County eighth and Santa Barbara County 28th among the nation's top 200 urban areas for the number of highly concentrated high-tech industries.*

In both counties, wages within the sectors of manufacturing, professional services, high tech and biotech are at least 22 percent higher than the average wage across all sectors. For manufacturing, insurance and finance, the wages are even higher. While small businesses generally pay lower wages than their larger counterparts in the same sector, the difference is not significant for the purposes of this report.

While small business has been hit very hard by the recession, research continues to show that small businesses and entrepreneurs can play important roles in the economy's eventual recovery through their flexibility and ability to create innovative solutions, new industries and jobs.

### Santa Barbara County, Third Quarter 2009 Businesses, Employees, and Payroll by Size Category

Industry	Total	Size Categories				
		0-9	10-49	50-99	100-499	500+
<b>Total, All Private Industries</b>						
No. of Businesses	13,532	10,559	2,427	334	201	11
No. of Employees	145,188	25,526	50,201	23,142	36,373	9,946
Payroll (in thousands)	\$1,469,554	\$252,131	\$473,609	\$231,331	\$364,476	\$148,007
<b>Mining and Construction</b>						
No. of Businesses	1,187	952	210	18	7	0
No. of Employees	8,248	2,380	3,795	1,195	878	0
Payroll (in thousands)	\$111,684	\$26,958	\$50,213	\$19,984	\$14,529	\$0
<b>Manufacturing</b>						
No. of Businesses	443	252	140	26	23	2
No. of Employees	11,598	891	2,970	1,846	4,349	1,542
Payroll (in thousands)	\$169,757	\$8,883	\$35,688	\$23,753	\$62,091	\$39,342
<b>Wholesale Trade</b>						
No. of Businesses	417	310	96	8	3	0
No. of Employees	4,149	1,002	2,087	542	518	0
Payroll (in thousands)	\$53,211	\$13,481	\$25,984	\$6,971	\$6,774	\$0
<b>Finance and Insurance</b>						
No. of Businesses	560	449	102	6	3	0
No. of Employees	4,114	1,324	1,940	369	481	0
Payroll (in thousands)	\$70,576	\$19,979	\$34,691	\$8,612	\$7,293	\$0

Source: California Employment Development Department, CLU Center for Economic Research and Forecasting

## PART 3:

# A WAY UP FOR WOMEN AND MINORITIES



*The rates of job creation due to the expansion of minority-owned establishments were consistently higher than those of establishments owned by whites, according to the SBA.*

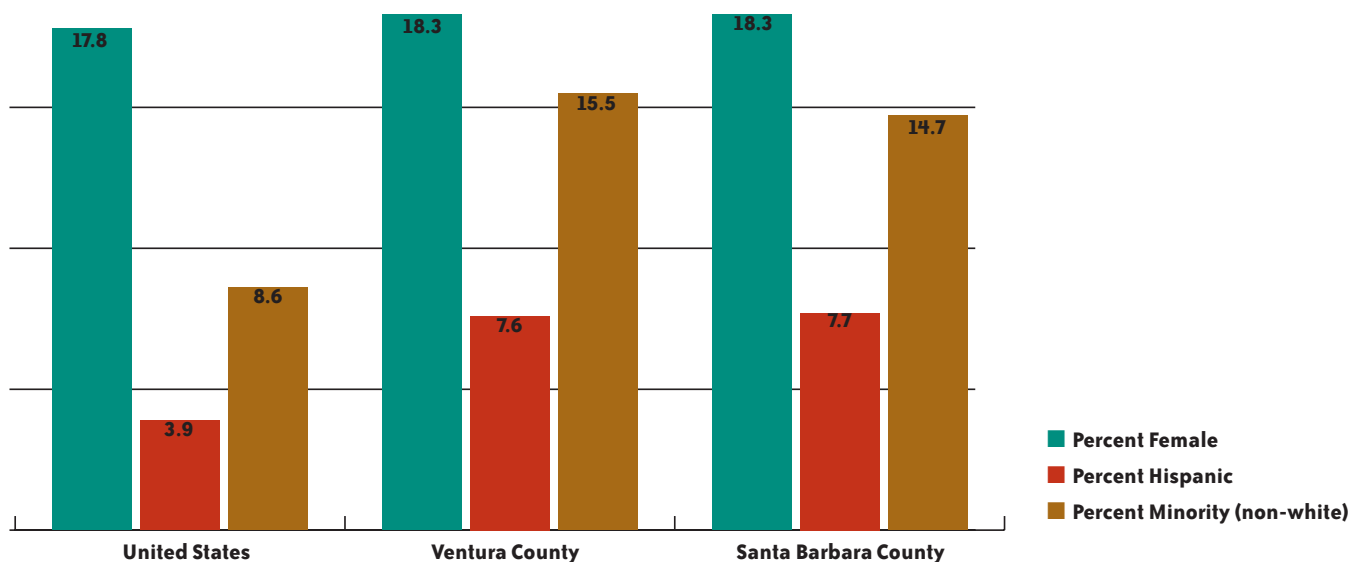
Nationally, the number of minority- and woman-owned businesses is growing at more than twice the national rate of all U.S. businesses, according to the U.S. Census Bureau's 2007 data, the most recent available.

