



BOSS Quarterly Report

Quarter III, 2024



UTEP
HUNT INSTITUTE
FOR GLOBAL COMPETITIVENESS

BOSS Quarterly Report

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BOSS Quarterly Report

Executive Summary

This report delves into survey data collected from small businesses in El Paso, Texas, highlighting the primary challenges these businesses face in achieving their goals. The findings analysis identifies key areas where targeted interventions could offer substantial support, helping to address the specific needs of small businesses in the region. Recognizing these challenges, the City of El Paso established the Business One Stop Shop (BOSS), a program designed to simplify the complex landscape that local small businesses navigate.

The BOSS program is a comprehensive initiative that offers a range of services to empower small and micro business owners, entrepreneurs, and foreign direct investors in El Paso. By providing business education, technical support, and tailored financial products, BOSS aims to equip these stakeholders with the tools and resources necessary to thrive in a competitive market. Through these targeted efforts, the program seeks to foster a more conducive environment for small business growth and sustainability in El Paso, contributing to the broader economic development of the region.

The surveyed businesses represent a variety of sectors, predominantly the other services sector (especially hair and nail salons and personal care services), retail trade, and professional, scientific, and technical services. Significantly, 56.1% of the surveyed businesses have operated for over five years, and 82.8% are Hispanic-owned.

This analysis offers a detailed examination of the current local business landscape, highlighting key trends and challenges.

Small businesses in El Paso have expressed a growing need for technical assistance to remain competitive and sustainable in today's challenging economic environment. Many of these businesses lack the expertise to fully leverage modern technology, which

is increasingly essential for streamlining operations, enhancing customer engagement, and expanding market reach.

Also, the need for financial training is particularly urgent. Local small businesses said they require guidance in financial planning, business finance, capital budgeting, and basic budgeting and personal finance skills. Without this knowledge, some businesses are unaware of whether they are making a profit, breaking even, or losing money, which poses a significant risk to their long-term sustainability.

Moreover, small businesses have encountered various challenges when seeking business financing. Many face high interest rates or fees, struggle to find appropriate financing options, and often receive unfavorable loan terms. These obstacles make it difficult for small businesses to secure the capital they need to grow and thrive.

To address these challenges, businesses have expressed a need for technical assistance, particularly in loan applications, comprehensive business plan reviews, and improved access to technology services. These findings highlight significant opportunities for strategic interventions to strengthen small businesses' resilience and growth potential in El Paso.

Business One Stop Shop



This report analyzes survey data from small businesses in El Paso, Texas, highlighting their primary challenges in achieving their goals.

In today’s dynamic business landscape, small enterprises are essential drivers of local economies and innovation. However, they often encounter significant challenges that hinder their growth. The City of El Paso established the Business One Stop Shop (BOSS) to address these complexities.

This report analyzes survey data from small businesses in El Paso, Texas, highlighting their primary challenges in achieving their goals. The findings help pinpoint areas where targeted interventions can significantly support small businesses in the region.

The report offers insights into various aspects of small business operations, including financial constraints, workforce challenges, and resource access. Organized to provide a comprehensive overview, subsequent sections will explore specific themes such as financial assistance, workforce development, and technology utilization, along with recommendations to effectively address the identified needs.

The goal of this report is to equip small businesses in El Paso with the tools and information necessary to overcome obstacles, seize opportunities, and contribute to the community's economic growth.

Survey Response Summary

Between July 20, 2023, and September 30, 2024, the City of El Paso administered surveys to local businesses, receiving 506 responses. This figure reflects cleaned data, where duplicate and incomplete responses were removed. The survey questions are designed to identify the challenges businesses are facing and the areas of opportunity to refer them to programs and resources available.

Survey Type	Number of Responses
LiftFund	287
Pioneers 21	187
People Fund	25
UTEP Marketing	7
Total Responses	506

Challenges



Name Discrepancies

While collecting and cleaning survey data, the Hunt Institute encountered challenges because some businesses provided names that did not match the initial list. This discrepancy arose because some businesses did not yet have legal names when the initial list was created.



Duplicate Responses

Another issue emerged as some businesses submitted multiple survey responses, leading to duplicate answers and data complications. This occurred because the same survey link was used for a separate marketing program, resulting in multiple entries for the same business. Manual intervention was needed to eliminate duplicates. All duplicated and incomplete data were not included in this report.

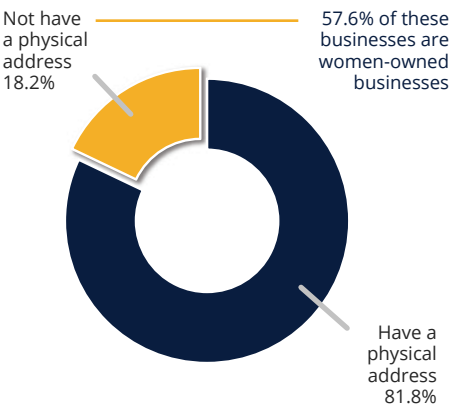


Adding New Businesses

While cleaning data, the Hunt Institute identified businesses not initially included in the recipient list. Consequently, new companies were added to the recipient list to ensure comprehensive coverage.

Business Profile

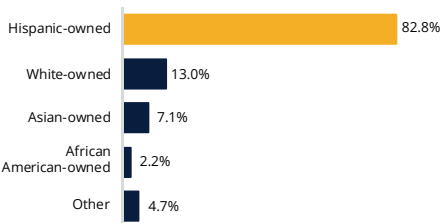
Business Physical Address



Source: Hunt Institute using data from the survey.

More than 80% of respondents reported that their businesses have a physical address in El Paso, indicating a strong local presence within the community. However, 18.2% of the businesses surveyed do not have a physical address. Notably, 57.6% of these businesses without a physical location are owned by women. This highlights a significant trend in the entrepreneurial landscape, where a substantial proportion of women entrepreneurs operate without a traditional brick-and-mortar location.

Majority Type of Business Ownership

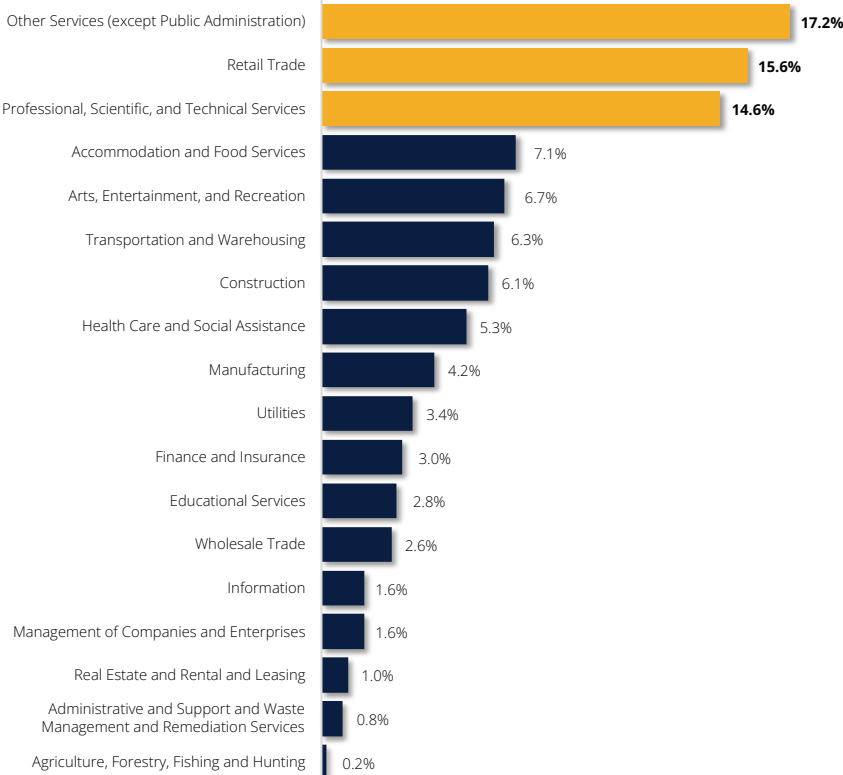


Note: Figures will not sum to 100% due to multiple-answer question.

