

REIMAGINE MAIN STREET



Business Owners of Color and COVID-19

December 10, 2020



**PUBLIC PRIVATE
STRATEGIES**

REIMAGINE MAIN STREET



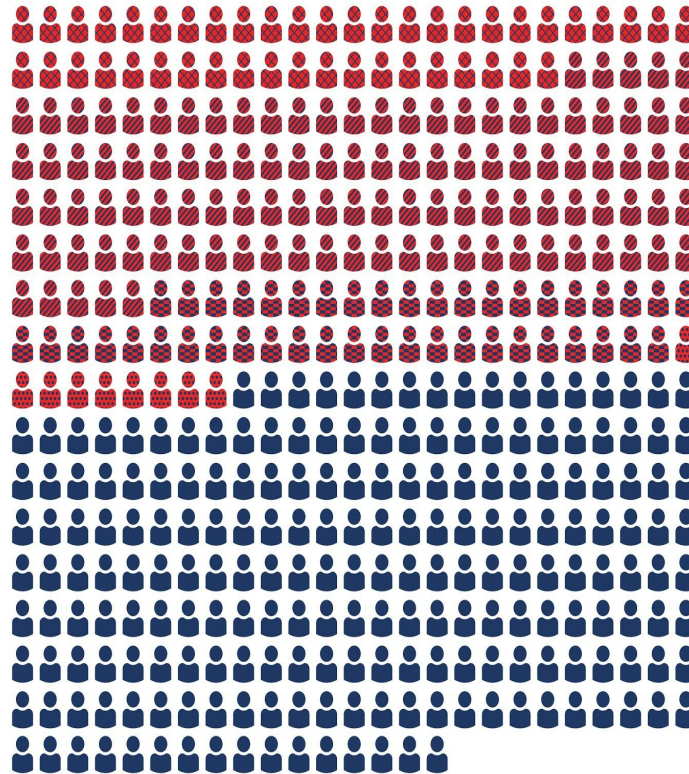
Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of our recovery. Reimagine Main Street is a project of Public Private Strategies.






Context for this Survey


- Small business and communities of color hard hit by pandemic
- Limited data available to reflect absolute and relative experience of Asian-, Black-, Hispanic- and Native-owned small businesses
- Large-scale national survey of small business owners fielded from September 28 through November 30, 2020. Large samples of Asian-, Black-, Hispanic-, Native- and White-owned businesses provide timely insight into impact and pain points.