The most recent national research available states that from 2002 to 2006, Hispanic-owned establishments had strong job creation in many areas, in contrast to other groups whose businesses lost jobs. This especially benefits the economic vitality of the Central Coast with its relatively high population of Hispanics.

As illustrated below, Ventura and Santa Barbara counties' share of woman-owned businesses is in line with the national percentage. For Hispanic and minority-owned business, the share is greater on the Central Coast than the national average.

Based on a review of data for Ventura County, it is estimated that in 2002 there were 1,437 Hispanic-owned small businesses or 7.6 percent of all small businesses, and 2,932 or 15.5 percent minority-owned (non-white) small businesses. These compare with United States percentages of 3.9 percent for Hispanic-owned and 8.6 percent minority-owned.

## 2002 SURVEY OF SMALL BUSINESS OWNERSHIP



## 2002 Survey of Business Owners

Geography	Firms	Percent Share
<b>United States</b>		
All privately held firms	5,165,106	-
Female	915,998	17.8
Male	3,519,182	68.3
Equally male/female	717,684	13.9
<b>Hispanic or Latino</b>		
Hispanic or Latino	199,361	3.9
Not Hispanic or Latino	4,953,701	96.1
<b>White</b>		
White	4,705,630	91.4
Black or African American	94,429	1.8
American Indian and Alaska Native	24,476	0.5
Asian	319,341	6.2
Native Hawaiian and other Pacific Islander	3,693	0.1

Source: U.S. Bureau of Census

In Santa Barbara County, it is estimated that in 2002 there were 947 Hispanic-owned small businesses (7.7 percent). For minority-owned (non-white) there were 1,811 small businesses (14.6 percent), a significantly higher proportion than the U.S. percentages of 3.9 percent for Hispanic-owned and 8.6 percent for minority-owned.

U.S. Census Bureau data shows an ongoing and growing trend, in good economic times and bad, of minorities pursuing the wealth-generation opportunities afforded by entrepreneurship and small business ownership.

Minorities' accelerated entry into small business ownership is documented as increasing at more than twice the national rate for all other business start-ups. This is one of the bright spots of the economy over the last two decades. Buoyed by this national data, we look to our own region's minority and women entrepreneurs to help lead the Central Coast out of the recession.

