

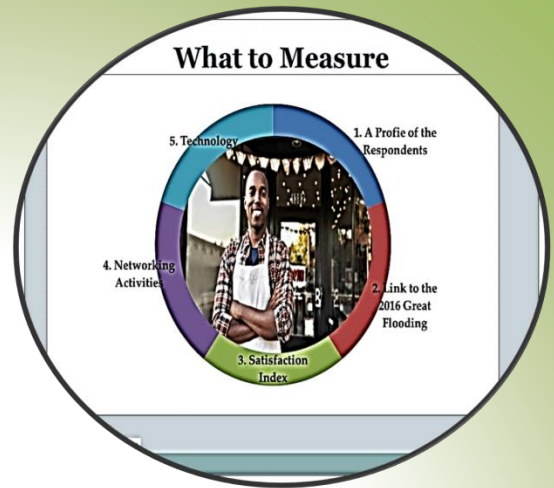
November 2018

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# A Population Survey of Micro and Small Businesses on Harding Blvd, Airline Hwy, and Plank Rd in Baton Rouge, LA

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# SURVEY EXECUTIVE SUMMARY

The Southern University EDA University Center for Economic and Entrepreneurial Development conducted a population survey on the micro and small businesses (MSBs) located on Harding Boulevard, Airline Hwy, and Plank Road within the geographical boundary of the Baton Rouge North Economic Development District. The survey focused on five rubrics of the population group of the MSBs: A profile of the MSBs, an exposure to the 2016 Flood, the satisfaction level of the MSBs with marketplace attributes, their networking activities, and their use of technology and information.

The majority of the population businesses (361) in the selected areas are engaged in the retail trade sector (42%) followed by the services sector (36%). Out of the population, 79 MSBs participated in the survey (22%). Several observations have emerged from survey results. The respondent businesses are, on average, employing three full-time workers. Twenty-five percent of those are generating an annual revenue of less than \$100,000. The selected marketplace is showing signs of receptivity to newly formed businesses, as more than 40% of the respondents have been in business for less than five years.

Franchised firms represent 30% of all respondent firms. Business ownership by race shows the diversity of ethnic groups: African-American (37%), Caucasian (33%), Asian (16%), Middle Eastern (11%) and Hispanic/Latino (3%). More than half (52%) of the respondents own the property in which the business is located. Male ownership represents 67% of the businesses, with the median education level being a bachelor's degree.

Approximately one-third (32%) of the respondents were affected by the 2016 Flood. Since then, 48% of those affected businesses have had sustained business growth. However, the respondents' satisfaction level with the north Baton Rouge marketplace is mixed (the level of satisfaction is equally matched with the level of dissatisfaction). The major complaints are in order of personal safety issues (36%), insufficient businesses (26%), and lack of technical support and mentorship (18%). On the other hand, the biggest positive about this marketplace cited by the business owners was "Knowledgeable consumers appreciate the respondent businesses."

Finally, very few respondents were making use of publicly supported resources. One plausible reason for this observation might be derived from participants' remarks during the survey interviews that "engagements in publicly supported resources did not render an immediate tangible outcome to businesses." Nevertheless, the Small Business Administration, the Small Business Development Center at Southern University, and the Baton Rouge Area Chamber of Commerce have been utilized by these respondents. The majority of the respondents are technologically savvy, based on the survey results that they are heavy users of mobile payment systems (61%), websites (60%), and social media for their business operations (73%).

# **A Population Survey of Micro and Small Businesses on Harding Blvd, Airline Hwy, and Plank Rd in Baton Rouge, LA**

## **INTRODUCTION**

EDA University Center for Economic and Entrepreneurial Development, NexusLA and the Louisiana Technology Park along with Baton Rouge North Economic Development District (BRNEDD) conducted a population survey on all micro and small profit-oriented businesses (MSBs) on Airline Highway, Harding Boulevard, and Plank Road within the geographical boundary of Baton Rouge North Economic Development District (BRNEDD).