Large and Diverse Sample

8,328
Respondents

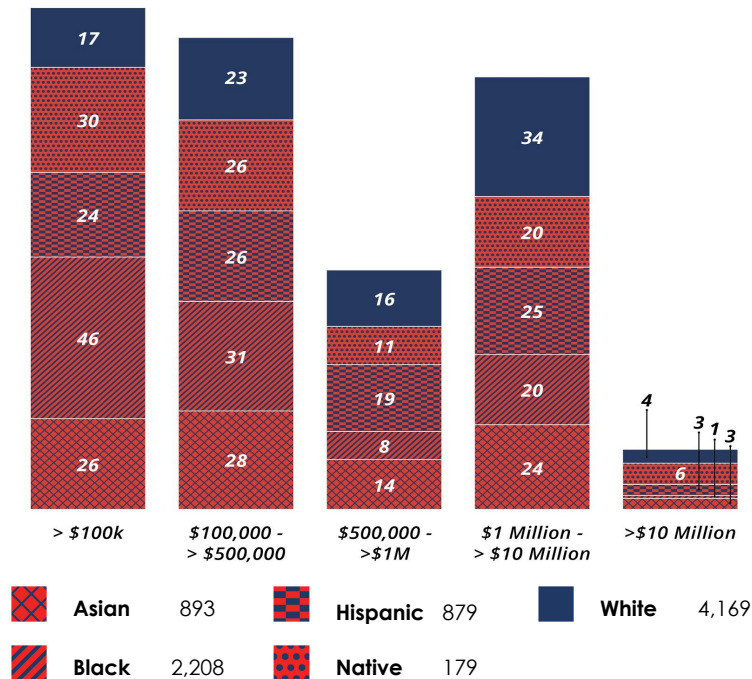


	Asian	893
	Black	2,208
	Hispanic	879
	Native	179
	White	4,169

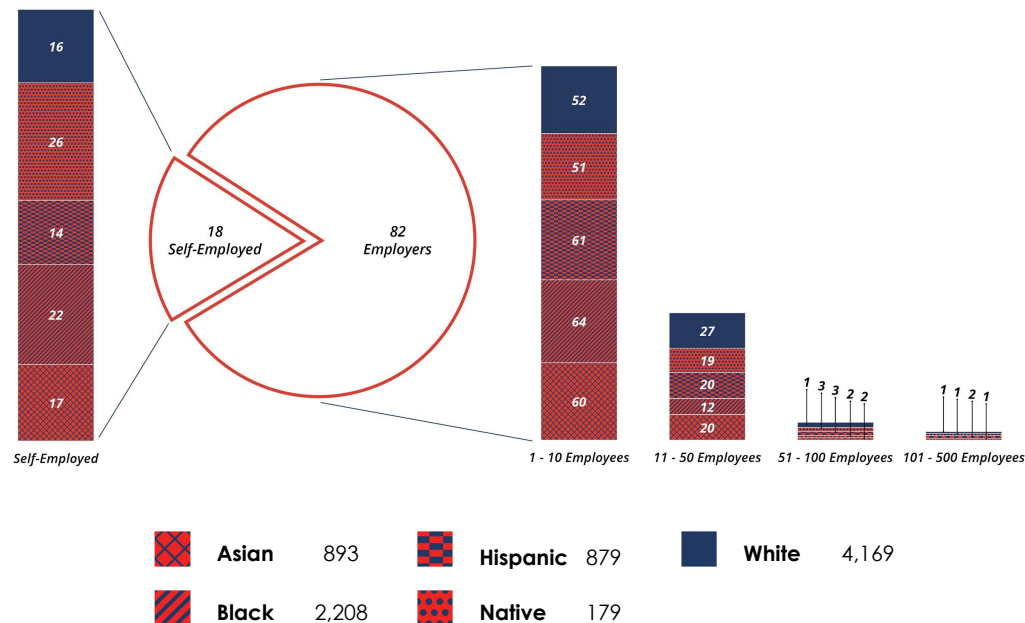
 = 20 Small Business Owners

Robust Mix of Micro and Small Businesses

2019 Revenue
% of respondents

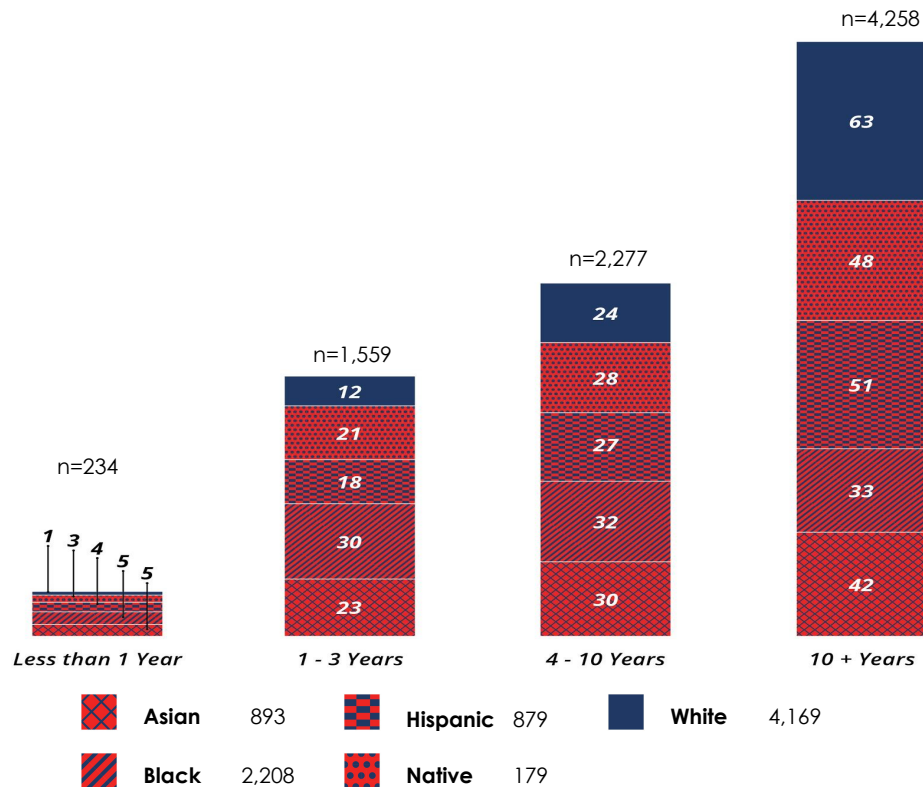


Distribution by Number of Employees
% of respondents



Skews Toward Established Businesses

Time in Business
% of respondents

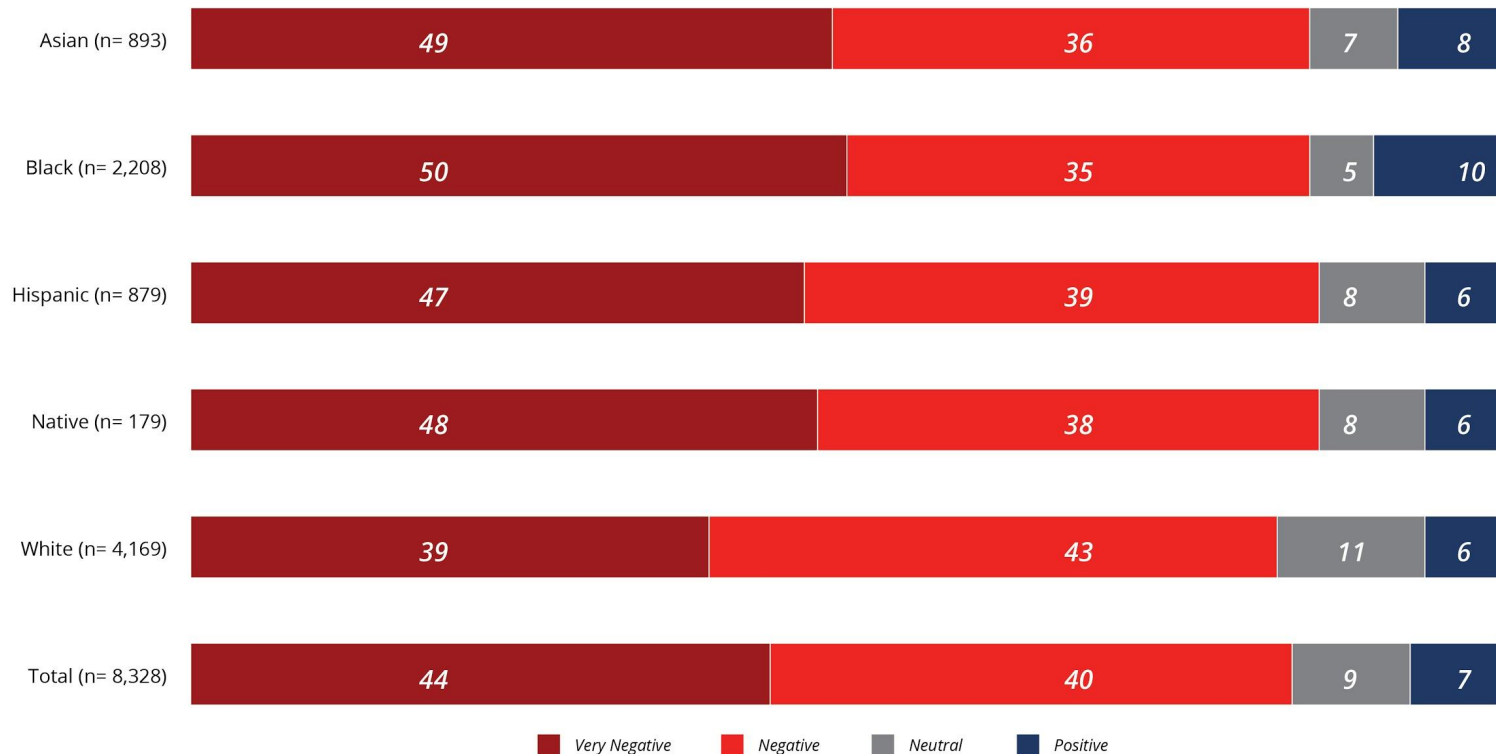


Takeaways

- **Small businesses have been hard hit to date:** 8 in 10 small business owners surveyed reported negative effects from the pandemic, more than half of respondents have experienced revenue declines of more than 25%, and 37% are not operating at full capacity, with an average of almost 10% closed.
- **It's going to get worse for business owners and their employees:** ~10% of small business respondents expect to close permanently in next 6 months. 44% of employer businesses that responded have already shed jobs and 45% expect more job losses to come.
- **Small businesses need cash:** As expected, most respondents want relief in the form of grants or another PPP loan. More than one-third of small businesses in the survey expect to borrow to address COVID-induced cash flow constraints, making it imperative to ensure liquidity in credit markets, especially for relatively small-dollar loans.