Source: Hunt Institute using data from the survey.

The vast majority of small businesses surveyed in El Paso are Hispanic-owned, comprising 82.8% of the total. White-owned businesses account for 13.0%, and Asian-owned businesses make up 7.1%. This demographic breakdown underscores the significant role that Hispanic entrepreneurs play in the local economy.

Business Sectors



Source: Hunt Institute using data from the survey.

The three largest sectors among the surveyed businesses were other services (except public administration), retail trade, and professional, scientific, and technical services, all of which are vital to the local economy.

Within the other services sector, 63.2% of businesses focus on personal and laundry services, including essential offerings like dry cleaning, laundry, and personal care establishments such as hair and nail salons. Another 23.0% of these local small businesses are engaged in repair and maintenance services, covering automobiles, electronic and precision equipment, and personal and household goods. Additionally, 13.8% of businesses in this sector provide services to religious, grantmaking, civic, professional, and similar organizations, highlighting the sector's wide-ranging influence.

In the retail trade sector, clothing and clothing accessories stores lead with 22.8%, followed by food and beverage stores and general merchandise stores at 19.0% and 17.7%, respectively.

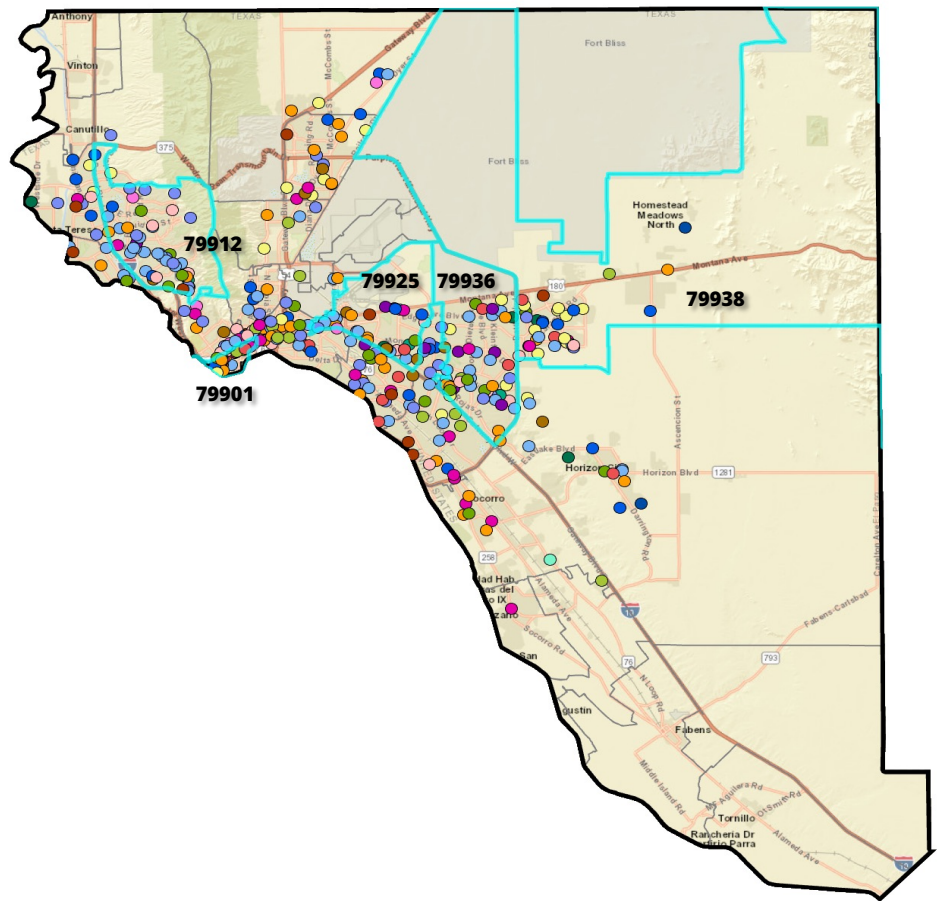
Business Industries by Zip Code

Business Type



Business Share by Zip Code

Zip Code	Share of Businesses
79835	0.5%
79836	0.2%
79849	0.2%
79901	8.2%
79902	5.8%
79903	6.0%
79904	1.7%
79905	3.1%
79906	1.0%
79907	3.9%
79911	0.5%
79912	12.8%
79915	6.8%
79922	1.4%
79923	0.2%
79924	3.9%
79925	8.2%
79927	1.9%
79928	3.1%
79930	2.2%
79932	2.7%
79934	1.4%
79935	3.1%
79936	11.8%
79938	8.2%

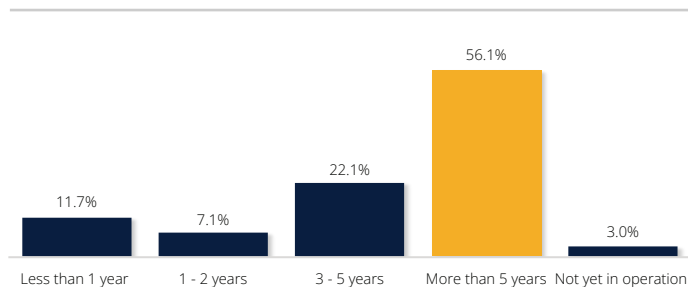


The top five zip codes with the largest concentration of businesses are 79912, 79936, 79925, 79901, and 79938, accounting for 12.8%, 11.8%, 8.2%, 8.2%, and 8.2% of the surveyed businesses, respectively. Zip codes 79912 and 79925 are notable for their significant presence in the other services, professional, scientific, and technical services, health care and social assistance, and retail trade sectors. In contrast, zip codes 79936 and 79938 are heavily concentrated in transportation and warehousing, while zip code 79901 is distinguished by its focus on wholesale trade and accommodation and food services. These areas are pivotal in driving the local economy.

Source: Hunt Institute using survey data.

