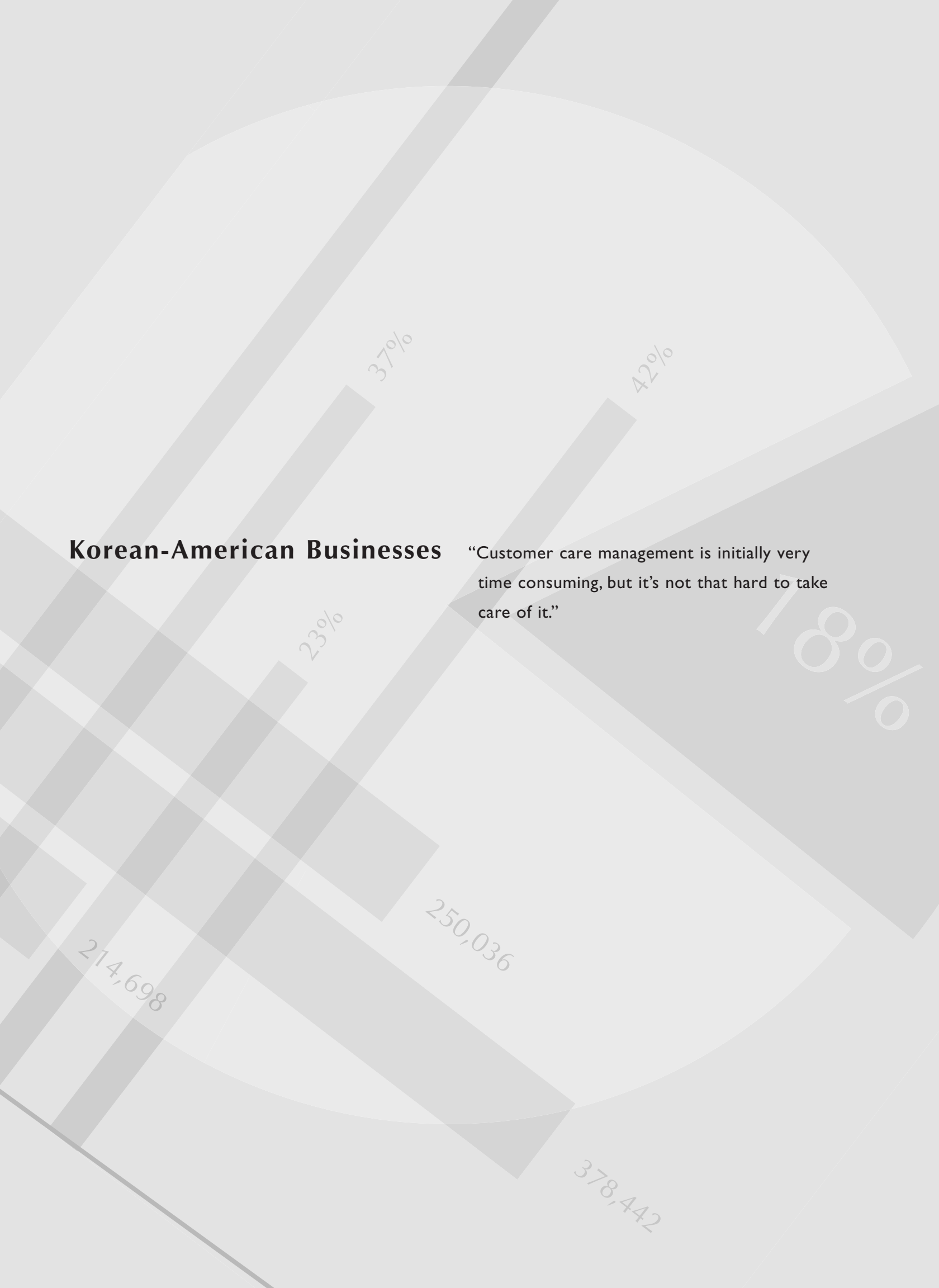


Korean-American Businesses

“Customer care management is initially very time consuming, but it’s not that hard to take care of it.”





Korean-American Businesses Highlights of the Survey

The Minority Business Atlas surveys 203 Korean-American business owners in Los Angeles and Orange County; and includes results from two focus groups with owners in each County.