## Estimates of 2002 Business Owners

Geography	Firms	Percent Share
<b>Ventura County</b>		
All privately held firms	18,862	-
Female	3,459	18.3
Male	12,572	66.7
Equally male/female	2,831	15.0
<b>Hispanic or Latino</b>		
Hispanic or Latino	1,437	7.6
Not Hispanic or Latino	17,425	92.4
<b>White</b>		
White	15,930	84.5
Black or African American	267	1.4
American Indian and Alaska Native	108	0.6
Asian	2,530	13.4
Native Hawaiian and other Pacific Islander	27	0.1

Source: CERF, U.S. Bureau of Census, CA EDD (QCEW)

Geography	Firms	Percent Share
<b>Santa Barbara County</b>		
All privately held firms	12,332	-
Female	2,261	18.3
Male	8,224	66.7
Equally male/female	1,848	15.0
<b>Hispanic or Latino</b>		
Hispanic or Latino	947	7.7
Not Hispanic or Latino	11,385	92.3
<b>White</b>		
White	10,520	85.3
Black or African American	176	1.4
American Indian and Alaska Native	75	0.6
Asian	1,542	12.5
Native Hawaiian and other Pacific Islander	18	0.1

Source: CERF, U.S. Bureau of Census, CA EDD (QCEW)

## INNOVATION ON THE CENTRAL COAST

As the Central Coast continues to produce and attract innovators and entrepreneurs, the economic health of the region continues to be buoyed by the success of small businesses and start-ups.

- California placed in the top 10 of states with respect to knowledge-intensive job creation in 2008 and does well with generating high-tech employment, patents and venture capital.
- In 2009, half of all venture capital dollars invested in the United States were deployed in California, and over the 29-year period from 1980 through 2009, the state was responsible for 44.1 percent of all venture capital investment dollars.
- Small businesses have more inventions and patents per employee than larger firms. A high rate of new inventions correlates with small business activity and patent filings. A 2008 study found that 40 percent of the companies that issued at least 15 percent of the patents over a five-year period were small businesses.

### CHRIS MKPADO TEXTILE WASTE SOLUTIONS, SANTA BARBARA

Where others saw discards, Chris Mkpado of Santa Barbara saw opportunity. As textiles stacked up in landfills, he realized he could help the planet and create a profitable business by using his international and global awareness.



Photo: BassImages.com

Mkpado founded Textile Waste Solutions as an environmentally and socially conscious company more than 15 years ago, ahead of the green trend. The company repurposes and remanufactures discarded textiles and sells them as rags for industrial use to businesses and retail stores nationwide, and sells into international markets.

A native of Cameroon, Mkpado launched his company with export to Benin in West Africa, Ghana and Togo because of his prior export experience with companies based in Taiwan and South Korea.

When the cost of the dollar rose several years ago, affecting foreign sales, Mkpado looked at local market needs, and expanded into the domestic market by offering rags. In 2009, he began exporting used trucks and autos to the countries where he exports textiles.

Small Business Development Center (SBDC) has helped Mkpado further expand his business, reaching other countries for exporting and increasing his U.S. market share. The SBDC provided him insights into managing and consistency in service. His consultant has served as a mentor by sharing a wealth of experience.

Textile Waste Solutions is considered one of the premier green companies in California's Central Coast. His business has received many awards, including SBA Minority Business of the Year, the California Resource Recovery Association and the *Pacific Coast Business Times* Spirit of Small Business Award.

## **Innovation. Job creation. Diversity of industry sectors. Ethnic diversity. A livelihood for more than half the private sector workforce in Ventura and Santa Barbara counties.**

Small business is delivering.

Despite the many obstacles they face every day, there is significant success among the enterprising entrepreneurs behind our small businesses. With perseverance and ingenuity, they take on the many challenges that are ongoing and accentuated during the recession: limited access to capital, high cost of health insurance, taxes and regulations and more.

Still, as upbeat as we are about small business resolve, we're mindful of these barriers to success. Our observation is that small business is extraordinarily volatile. We should not overlook that what we see statistically in small business job growth is the net effect of business start-ups and failures—what's been called "creative destruction"—wherein the winners and job-generators outpace the losers. These winners are so important economically that they compensate not only for the closures of small firms, but also for the decline in jobs in larger and longer-established firms.

It's clear that supporting small business development is essential to a sound regional economic development strategy. By delivering resources that improve the odds of success, we help business winners emerge and thrive.

By coordinating the delivery of business counseling, education and technical services to business owners, managers and entrepreneurs, SBDC and other business organizations are building a more robust regional economy and sustain the region's extraordinary quality of life.