Business Operations

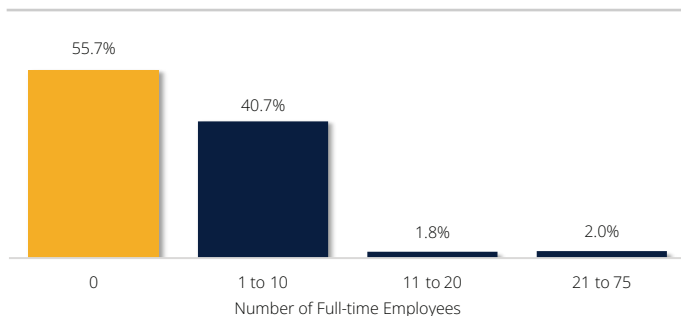
Years of Business Operations



Source: Hunt Institute using data from the survey.

The survey revealed that 56.1% of businesses have been operating for over five years, with a strong concentration in the other services (except public administration), professional, scientific, and technical services, and retail sectors. This reflects the stability and long-standing presence of these industries in El Paso. Conversely, 11.7% of the businesses surveyed are less than a year old, primarily within the retail and professional, scientific, and technical services sectors. This trend suggests the emergence of new enterprises in these fields, indicating potential growth and innovation in the local economy.

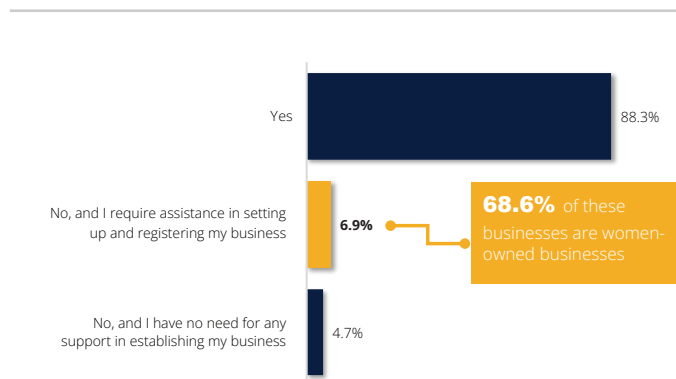
Number of Employees (Excluding Owner/s)



Source: Hunt Institute using data from the survey.

More than half of the businesses surveyed are non-employer businesses, underscoring the significant role of sole proprietorships and owner-operated ventures in our community. Additionally, around 40.7% of the businesses have one to ten employees, reflecting the strong presence of micro-enterprises in El Paso. This highlights the importance of supporting sole proprietorships and micro-enterprises, which comprise 99.9% of all U.S. businesses and include those with fewer than 500 employees. These small businesses are vital to the economic diversity and resilience of our community.

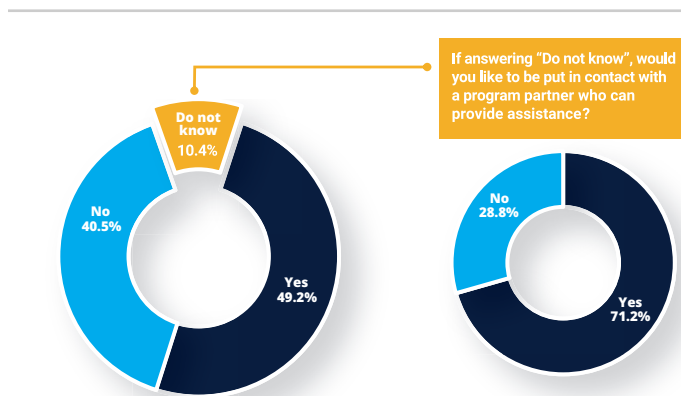
Legal Establishment



Source: Hunt Institute using data from the survey.

A large majority of surveyed businesses, 88.3%, reported being legally established. However, 6.9% of respondents indicated they lack a formal legal structure and need assistance with business setup and registration. Among these, 68.6% are women-owned businesses, emphasizing the necessity for targeted technical support to help women-owned enterprises formalize their operations.

Business Permits or Licenses Required

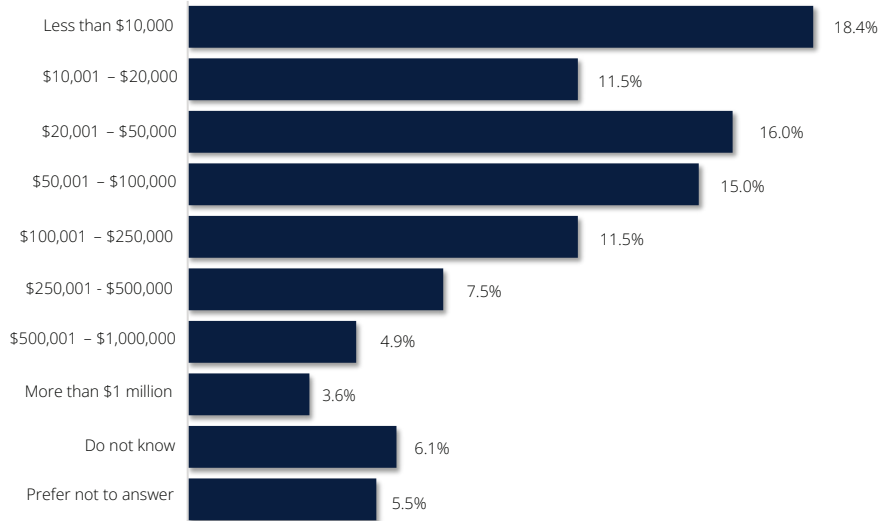


Source: Hunt Institute using data from the survey.

Among the surveyed businesses, 49.2% reported needing permits or licenses for their operations, while 40.5% stated they do not require them. Of the remaining 10.3% who were unsure about their requirements, 71.2% expressed interest in receiving assistance from a program partner. This presents an opportunity for program partners to offer guidance, helping these businesses navigate regulatory requirements and ensure legal and smooth operations.

2022 Business Performance

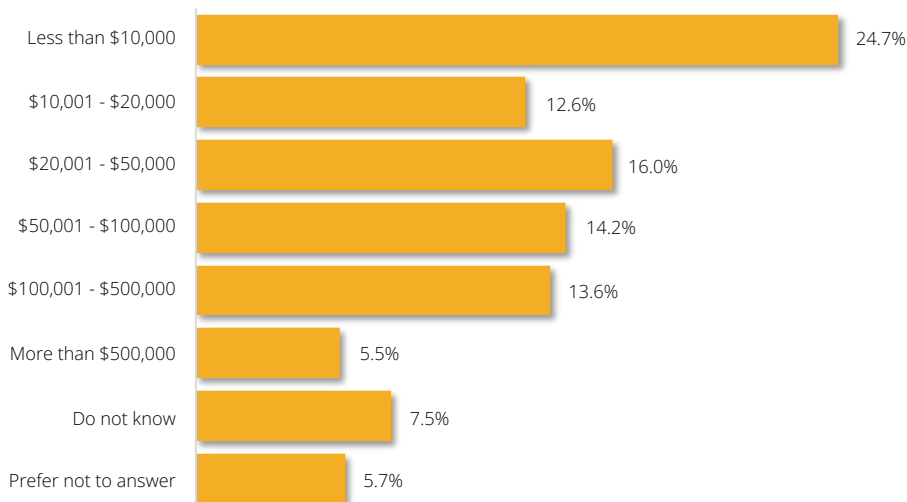
Business Total Annual Gross Income



In 2022, slightly less than one-fifth of businesses, or 18.4%, reported a total gross income of less than \$10,000. Close behind, 16.0% of businesses earned between \$20,001 and \$50,000. Conversely, only 3.6% of businesses reported a total gross income exceeding \$1 million. Some business owners were unsure of their annual gross income, which may indicate gaps in their ability to track revenue or build accurate financial statements. This presents a critical opportunity for financial literacy training provided by the city's program partners, which could equip these businesses with the necessary tools to manage their finances better and support their growth.