The survey findings regarding Korean-American owned businesses delineated the following unique characteristics.

A high number of Korean-American business owners (75%) have college and/or graduate education. A notably large number of Korean-American owned businesses are retail companies (44%). Additionally, 44 % are in the services sector. A significant majority of the businesses are sole proprietorships (90%). 56% of these businesses have fewer than five employees, and 26% earned revenues between \$101,000 and \$1 million. A large percentage of these owners (49%) indicated a need for retirement and succession planning as part of their financial planning needs, suggesting a desire to move out of their operations. Marketing emerged as the most pressing business planning need, with many businesses (47%) indicating a preference for marketing assistance.

These businesses are relatively new; while 58% had been in business nine years or longer, 40% have been in operation between one and eight years. Korean-American owners are young; 46% are between 30 and 50 years old, but 50% are age 50 or older. Women business owners are well represented; 22% of Korean-American businesses are owned by women. 99% of all business owners were born in Korea.

Focus Group Observations

Access to Capital

These owners expressed their reliance on primarily traditional methods of financing, using business loans, secured either by personal assets or business assets, as well as lines of credit. Many participants agreed that it was always best to take a loan when it was offered because the funds could be used for a “rainy day.” The owners utilize the services of Korean banks but indicated their preference for large, mainstream commercial banks, even though they accessed them on a limited basis.

In general, participants felt that their access to financial services was limited because of language barriers. Owners said that they would like to see an organization that can bridge the language gap between Korean-American small business owners and mainstream financial institutions so that they could increase their access to corporate-offered business and financial services.

Technology

Many owners felt that they are not in a position to incorporate computers into their businesses, although they felt that technology could be an asset, especially point-of-sales technology such as bar code scanners. Some owners felt that an investment in the internet could not yet be justified by increasing sales. Some who felt that computers and technology would be helpful in their businesses also indicated that they did not have the manpower or knowledge to utilize information that could be gathered in such systems.



At the same time, individual owners stated that they had been able to take advantage of available resources, including a downtown business association. And some owners discussed their active involvement in church groups and volunteer activities.

Many of the participants are involved in church groups and volunteer activities, but felt that while these may contribute to an individual's standing in the community, they do not necessarily support business activities and growth. The Korean-American business owners expressed dissatisfaction with being limited to Korean community associations and church meetings because these are primarily “acquaintance” sessions and function less as meetings in which to share business experiences. One owner cited an attempt to organize business owners in Koreatown and found a very low response and turnout for the meeting.

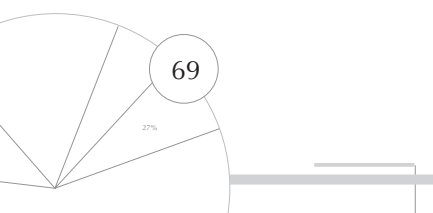
Language barriers were mentioned by several owners as reasons why they do not participate more fully in mainstream business and civic networks. Most owners were reluctant of



Civic Involvement

Many owners expressed a reluctance or inability to be involved in the community, or in business networks. Reasons for lack of participation include difficulty with language barriers, inability to leave shops during meetings, unawareness of how to obtain information about associations and their benefits.

being isolated in such organizations as “the only Korean.” Several owners indicated they did not have information about business association meetings. Retailers expressed that they were unable to leave their shops to attend meetings.

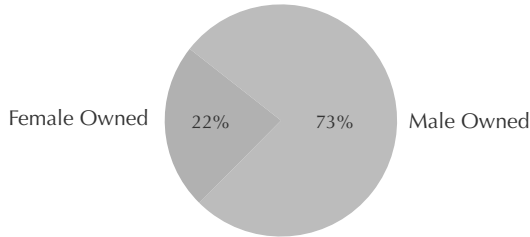




I. BUSINESS OWNER PROFILE

1a. Gender

Men represent 73% of Korean-American business owners. Women represent 22% of Korean-American business owners.



1c. Age of Business Owner

One half of all Korean-American business owners are over 50 years of age; 46% of business owners are between the ages of 30 and 50; only 1% of Korean business owners are under 30.

under 30	1%
30-50	46%
over 50	50%

1b. U.S. vs. Foreign Born

Nearly all Korean-American business owners were born outside the U.S. Only one business owner out of 203 was born in the U.S.