— Bruce Stenslie

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## PART 4:

# RESOURCES: HELP IS A CALL OR CLICK AWAY

While small business is fundamental to the American economy, its challenges can make success elusive. Everything from cash flow and competition to just how many hours in a day one person can physically put into work pose challenges to every small business owner and manager.

Fortunately, business owners in Santa Barbara and Ventura counties have access to a range of no- and low-cost services through a variety of resources tailored to their needs. Chief among these are the Small Business Development Center (SBDC), SCORE and Women's Economic Ventures. The U.S. Small Business Administration (SBA) supports each of these organizations in some capacity.

### SBA RESOURCES

#### Small Business Development Centers (SBDC) of Ventura & Santa Barbara counties

[www.sbcountysbdc.org](http://www.sbcountysbdc.org)  
[www.edcsbdc.org](http://www.edcsbdc.org)

SBDC is the SBA's most extensive economic development program, helping small businesses create jobs and strengthen local economies. It is the SBA's largest counseling and training network, with locations in every U.S. state and territory.

Business advising and training sessions are led by paid SBDC business advisors who bring a wealth of real-world business experience to each engagement. SBDC business advisors are evaluated on their ability to produce results, so improving your business' performance is their priority. SBDC clients achieve much higher growth in sales, profits and new jobs than average businesses.

The SBDC provides free consultations and low-cost training sessions in a wide variety of key business areas:

- Starting a new business
- Business planning and management
- Capital sourcing
- Financing/Loan packaging
- Marketing/Sales
- International trade
- Government contracting and procurement assistance
- Human resources
- Legal issues
- Technology
- e-commerce
- Social media

Complementing its direct counseling and training, SBDC provides SBDC Net ([www.sbdnet.org](http://www.sbdnet.org)), a business resource library. Additionally, available only to SBDC clients are extensive proprietary research tools and data bases.

#### Los Angeles Regional Small Business Development Center Network [www.smallbizla.org](http://www.smallbizla.org)

The SBDC of Ventura and Santa Barbara counties is part of a larger regional network of service centers, organized through the Los Angeles Regional Small Business Development Center Network. Operated in partnership with the Long Beach Community College District, the Los Angeles Regional Network is the largest of six lead centers in California and the seventh largest in the U.S. including activity in Los Angeles, Ventura and Santa Barbara counties. The Los Angeles Regional Network provides counseling annually to more than 4,000 business clients. SBDC clients benefit from access to the wealth of resources provided by the professional business consultants offering service throughout the Los Angeles Regional Network.

For additional information on the statewide network of Small Business Development Centers, see [www.californiasbdc.org](http://www.californiasbdc.org).

#### SCORE [www.scoreventura.org](http://www.scoreventura.org) [www.sbscore.org](http://www.sbscore.org)

Affiliated nationally with the U.S. Small Business Administration, SCORE is a nonprofit association dedicated to entrepreneurial education and the formation, growth and success of small businesses. SCORE's mission is to provide face-to-face and remote business counseling to help small businesses evaluate plans, stabilize, grow, innovate and succeed.

Locally, there are SCORE chapters in both Ventura and Santa Barbara counties. For assistance in Ventura County: [www.scoreventura.org](http://www.scoreventura.org), 805-204-6022; in Santa Barbara County: [www.sbscore.org](http://www.sbscore.org), 805-563-0084.

SCORE's volunteer business counselors include retired and still-practicing successful business owners and managers, who provide consulting to business owners and potential owners. Counselors provide services via face-to-face counseling, business mentoring or online e-mail counseling – all at no charge to the client.

A particular expertise of SCORE is presenting business seminars and workshops, including a complete series in Ventura County on starting and managing a small business.

#### Women's Economic Ventures (WEV) [www.wevonline.org](http://www.wevonline.org)

WEV is dedicated to creating an equitable and just society through the economic empowerment of women in Santa Barbara and Ventura counties. Providing services for both women and men, WEV offers a comprehensive 14-week, 56-hour self-employment training program; business consulting; advanced training; coaching and networking opportunities. WEV's Small Business Loan Fund (SBLF) provides start-up loans of up to \$25,000 and expansion loans of up to \$50,000 to pre-bankable microenterprises.