Source: Hunt Institute using data from the survey.

Business Expenses

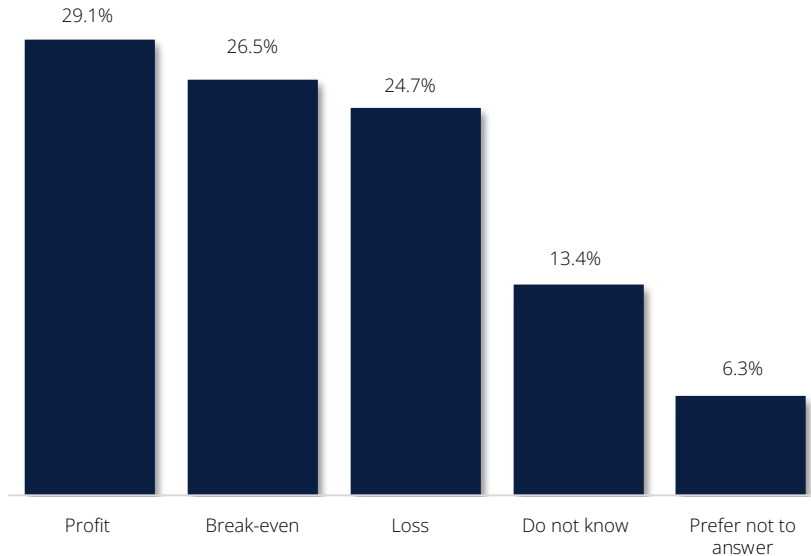


In 2022, 24.7% of surveyed businesses reported having expenses under \$10,000, the largest proportion among all businesses. This was followed by 16.0% of businesses with expenses ranging from \$20,001 to \$50,000. This trend is likely due to the fact that 96.4% of the surveyed businesses are sole proprietorships and micro-enterprises.

Source: Hunt Institute using data from the survey.

2022 Business Performance

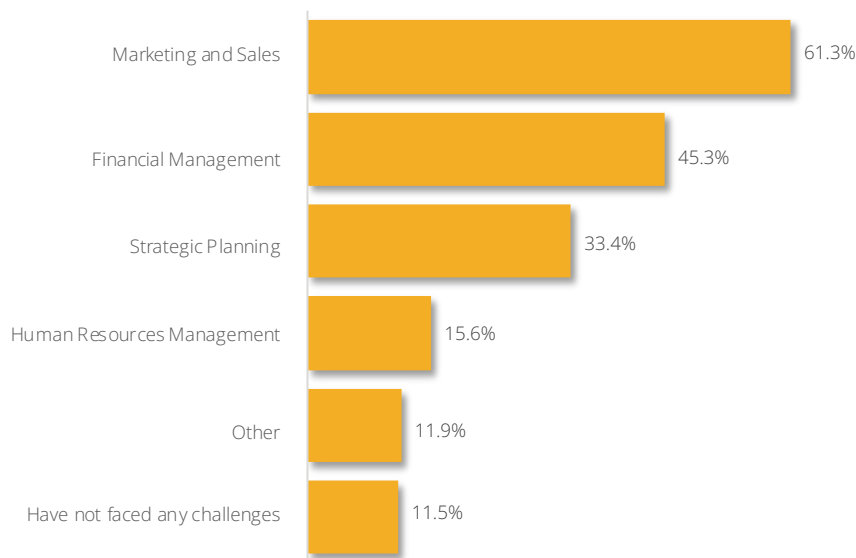
Business Financial Status



Source: Hunt Institute using data from the survey.

In 2022, 29.1% of businesses reported making a profit, while 26.5% broke even. On the other hand, 24.7% of businesses experienced losses, and 13.4% were uncertain about their financial performance. Additionally, 6.3% chose not to disclose their financial status. The top three sectors reporting losses were retail trade at 19.2%, other services (except public administration) at 18.4%, and health care and social assistance at 8.8%. These findings highlight the varying financial health across different sectors and emphasize the need for targeted support to help struggling businesses improve profitability and sustainability. Those unsure of their financial performance may benefit from financial literacy training provided by the City's program partners.

Key Business Challenges

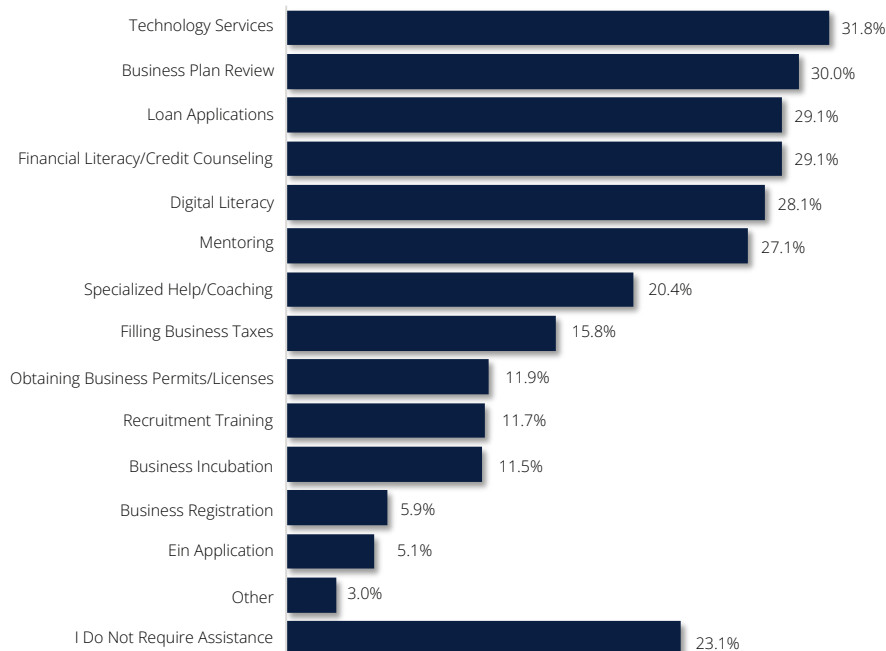


Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

In 2022, businesses faced significant challenges primarily in marketing and sales, followed by financial management and strategic planning, with 61.3%, 45.3%, and 33.4% of businesses, respectively. In marketing and sales, companies struggled with losing contracts or clients and experiencing a decline in sales, challenges exacerbated by rising costs of goods, inflation, and an unstable market environment. Additionally, 15.6% of businesses encountered difficulties in human resources management, particularly in hiring and retaining skilled employees. These issues underscore the complex nature of the challenges businesses face, which involve both external market conditions and internal operational concerns.