The purpose of this survey was to help the East Baton Rouge City-Parish and Baton Rouge North Economic Development District (BRNEDD) better serve business needs and the needs of the general community.

### **Acknowledgments**

The author gratefully acknowledge financial support from NexusLA and the Louisiana Technology Park. He would like to thank Graduate Assistants: Messrs. Cesar Fernandes and Rohit Varma for the preparation of the survey analysis and especially Drs. Donald Andrews and Ghirmay Ghebreyesus for valuable suggestions and encouragements.

# SURVEY DESIGN

The survey was designed to capture five categories of data.

## ➤ A Profile of the Respondents

Objective 1: To collect data that provide details of the respondents in terms of approximate business size, number of employees, demographic characteristics, type of business by industry, and number of years in business

## ➤ An Exposure to the 2016 Flood

Objective 2: To help gain insights into how the 2016 Flood affected the business activities of the target area

## ➤ Satisfaction Index

Objective 3: To assess the satisfaction level of the businesses with important attributes of the marketplace, including noting major complaints, things that respondents felt good about, City regulations, business conditions, etc. These series of questions were designed to access the building blocks available in the entrepreneurial ecosystem for the target area.

## ➤ Networking Activities

Objective 4: To assess the level of networking practiced by businesses in the target area. It contained several questions related to how often respondents networked (made contact with) small business assistance providers (e.g., SCORE, SBDC, EDAUC, LA Tech Park, etc.).

## ➤ Technology

Objective 5: To obtain a snapshot as to the level of basic information and technology (IT) that existed in the businesses in the target area

## METHODOLOGY

The survey team identified the population number of **361 actively operating businesses** on these three streets through a driving-by method from September 1 to 2, 2018. Of this number, **205** MSBs are along Plank Road; **133** MSBs are on Airline Highway; and **23** MSBs are located on Harding Boulevard.

The combination of manual survey delivery and face-to-face survey interviews was conducted from September 14 to October 12, 2018. The interview team obtained survey responses from **79 businesses: (1) 6 businesses on Harding Boulevard; (2) 39 on Plank Road; and 34 on Airline Hwy**, which represents a response rate of **22%**. The survey analysis is based on the 79 respondents from the population group of 361 MSBs.



# SURVEY RESULTS/DISCUSSION

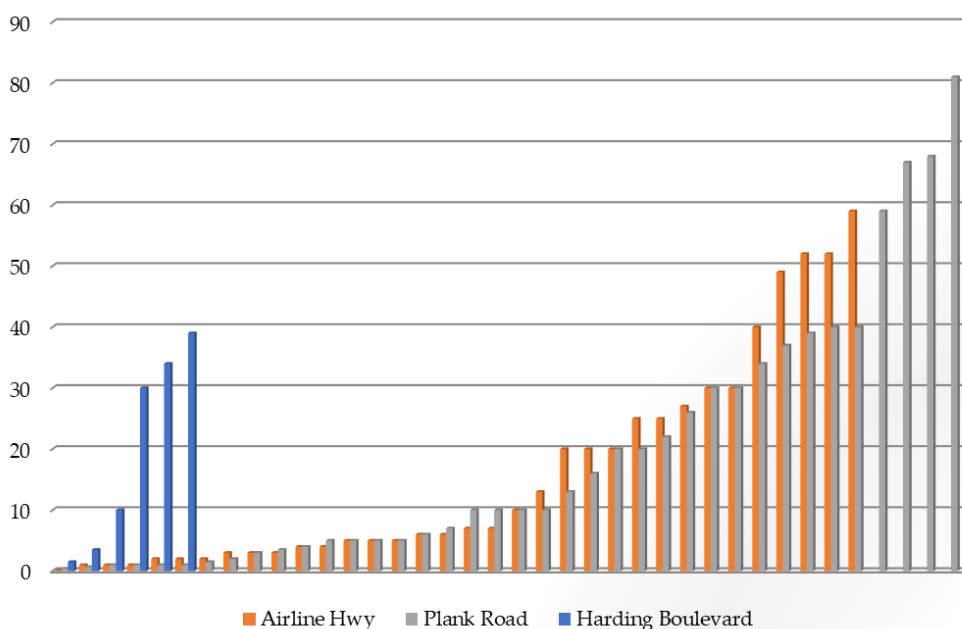
## I. Profile of Respondents

### Business Experience

The **median years** of business operations for the respondents is **9.5 years**. **Forty-one percent** of the businesses have been in businesses **for five years or less**. **About 53% of them** are **first time** business owners, while 47% indicated they had been in business previously.