Yes	0%
No	100%

1d. Education Level

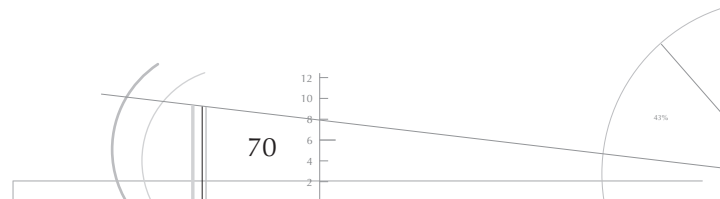
76% of Korean-American business owners have some college education or greater. 12% at the graduate level.

Completed HS	18%
College	64%
Graduate School	12%

1e. Motivation

The great majority of Korean-American business owners (60%) expressed that their primary motivation for starting a business was they “felt it was the only way to make money.”

Long time dream to be a business owner	10%
Tired of working for an employer	6%
Felt that could do better/make more money	24%
Left workforce for a while and returned	2%
Had an idea for a business	7%
Felt it was the only way I could make more money	60%
Others	1%



2. BUSINESS PROFILE

2a. Years in Business

58% of Korean-American businesses have been operating for 9 or more years. 41% have been doing business for less than 9 years.

< 1	1%
1-8 yrs	40%
9-15 yrs	42%
16 or more yrs	16%

2c. Number of Employees

56% of Korean-American businesses have 5 or fewer employees.

<5	56%
6-10	6%
11-20	2%
21-50	4%
>50	1%

2b. Legal Structure

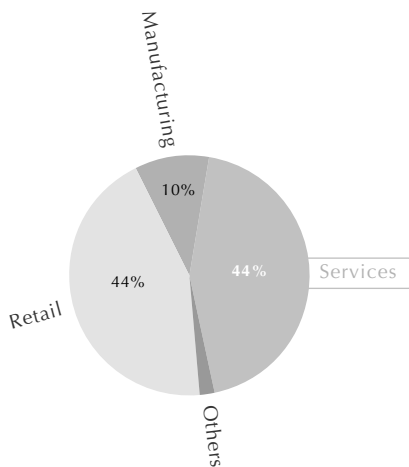
90% of all Korean-American businesses are structured as sole proprietorships. Only 5% are corporations.

Sole Proprietorship	90%
Corporation	5%
Others	5%

3. TYPE OF BUSINESSES

3a. Korean-American Businesses by Major Industry Sectors

Korean-American businesses are evenly distributed between retail and services industries (44% each). Manufacturing businesses comprise 10% of Korean-American firms.



3b. Top Three Korean-American Businesses by Type

The top three businesses include:

Personal Services	18%
Drug Store/Liquor Stores	11%
Grocery Stores/Bakeries	10%

3c. Distribution of Korean-American Businesses within Services Sector

Within the services industry, Korean-American businesses are concentrated in personal services (40%) and repair services (22%).

Hotels/Lodging Services/Motels	1%
Personal Services (Beauty, Barber, Cleaning)	40%
Business Services/Administration	9%
Entertainment, Amusement, & Recreational Services	3%
Repair Services (Auto, Electronics, etc.)	22%
Health Services (Hospitals, Clinics)	6%
Legal Services	0%
Engineering/Accounting/Research	2%
Educational/Social Services	2%
Others	13%

3d. Distribution of Korean-American Businesses within Manufacturing Sector

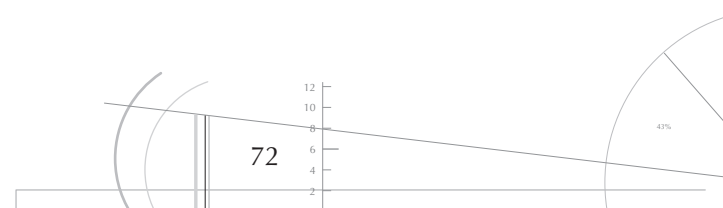
Within the manufacturing sector, Korean-American businesses are primarily in textile and apparel manufacturing (43%) and metals/metal fabrication (24%).