Technical Assistance and Financial Literacy

Areas that Require Technical Assistance



Nearly one-third of surveyed businesses, 31.8%, reported a need for technology services assistance, emphasizing the critical role of technology in modern business operations and the necessity for guidance and resources to utilize technological tools and platforms effectively.

Additionally, businesses identified business plan review, loan applications and financial literacy and credit counseling, as key areas where they require support, with 30.0%, 29.1%, and 29.1% of respondents, respectively, expressing a need for assistance. Enhancing financial literacy and providing credit counseling can empower businesses to make informed financial decisions and manage their finances more effectively.

Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Areas that Require Financial Literacy Training



Businesses need a wide range of financial literacy training. Financial planning was identified as the top priority, with 38.1% of respondents indicating it as a key area for training. Effective financial planning is crucial for setting clear financial goals, managing resources, and making informed decisions to ensure long-term success.

Closely following, 37.5% of businesses expressed a need for training in business finance and capital budgeting. This underscores the importance of understanding financial management principles, including budgeting and efficient capital allocation, to support business growth and sustainability.

Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Access to Capital

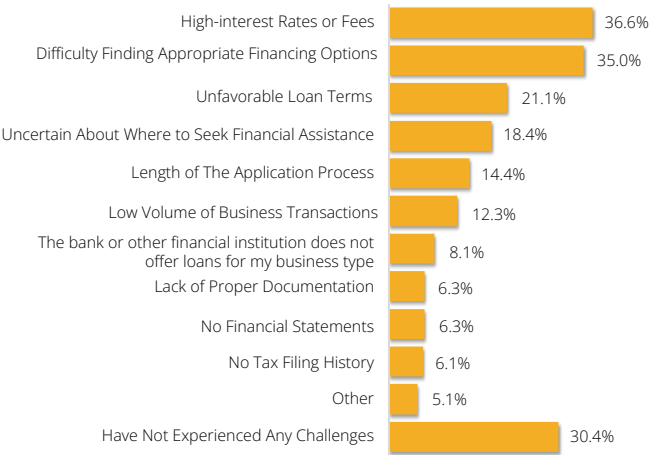
Relationship with a Bank or Financial Institution for Business Banking Needs



Source: Hunt Institute using data from the survey.

The majority of surveyed businesses, 77.8%, reported having a primary bank or multiple banks or financial institutions for their business needs. However, 12.1% indicated they had no relationship with any bank or financial institution, which can limit their access to essential financial services such as loans, credit lines, and other products critical for business growth and stability. Additionally, 10.1% of businesses reported using a personal bank account for their business transactions, which can complicate financial management and record-keeping, potentially making it difficult to track business expenses and income accurately.

Encountered Challenges While Seeking Business Financing



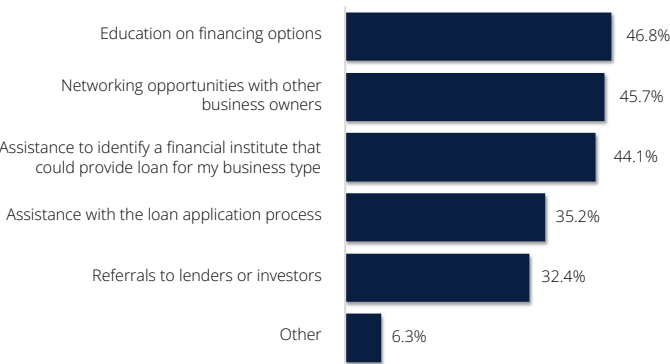
Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Small businesses in El Paso have faced various challenges in securing financial resources for their operations. The most significant issues reported are high interest rates or fees, at 36.6%, and difficulty finding appropriate financing options, at 35.0%. These challenges can limit a business's ability to obtain the funding necessary for growth, expansion, and maintaining operational stability.

High interest rates and fees drive up the cost of borrowing, making it more expensive for businesses to access the capital they need. This can lead to increased operational costs and reduced profitability, particularly for small businesses operating on tight margins.

The difficulty in finding suitable financing options highlights a broader issue of accessing financial products that cater specifically to the needs of small businesses. This includes challenges such as finding lenders willing to offer favorable terms, understanding the range of financing products available, and navigating complex application processes.

Business Support or Resources Benefit for Accessing Capital

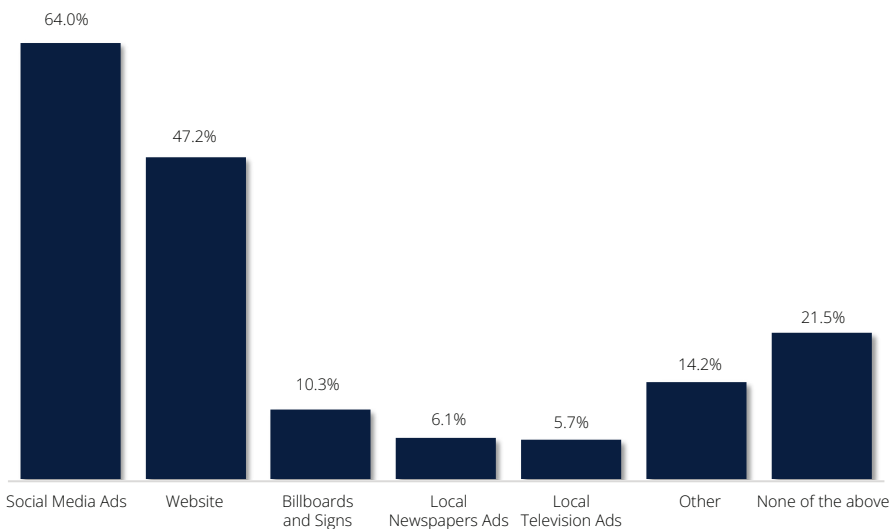


Note: Figures do sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Small businesses in El Paso have highlighted several key areas where they need support to improve their access to financial resources. Among them, 46.8% require education on financing options, 45.7% seek networking opportunities with other business owners, and 44.1% need help identifying financial institutions that offer suitable loans. Additionally, 35.2% of businesses need assistance with the loan application process, 32.4% seek referrals to lenders or investors, and 6.3% have unique needs. These findings emphasize the importance of providing comprehensive support in financial education, identifying appropriate financial institutions, fostering networking opportunities, and guiding businesses through the loan application process to help them overcome financial barriers and achieve greater success.