By location in Figure 1, first-time starters represent 53%, 50%, 67% of businesses on Plank Road, Airline Hwy, and Harding Boulevard, respectively. The **median years** of business operations by street location are **12.5 years, 10 years, and 6.5 years for Harding Boulevard, Plank Roads, and Airline Highways**, respectively. More than 44% of the respondents on Airline Hwy are at an earlier stage of business (i.e., 5 years or less). On the other hand, 12.5% of the responding businesses on Harding Boulevard have been in business for five years or less, whereas about 40% of Plank Road businesses have been actively operating for five years or less. In the case of Harding Boulevard, 87.5% of the businesses have operated for 10 years or longer.

**Figure 1. Longevity of Micro and Small Businesses  
(79 Business Firms, Years of Operation)**





## Distribution of Business by Industry

One of the primary objectives of the survey was to develop a profile of all MSBs classified by type of industry. The survey used North American Industry Classification System (NAICS) to classify all MSBs into 2 digit industry sectors. Table 1 captures the details.

**Table 1. All Micro and Small Business Classified by NAICS**

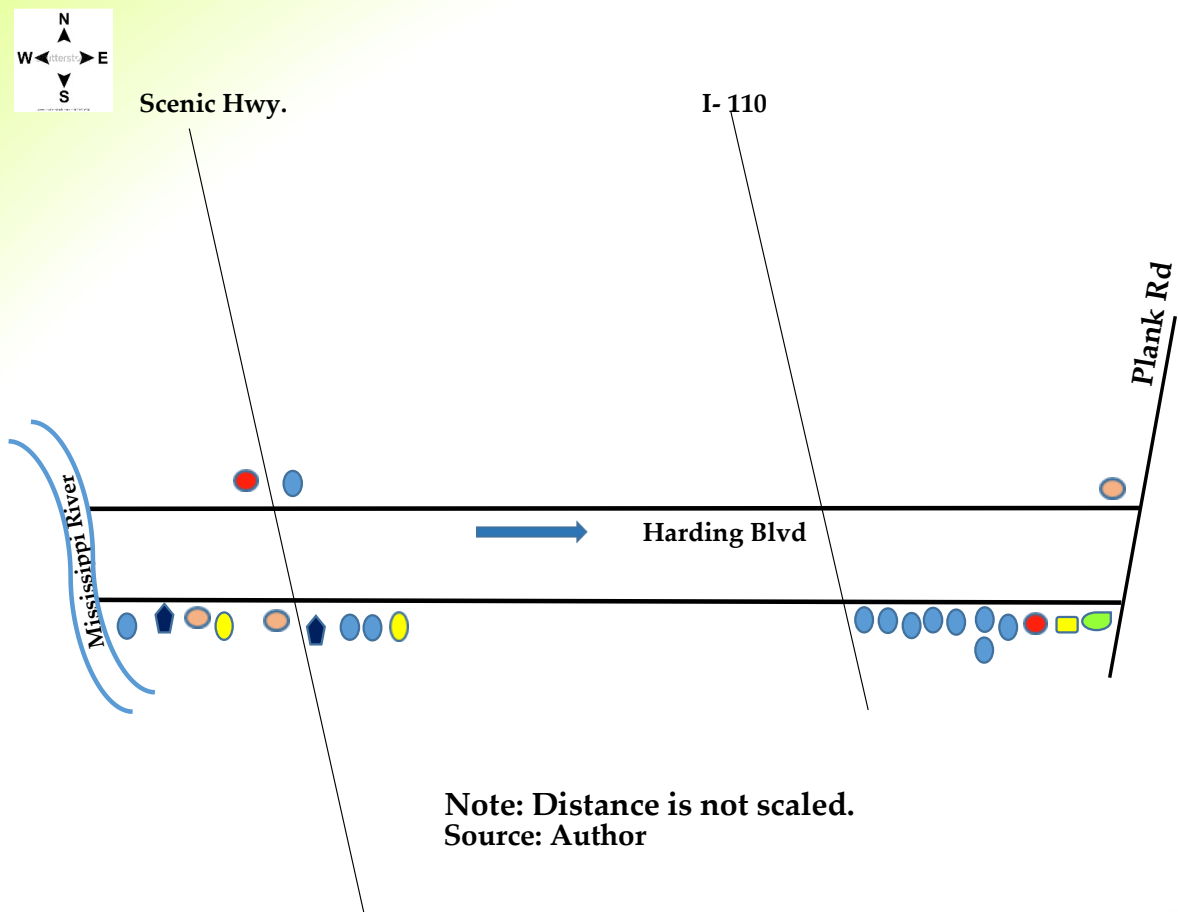
Two Digit NAICS Classification	Harding Boulevard	Airline Highway	Plank Road	Total	Percent
Accommodation and Food Services	12	32	31	75	20.78%
Adm. and Support and Waste Management and Remediation Services	0	1	0	1	0.28%
Agriculture, Forestry, Fishing and Hunting	0	0	1	1	0.28%
Arts, Entertainment, and Recreation	0	2	0	2	0.55%
Construction	0	3	0	3	0.83%
Educational Services	0	3	1	4	
Finance and Insurance	2	6	10	18	4.99%
Health Care and Social Assistance	1	0	2	3	0.83%
Information	0	1	4	5	1.39%
Manufacturing	2	4	6	12	3.32%
Other Services	1	12	40	53	14.68%
Professional, Scientific and Technical Services	0	1	2	3	0.83%
Real Estate and Rental and Leasing	3	8	5	16	4.43%
Retail Trade	2	52	99	153	42.38%
Transportation and Warehousing	0	3	1	4	1.11%
Wholesale Trade	0	5	3	8	2.22%
<b>Total number of Micro and Small Businesses</b>	<b>23</b>	<b>133</b>	<b>205</b>	<b>361</b>	<b>100%</b>