WEV's goals are to help businesses stay in business, drive other local businesses to them, retain jobs and create new ones. WEV's comprehensive scope of services assists entrepreneurs throughout the business lifecycle: start up, launch, grow, and sustain.

WEV is also a partner with the U.S. Small Business Administration, serving as a local Women's Business Center (WBC) in Santa Barbara County.

Locally, the EDC-VC is the region's contractor for SBDC services. In Ventura County, business owners can access SBDC services through [www.edcsbdc.org](http://www.edcsbdc.org) or call 805-384-1800, and in Santa Barbara County through the Scheinfeld Center for Entrepreneurship and Innovation at Santa Barbara City College, [www.sbcountysbdc.org](http://www.sbcountysbdc.org) or call 805-892-3643.

In addition to its service as an SBDC, EDC-VC provides regional economic development services, including direct small business lending. For more information about EDC-VC's services and partnership with Ventura County and its 10 cities, visit [www.edc-vc.com](http://www.edc-vc.com).

For information about Ventura County business attraction and retention, visit [www.venturacountygrowsbusiness.com](http://www.venturacountygrowsbusiness.com).

At SBCC, the Scheinfeld Center (<http://scheinfeld.sbcc.edu>) trains entrepreneurs and assists small businesses using a comprehensive approach, combining theoretical curriculum, practical application, mentoring, counseling, internships, networking and post-start-up support.

WEV maintains offices in Santa Barbara and Ventura to assist business owners. For information in Ventura, call 805-667-8004 or 805-965-6073 in Santa Barbara; or visit [www.wevonline.org](http://www.wevonline.org).

## ADDITIONAL SBA SUPPORT

### U.S. Small Business Administration (SBA) [www.sba.gov](http://www.sba.gov)

SBA is an independent agency of the federal government that helps Americans start, build and grow businesses. SBA provides support to small business and small-business owners across the nation by providing access to capital, contracts and counseling through an extensive network of field offices and partnerships with public and private organizations.

### SBA Loan Programs

[www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs](http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs)

Access to capital is essential for the acceleration of entrepreneurship and for small business growth. Responding to those needs, SBA sponsors a variety of loan programs that are customized to match specific business needs. SBA does not serve as a direct lender, rather partners with private lenders and provides various levels of loan guarantees to improve capital access. For information on these several loan programs — such as the maximum dollar amounts available, allowable uses of loan proceeds, terms and conditions — link to the web address noted above, or contact our local SBDC in Ventura at [www.edcsbdc.org](http://www.edcsbdc.org), 805-384-1800, or in Santa Barbara at [www.sbcountrysbdc.org](http://www.sbcountrysbdc.org), 805-892-3643. For more information, contact the Los Angeles District SBA office at [www.sba.gov/about-offices-content/2/3099](http://www.sba.gov/about-offices-content/2/3099) or 818-552-3201.

## STATE LEVEL ASSISTANCE FOR CALIFORNIA BUSINESSES

### California Governor's Office of Economic Development (GOED) [www.business.ca.gov](http://www.business.ca.gov)

Established April 2010, the GOED consolidates the professional expertise and resources of numerous state agencies. Whether starting a business, looking to expand, or wondering about a particular policy or procedure, business owners and managers can contact GOED's experts at 877-345-4633 to access the essential information.

Of particular value on statewide issues, GOED provides information on cost and availability regarding site, workforce training and infrastructure issues and provides permit and regulatory assistance.

GOED can be used as the small business owner's portal for information from state agencies including the Labor and Workforce Development Agency, Employment Development Department, Franchise Tax Board and tax credit information, Department of Industrial Relations, and Employment Training Panel, among many others.