Food Processing/Tobacco Products	0%
Textile/Apparel	43%
Furniture and Fixtures	0%
Paper/Lumber & Wood Products	14%
Chemicals/Petroleum/Rubbers	0%
Metals/Fabricated Metal Products	24%
Electronic & Electric Equipment	10%
Transportation/Instruments	0%
Others	10%

3e. Distribution of Korean-American Businesses within Retail Sector

Within the retail sector, Korean-American businesses are comprised of drug store/liquor stores (26%), grocery/food stores (22%), and apparel/accessories (20%).

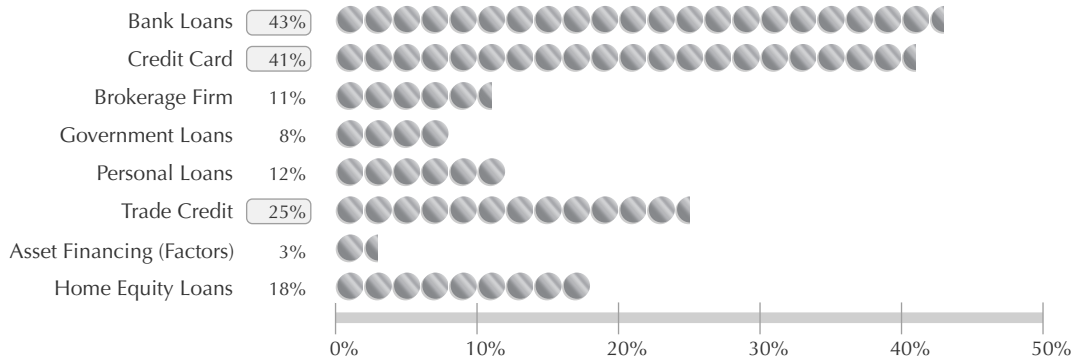
Apparel/Accessory Stores	20%
Furniture/Household Stores	7%
General Merchandise/Dept. Stores	3%
Grocery Stores/Food/Bakeries	22%
Hardware/Building Materials	4%
Restaurant/Fast Food	9%
Drug Store/Liquor	26%
Books/Stationery/Sporting Goods	2%
Jewelry/Hobbies/Gifts & Souvenirs	0%
Others	6%



4. FINANCING AND CAPITAL

4a. Sources of Financing

Korean-American businesses access conventional credit and financing in relatively high rates: bank loans (43%), brokerage firms (11%). However, respondents also indicated a high percentage of self-financing sources: credit cards (41%), home equity (18%), and personal loans from friends/family (12%). Only 8% of businesses reported using government loans.



4b. Capital Needs and Uses

36% of Korean-American businesses report real estate acquisition as a primary capital need. This is followed by 20% of the businesses that indicate working capital as a financing need. Only 28% indicate no capital or financing needs/uses.

Real Estate Acquisition/Financing	36%
Equipment Purchasing	10%
Marketing	3%
Research & Development	2%
Working Capital	20%
Others	7%
None	28%

4c. Types of Financing Needed

More than any other financing mechanism, 45% of Korean-American businesses indicate debt financing as the form of financing they need for their business.

Debt Financing Loans	45%
Equity Financing Investors	7%
Trade Credit Suppliers	3%
None	43%

4d. Percentage Denied Financing in Past Three Years

Only 6% of Korean-American businesses have been denied credit or financing in the past 3 years.

Yes	6%
No	93%



5. BUSINESS PERFORMANCE AND TRENDS

5a. Gross Annual Sales

15% of Korean-American businesses earn annual revenues over \$500 thousand. 8% of businesses indicated annual sales greater than \$1 million.