All businesses were primarily in the following industry sectors:

- ❑ Retail Trade: 42%
- ❑ Services: 36%
- ❑ Finance and Insurance: 5%
- ❑ Real Estate, Rental, and Leasing: 3%

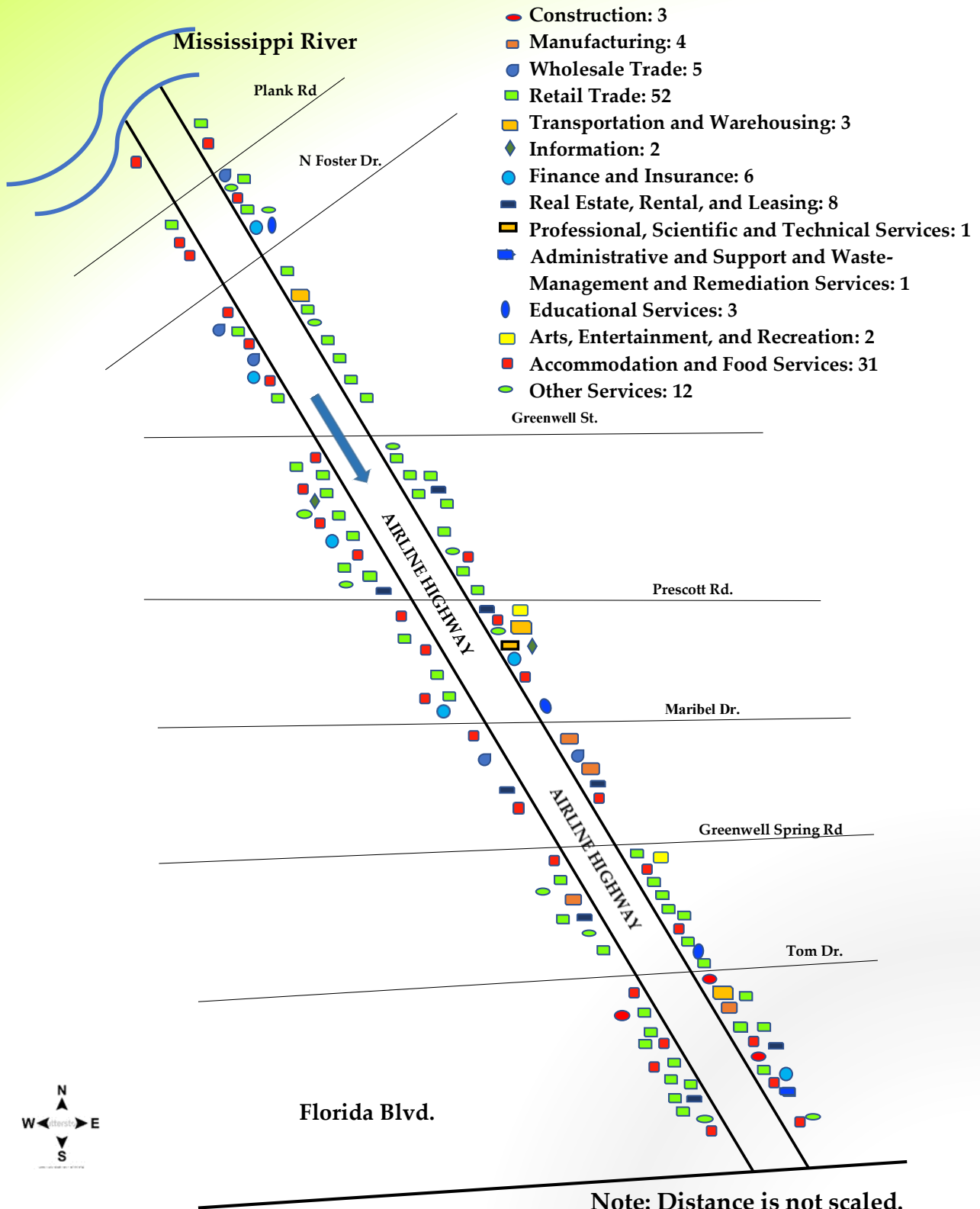
**All population MSBs are mapped in Figure 2 through Figure 4.**

**Figure 2. A Map of the Population Small Businesses by NAICS Sectoral Classification:  
HARDING BOULEVARD, Baton Rouge, November 2018**