## OTHER LOCAL RESOURCES

**Below is a list of additional organizations that offer business service and education programs in Ventura and Santa Barbara counties.**

### Workforce Investment Board of Ventura County (WIB) [www.wib.ventura.org](http://www.wib.ventura.org)

Appointed by the Ventura County Board of Supervisors, the WIB includes leaders from business, economic development, education, labor, government agencies, and community-based organizations who collaborate to administer federal Workforce Investment Act (WIA) funds in Ventura County; provide oversight for workforce development programs and services to benefit job seekers, workers, and businesses in Ventura County; and collaborate with business, economic development, labor, education, community-based organizations, and government agencies to build a strong workforce.

### The Workforce Investment Board of Santa Barbara County [www.santabarbaracountywib.org](http://www.santabarbaracountywib.org)

Workforce Investment Board of Santa Barbara County is dedicated to serving the workforce needs of businesses, adults, laid-off workers and youth throughout Santa Barbara County. It is a public/private partnership created by the Federal Workforce Investment Act and staffed by the County of Santa Barbara that provides free services through two Workforce Resource Centers ("One-Stop Shops"). Programs include employment services for job seekers, labor market information and regional workforce research for businesses. The Centers also offer specialized training to help people gain the skills and confidence necessary to obtain a job. For more information visit the website or call 805-681-4453.

### Job & Career Centers of Ventura County- [www.venturacountyjcc.org](http://www.venturacountyjcc.org)

Job & Career Centers of Ventura County provide a Virtual OneStop (VOS) system, a complete resource center for both job seekers looking for their next job and employers looking to hire. The program is funded by the Workforce Investment Board of Ventura County.

### California Manufacturing Technology Consulting (CMTC) [www.cmtc.com](http://www.cmtc.com)

CMTC® is a nonprofit consulting company whose sole mission is to assist Southern California manufacturers to improve profits, stimulate growth, create and retain jobs, and improve productivity.

### The Federal Technology Center (FTC) [www.theftc.org](http://www.theftc.org)

FTC promotes economic development by facilitating technology transfer between government and the private sector, and helping small businesses compete for government contracts. FTC helps California small businesses learn how to sell their products and services to federal, state and local governments.

### Ventura Ventures Technology Center [www.v2tc.com](http://www.v2tc.com)

The Ventura Ventures Technology Center (V2TC) is a high-tech business incubator developed in partnership with the city of Ventura and the Ventura Chamber of Commerce.

## EDUCATION

### California Lutheran University (CLU) [www.callutheran.edu](http://www.callutheran.edu)

CLU is dedicated to excellence at the undergraduate and graduate levels. CLU offers 37 majors and 31 minors, in addition to professional preparation programs in specified fields of study.

### California State University Channel Islands (CSUCI) [www.csuci.edu](http://www.csuci.edu)

CSUCI is a four-year, public university known for its interdisciplinary, multicultural, and international perspectives and its emphasis on experiential and service learning. Channel Islands' strong academic programs focus on liberal studies, sciences, business, teacher credentials and innovative master's degrees.

### University of California, Santa Barbara (UCSB) [www.ucsb.edu](http://www.ucsb.edu)

More than 200 majors, degrees, and credentials are offered through UCSB's five schools and the graduate division. UCSB is internationally recognized for its teaching and research excellence and distinguished for its interdisciplinary programs and commitment to innovation.

### Allan Hancock College [www.hancockcollege.edu](http://www.hancockcollege.edu)

Allan Hancock College is a community college located in northern Santa Barbara County. Students can take classes at the college's four locations: Santa Maria (main campus), Lompoc, Solvang and Vandenberg Air Force Base. The college offers degrees and certificates in more than 100 areas of study.

### Santa Barbara City College (SBCC) [www.sbcc.edu](http://www.sbcc.edu)

SBCC is a comprehensive community college serving the south coast of Santa Barbara County. The college has a wide range of associate degree and certificate programs, as well as transfer programs that provide the first two years of study toward a baccalaureate degree.

### Ventura County Community College District (VCCCD) [www.vcccd.edu](http://www.vcccd.edu)

VCCCD oversees three Ventura County community colleges – Moorpark, Oxnard and Ventura. The District is committed to assisting students in achieving their educational goals, whether it's an associate's degree, workforce training or transferring to a four-year college or university.



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