<\$100K	10%
\$100K-\$500K	26%
\$500K-\$1M	7%
>\$1M to \$5M	4%
\$5M to \$10M	2%
>\$10M	2%

5c. Projected Sales Growth in the Next Twelve Months

41% of Korean-American businesses project increases in sales revenue in the next year; 36% anticipate no change; 19% project revenue declines.

decreased <5%	7%
decreased 1-5%	12%
no change	36%
increased 1-5%	28%
increased >5%	13%
DK/Refused	4%

5b. Sales Growth in the Last Twelve Months

32% of Korean-American businesses indicated sales revenue increases in the past year; 37% reported no change; 28% indicated revenue declines.

decreased <5%	12%
decreased 1-5%	16%
no change	37%
increased 1-5%	24%
increased >5%	8%
DK/Refused	4%

6. MARKETS

6a. Percentage of Business from Ethnic Customers

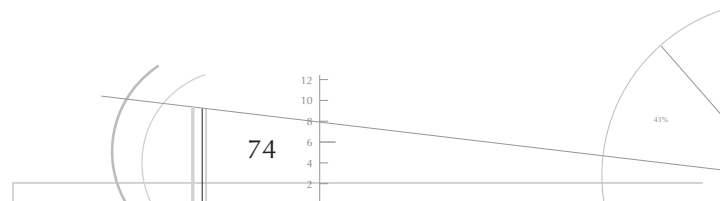
A substantial portion of Korean-American business clientele is drawn from an ethnic market. 36% of businesses report that their ethnic customer base is greater than 75%.

0-25%	29%
26-75%	32%
76-100%	36%
DK/Refused	3%

6b. Percentage of Firms that Export

6% of Korean-American businesses export products and services.

Yes	6%
No	94%





7. TECHNOLOGY

7a. Use the Internet for Business

22% of Korean-American firms use the internet as a part of business.

Yes	22%
No	78%

7b. Use State-of-the-Art Technology in Business

23% of Korean-American firms use state-of-the-art technology “very much” in their business operations.

Very Much	23%
Somewhat	12%
A Little	16%
Not Much at All	7%
Not At All	42%

8. BUSINESS AND CIVIC NETWORKS

8a. Participation in Business Networks/Activities

The top business outlets for Korean-American businesses are: business seminars/workshops (30%); the top civic outlets for the business owners are in civic/volunteer/public affairs (23%).

Local Chamber of Commerce	13%
Ethnic Chamber of Commerce	14%
Professional, Trade, or Industry Association	10%
Business Mentorship Programs	14%
Business Networking Events	12%
Business Seminars, Workshops, Lectures	30%

8b. Participation in Civic/Government Affairs

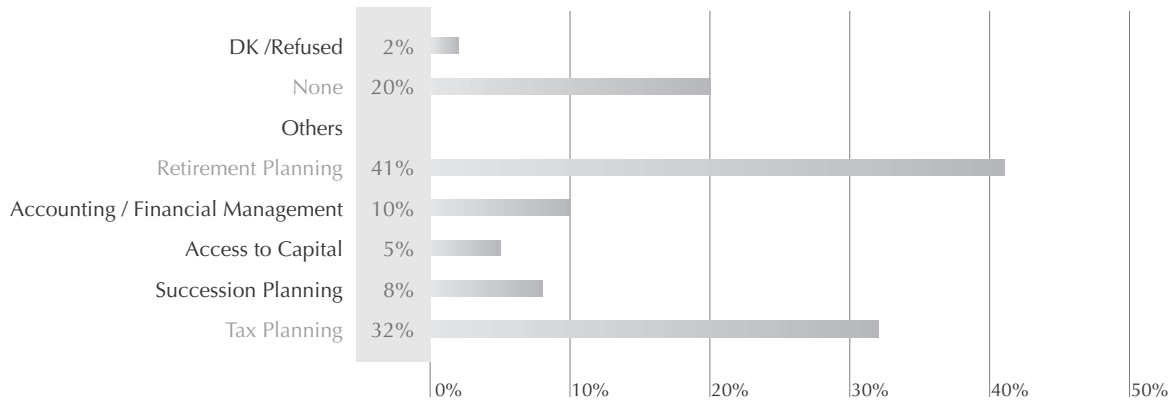
Civic Organizations or Boards	7%
Government Task Force	2%
Civic , Volunteer, or Public Affairs	23%



9. FINANCIAL AND BUSINESS ASSISTANCE NEEDS

9a. Financial Planning Needs

Uniquely, Korean-American businesses identify retirement planning (41%) and tax planning (32%) as the 2 largest financial planning needs.



9b. Business Assistance Needs

Marketing is overwhelmingly singled out as an essential business assistance need among Korean-American businesses. Nearly half (47%) of Korean-American business owners identified marketing as a primary need.