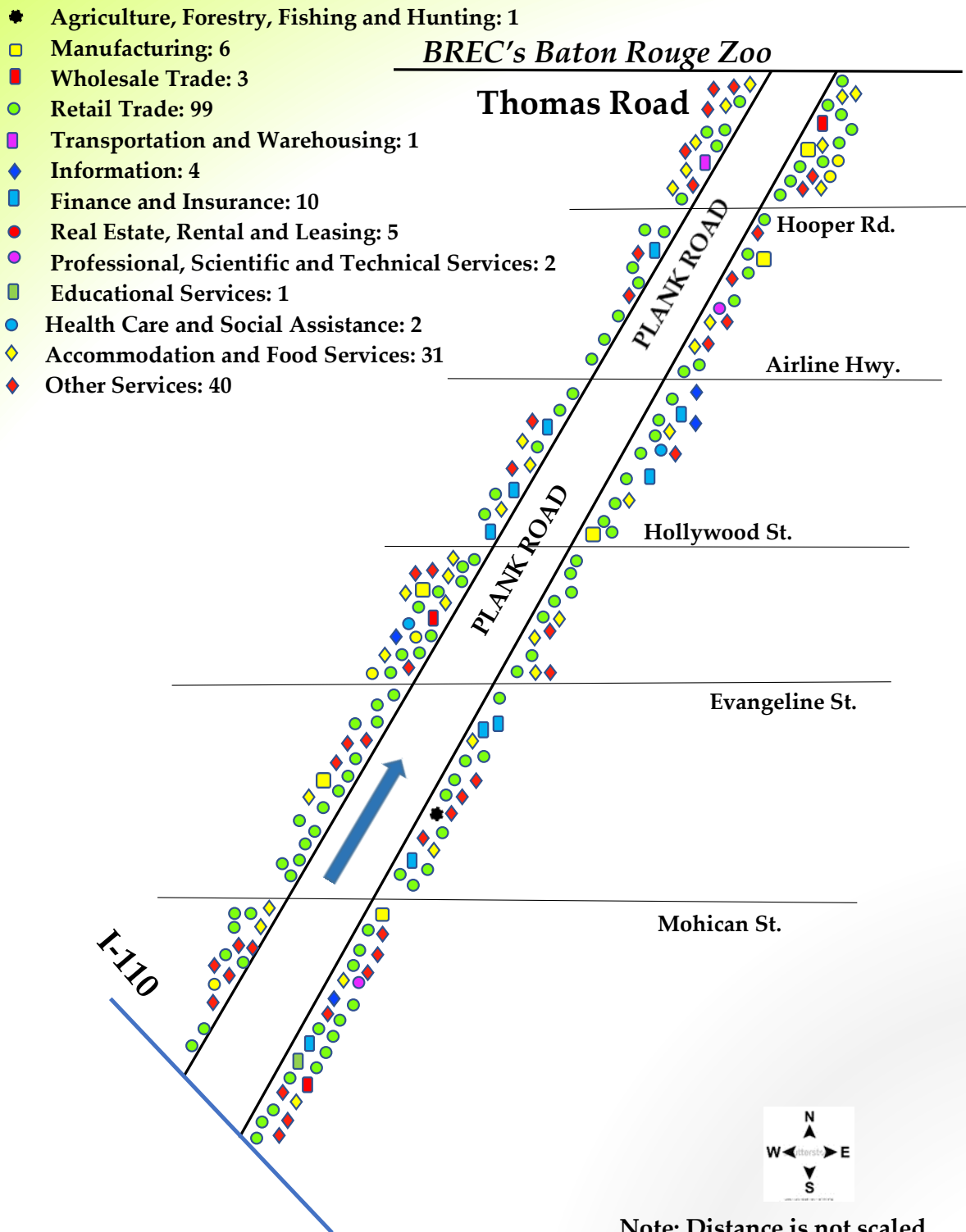
- Accommodation and Food Services: 12
- ◆ Finance and Insurance: 2
- Real Estate and Rental Leasing: 3
- Retail Trade: 2
- Other Services: 1
- Health Care and Social Assistance: 1
- Manufacturing: 2

**Figure 3. A Map of the Population Small Businesses by NAICS Sectoral Classification:  
AIRLINE HIGHWAY, Baton Rouge, November 2018**



Source: Author

**Figure 4. A Map of the Population Small Businesses by NAICS Sectoral Classification:  
PLANK ROAD, Baton Rouge, November 2018**



Note: Distance is not scaled.  
Source: Author

## Profile of Participating Business Structure /Ownership

### A. Business Structure:

**Thirty-six percent** of all respondents are **franchisees**, whereas almost two-third of the respondents are in either sole proprietorship or partnership.

By business location, 31% of the respondents on Plank Road are franchisees and more than two-third of them (69%) are either sole proprietor or partnership owners. Almost half (48%) of the businesses are franchisees on Airline Hwy and the rest are either in sole proprietorship or partnership. All the respondents on Harding Boulevard are sole proprietors.

### B. Employment:

**The median number of full-time employees** for all respondents was **three** and the median number of part-time workers was also three. By street location, the median number of full-time employees was 4.5 for businesses on Airline Hwy; 2 on Plank Road; and 4 on Harding Boulevard. The median number of part-time workers was 2, 3, and 4 for Plank Road, Airline Hwy, and Harding Boulevard businesses, respectively.