Marketing

Marketing Tools Employed

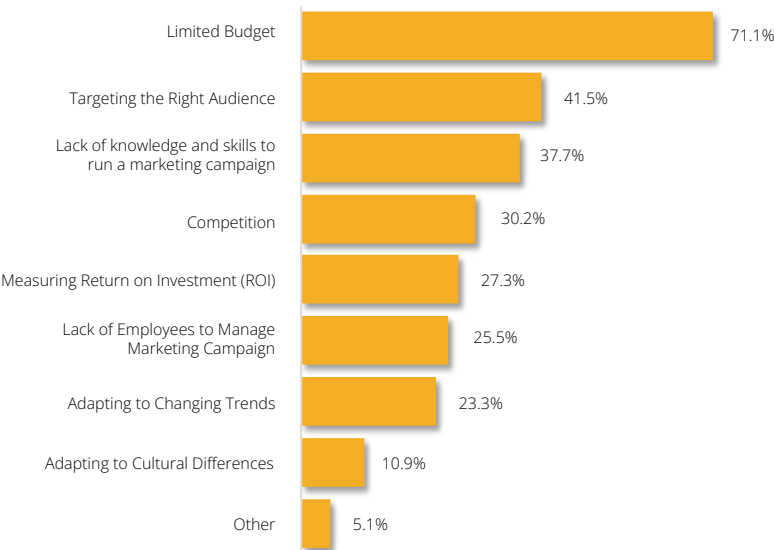


Social media advertisements have been the most widely used marketing tool, with 64.0% of respondents utilizing them, followed by websites at 47.2%.

Traditional methods such as billboards and signs at 10.3%, local newspaper advertisements at 6.1%, and local television advertisements at 5.7% are less common. Additionally, 14.2% of businesses use other forms of advertising, such as email, word of mouth, and Google, while 21.5% do not engage in any of the listed advertising strategies. This underscores the dominance of digital marketing, though traditional methods still hold value for some businesses.

Note: Figures do not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Major Challenges Encountered During Marketing Campaigns

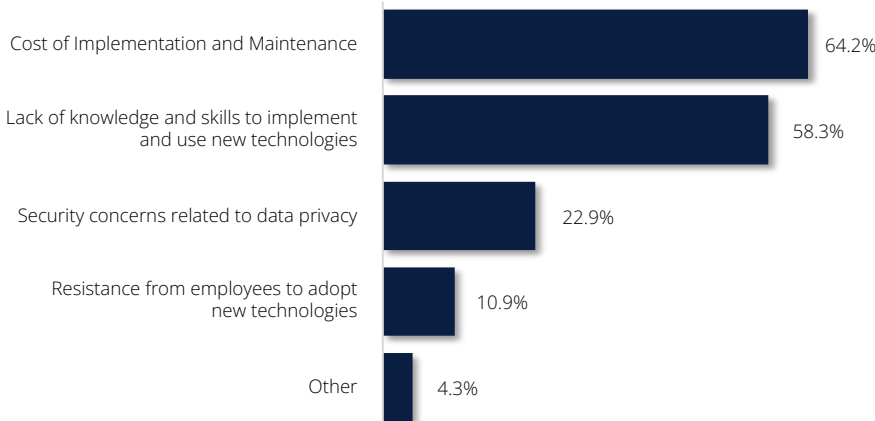


During marketing campaigns, over two-thirds of the surveyed businesses, 71.1%, identified a limited budget as their primary challenge. Additionally, 41.5% struggled to target the right audience, and 37.7% pointed to a lack of knowledge and skills in running effective marketing campaigns as a significant hurdle. Addressing these challenges is crucial for improving their marketing outcomes, which can lead to better market reach and growth opportunities.

Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Digital Transformation

Major Challenges Encountered in Adopting New Technologies for Business



Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

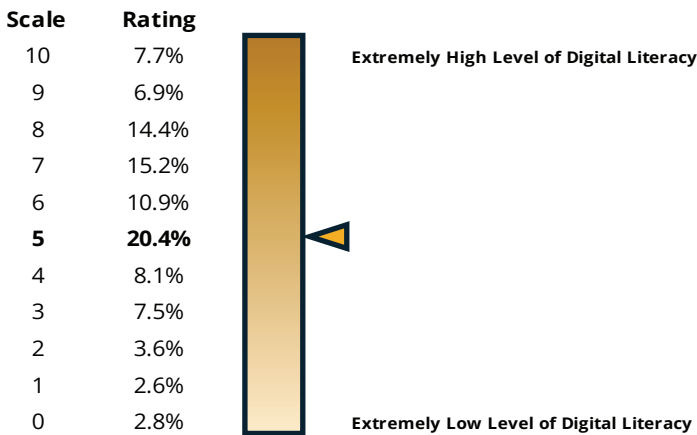
In addition, 58.3% of businesses reported a lack of knowledge and skills to implement and use new technologies.

This skills gap can hinder the effective integration and utilization of technology, preventing businesses from fully capitalizing on the benefits new tools and systems can provide.

Furthermore, 22.9% of businesses expressed concerns about security, particularly regarding data privacy. These concerns can deter businesses from adopting new technologies due to fears of potential data breaches and the associated risks.

Businesses have identified several critical challenges in adopting new technologies. The most significant obstacle is the cost of implementation and maintenance, cited by 64.2% of respondents. This expense can be particularly prohibitive for small businesses with limited budgets, making investing in the latest technologies challenging.

Digital Literacy Rating

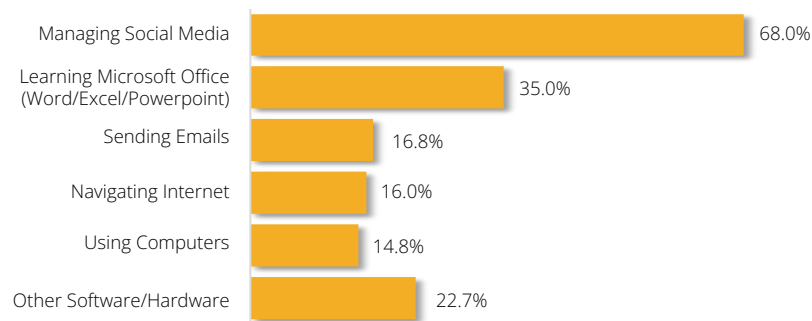


Source: Hunt Institute using data from the survey.

Approximately 20.4% of surveyed businesses in El Paso report having an average level of digital literacy. In contrast, 7.7% consider their digital literacy high, while only 2.8% report extremely low levels. This small percentage represents a minority of businesses that may struggle significantly with digital tasks, potentially affecting their overall efficiency and competitiveness in an increasingly digital marketplace.

Digital Transformation

Areas that Require Digital Transformation Training



Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

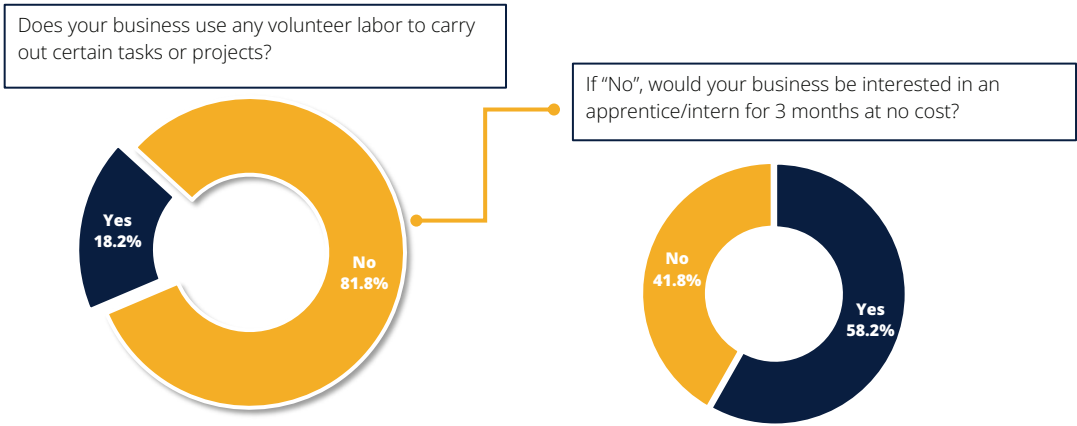
Managing social media has emerged as the top priority for digital transformation training, with 68.0% of businesses expressing a need for improvement in this area. This highlights a strong demand for skills and strategies to leverage social media platforms effectively for marketing, customer engagement, and brand building.