### C. Business Property Ownership:

More than half (51.79%) of all respondents indicated that they owned the property in which the business is located. The property ownership rates were 100%, 55.88%, and 38.89% for businesses on Harding Boulevard, Plank Road, and Airline Hwy, respectively.

### D. Profile of Business Owners:

Male ownership represented 67.21 % of all businesses that responded to the survey. The rest were females. The location specific business ownership by gender is shown in Figure 5 through Figure 8.

Figure 5. Ownership by Gender: All Respondents

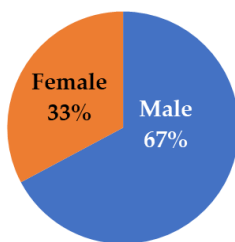


Figure 6. Ownership by Gender: Airline Hwy

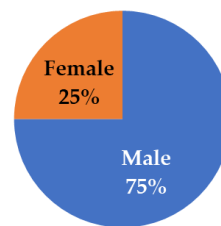


Figure 7. Ownership by Gender: Plank Road

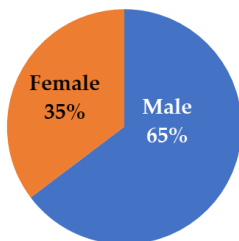
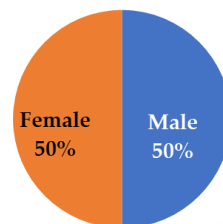


Figure 8. Ownership by Gender: Harding Boulevard



The average age of all respondent business owners is 46.46 years and the corresponding median age is 45 years. The education level of the respondents (i.e., owners) is, on average, a bit higher than an associate's degree (14.63 years of education). However, the median education level of all respondents is 16 years (a bachelor's degree).

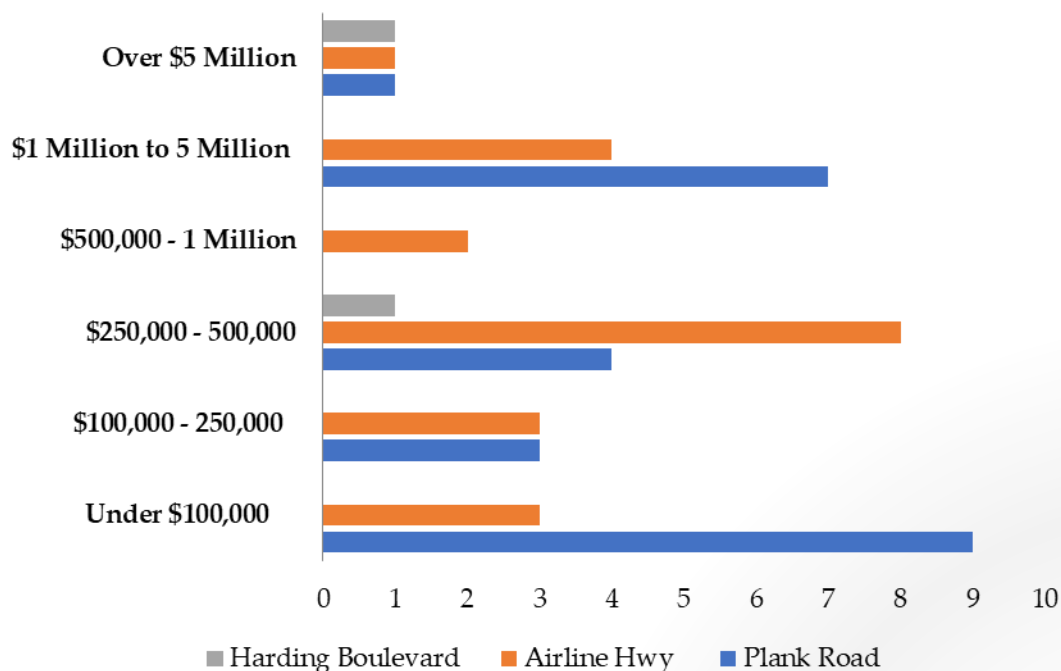
## E. Scale of Businesses:

By sales volume, the respondents reflected the general profile of micro and small businesses in a general marketplace:

- ☐ 25% were under \$100,000 in annual revenue;
- ☐ 13% were between \$100,000 and \$250,000 in annual revenue;
- ☐ 26% were between \$250,000 and \$500,000 in annual revenue;
- ☐ 6% were between \$500,000 and \$1 million in annual revenue;
- ☐ 23% were between \$1 million and \$5 million in annual revenue; and
- ☐ 8% were over \$5 million but less than \$7 million in annual revenue.

Approximately 70 % of all respondents had gross revenues of \$1,000,000 or less. The break-down by business locations is shown in Figure 9. Note that 33.75% (27 businesses out of all respondent businesses) elected not to answer this question, which is very typical of small business owners who are generally reluctant to discuss revenue and profits, even with the assurance of confidentiality.

**Figure 9. Annual Gross Revenues by Business Location**



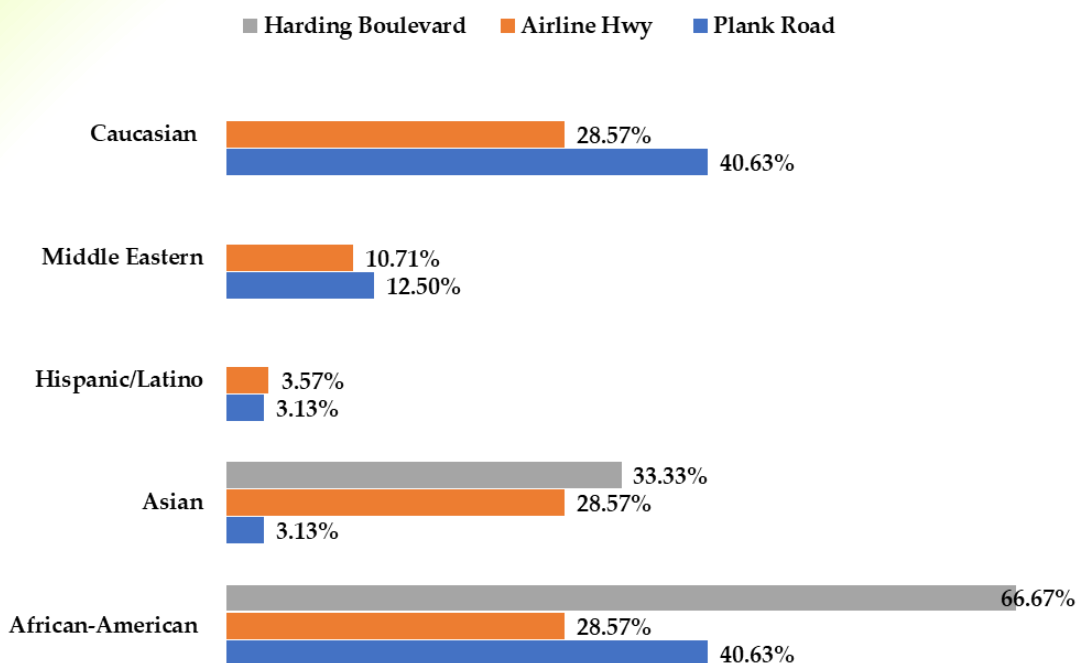


## F. Business Ownership by Race:

- ❑ 37% African-American
- ❑ 33% Caucasian
- ❑ 16% Asian
- ❑ 11% Middle Eastern
- ❑ 3% Hispanic/Latino

Figure 10 shows business ownership by race and location.

**Figure 10. Business Ownership by Race**



## G. Business Expansion Plan:

Fifty-one business owners answered a question, *“Are you considering expanding your business in the future?”* Out of this number, almost 55% (28) of the respondents plan to expand their businesses in the future. By street location, 8 business owners on Plank Road were considering expanding their businesses **within two years**; 5 business owners on Airline Hwy; and one business owner on Harding Boulevard.