In addition to social media management, learning Microsoft Office is also a significant focus, with 35.0% of businesses seeking training in this suite of productivity tools. Proficiency in Microsoft Office is essential for a variety of business tasks, from document creation and presentations to data management and communication.

The data also reveals a substantial need for basic digital skills, with 16.8% of businesses highlighting the need for training in sending emails, 16.0% in navigating the internet, and 14.8% in using computers. These fundamental skills are crucial for everyday business operations, enabling employees to effectively perform their tasks and access online resources.

Workforce Development

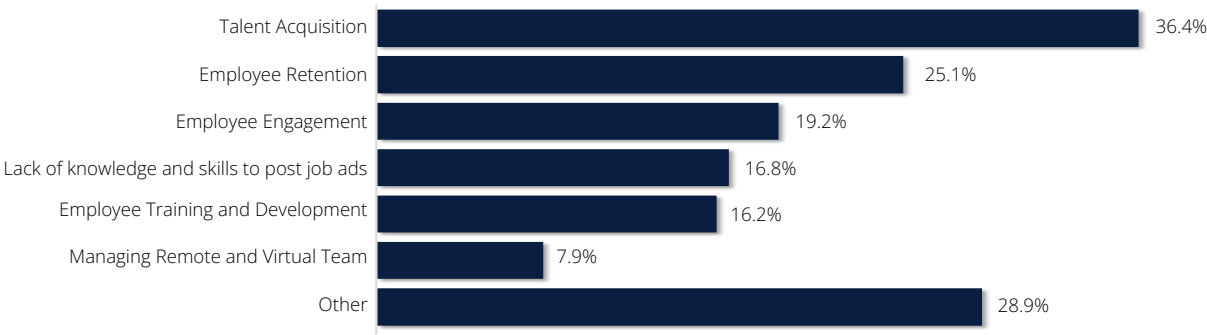
Volunteer Labor for Businesses



Source: Hunt Institute using data from the survey.

Most businesses in El Paso do not rely on volunteers to manage specific tasks or projects, with only 18.2% reporting using volunteer assistance. However, there is significant interest in alternative forms of support. Over half of the businesses that currently do not use volunteers, 58.2%, express a strong interest in hosting an apprentice or intern for three months at no cost.

Key Workforce Development Challenges



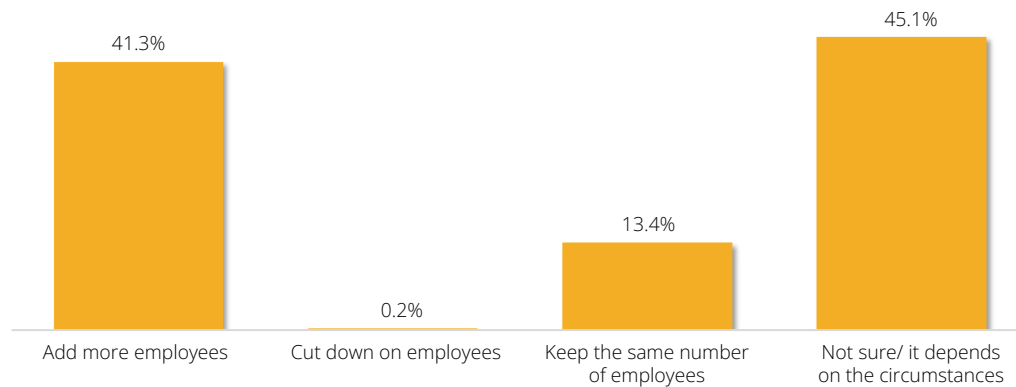
Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Concerns about workforce development vary among businesses, with talent acquisition being the top issue for 36.4% of respondents, followed closely by employee retention at 25.1%.

Employee engagement is also a significant concern, cited by 19.2% of businesses. Additionally, 16.8% of businesses face challenges due to a "lack of knowledge and skills to post job ads.". The data further highlights the importance of employee training and development, with 16.2% of respondents identifying it as a key area of focus, and 7.9% expressed the need for better management of remote and virtual teams. Furthermore, 28.9% of concerns fall into the "other" category, with issues including insufficient funding to hire employees and scenarios where businesses have no employees at all. This range of concerns underscores the diverse challenges businesses face in workforce development and the need for tailored solutions to address them effectively.

Workforce Development

Employment Change Expectations in 2024

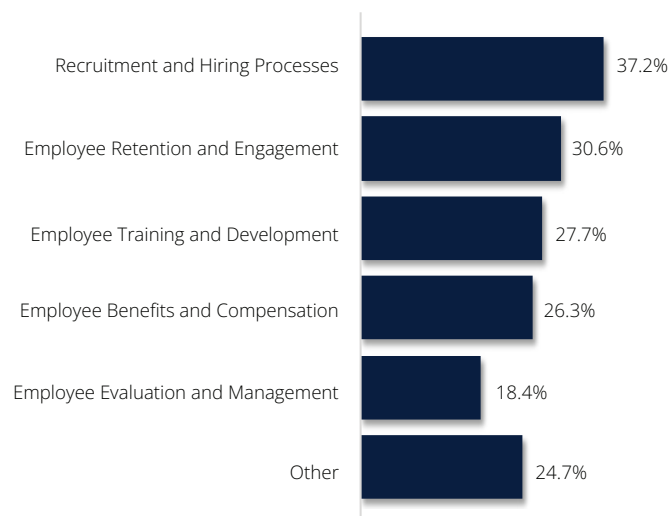


Source: Hunt Institute using data from the survey.

Small businesses in El Paso show a strong inclination toward expanding their workforce in 2024. A substantial 41.3% of surveyed businesses expressed a desire to increase their employee count, signaling optimism and potential growth within the local economy. In contrast, 13.4% of businesses plan to maintain their current staffing levels, indicating stability and satisfaction with their existing workforce.

Only 0.2% of businesses, representing just one business, are considering reducing the employee count. However, a considerable 45.1% of businesses remain uncertain about hiring new employees. Various factors, including market conditions, economic trends, and business performance in the coming months, likely influence this uncertainty.

Areas Requiring Assistance to Meet Employment Change Expectations in 2024



Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

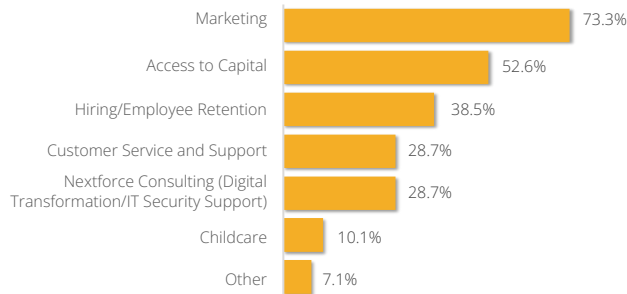
To meet employment change expectations and overcome related challenges, recruitment, and hiring processes have been identified as the top priority for 2024, with 37.2% of businesses emphasizing the need for assistance in this area. This indicates that finding qualified candidates remains a significant concern, potentially affecting growth and productivity.

Employee retention and engagement are also crucial, with 30.6% of businesses prioritizing the need to motivate their workforce and reduce turnover. High retention and strong engagement are essential for maintaining a stable, committed workforce and enhancing overall performance.

Additionally, 27.7% of businesses highlight the importance of improving employee training and development. Ongoing skill enhancement and professional growth opportunities are vital for maintaining competency, job satisfaction, and employee loyalty.

Workforce Development

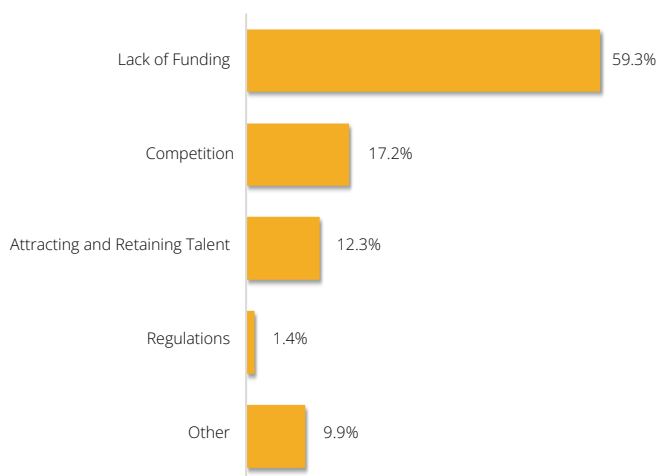
Open to Recommendations for Support and Service Connections



Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Businesses have expressed a strong openness to recommendations for support and service connections. Marketing stands out as a major concern, with 73.3% of respondents indicating a need for assistance in this area. This underscores the vital role of effective marketing strategies in attracting new customers, boosting brand awareness, and driving sales. Access to capital is another critical issue, with 52.6% of businesses prioritizing it. Ensuring that businesses can secure the necessary funding is essential for their ability to scale and remain competitive. Additionally, 38.5% of businesses highlighted the importance of support in hiring and employee retention. These areas reflect the critical needs for support and services that businesses consider essential for enhancing their growth and stability.

Biggest Challenges in Achieving Business Goals



Source: Hunt Institute using data from the survey.

Top Five Business Goals Prioritized for the Next 1-2 Years



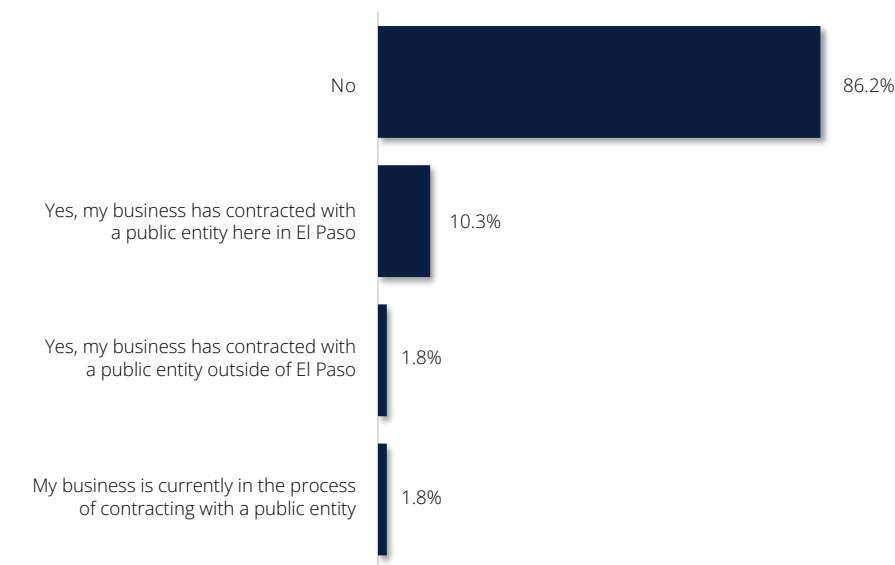
Note: Figures will not sum to 100% due to multiple-answer question.
Source: Hunt Institute using data from the survey.

Increasing revenue is the top priority for businesses over the next 1-2 years, with 88.5% focusing on this goal. Improving profitability follows closely, with 66.0% of businesses aiming to achieve this. Additionally, 52.0% are focused on enhancing customer satisfaction and loyalty. Brand recognition and reputation is a priority for 46.4% while adopting new marketing strategies is important for 39.5%. These objectives underscore the key areas businesses consider essential for growth and success in the near future.

The most significant challenge for businesses in El Paso in achieving their goals is a lack of funding, cited by 59.3% of respondents. Competition is the next primary concern, mentioned by 17.2%, while 12.3% highlight difficulties in attracting and retaining talent. Regulations are the least of their worries, accounting for just 1.4%. These challenges emphasize the need to address funding shortages, competitive pressures, and talent management to foster growth and success in the local business environment.

Procurement

Businesses that Have Contracted with a Public Local Entity



The vast majority of businesses in El Paso, 86.2%, have never contracted with a local public entity. However, the largest business sector -other services (except public administration)- primarily comprises personal and laundry services, such as dry cleaning, laundry, and personal care establishments like hair and nail salons, which typically do not align with public entity contracts.

Meanwhile, 10.3% have secured local contracts, and 1.8% have worked with public entities outside El Paso. Currently, only 1.8% are in the process of contracting with a public entity. These figures reflect varying levels of participation in public procurement, pointing to potential opportunities for increased collaboration.

Source: Hunt Institute using data from the survey.

Conclusion

Small businesses in El Paso, Texas, are grappling with various challenges in pursuing their goals. This survey reveals a clear need for financial assistance and training, with critical issues including declining sales, difficulties recruiting employees, and limited access to capital. A significant concern is the high interest rates many businesses face when seeking credit.

In response to these challenges, small businesses in El Paso have expressed a strong willingness to engage in training and programs designed to enhance their competitiveness. There is a high demand for support in areas such as technology services, financial literacy/credit counseling, loan applications, comprehensive business plan reviews, access to volunteers, and improved access to technology services and marketing. These needs present a critical opportunity for strategic interventions to bolster these businesses' resilience and growth potential.

Additionally, small businesses require training assistance, highlighting the importance of loan access. Effective social media and marketing strategies are also essential for expanding their clientele and reaching new markets. Talent acquisition and retention remain ongoing challenges. Addressing these needs through targeted support and resources can significantly contribute to the success and sustainability of small businesses in El Paso.