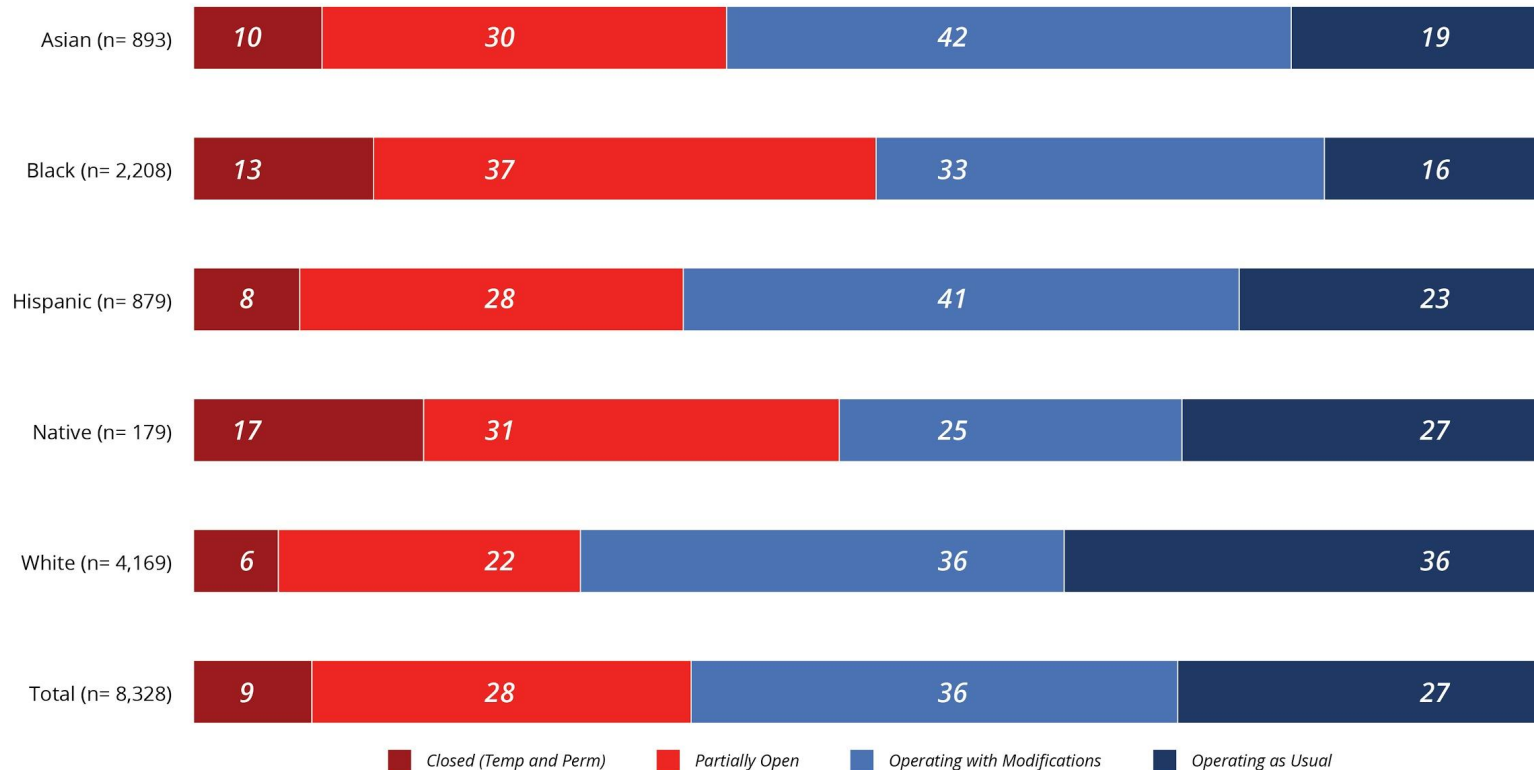
Small Businesses Hard Hit by Pandemic

Effect of COVID-19 Pandemic
% of respondents



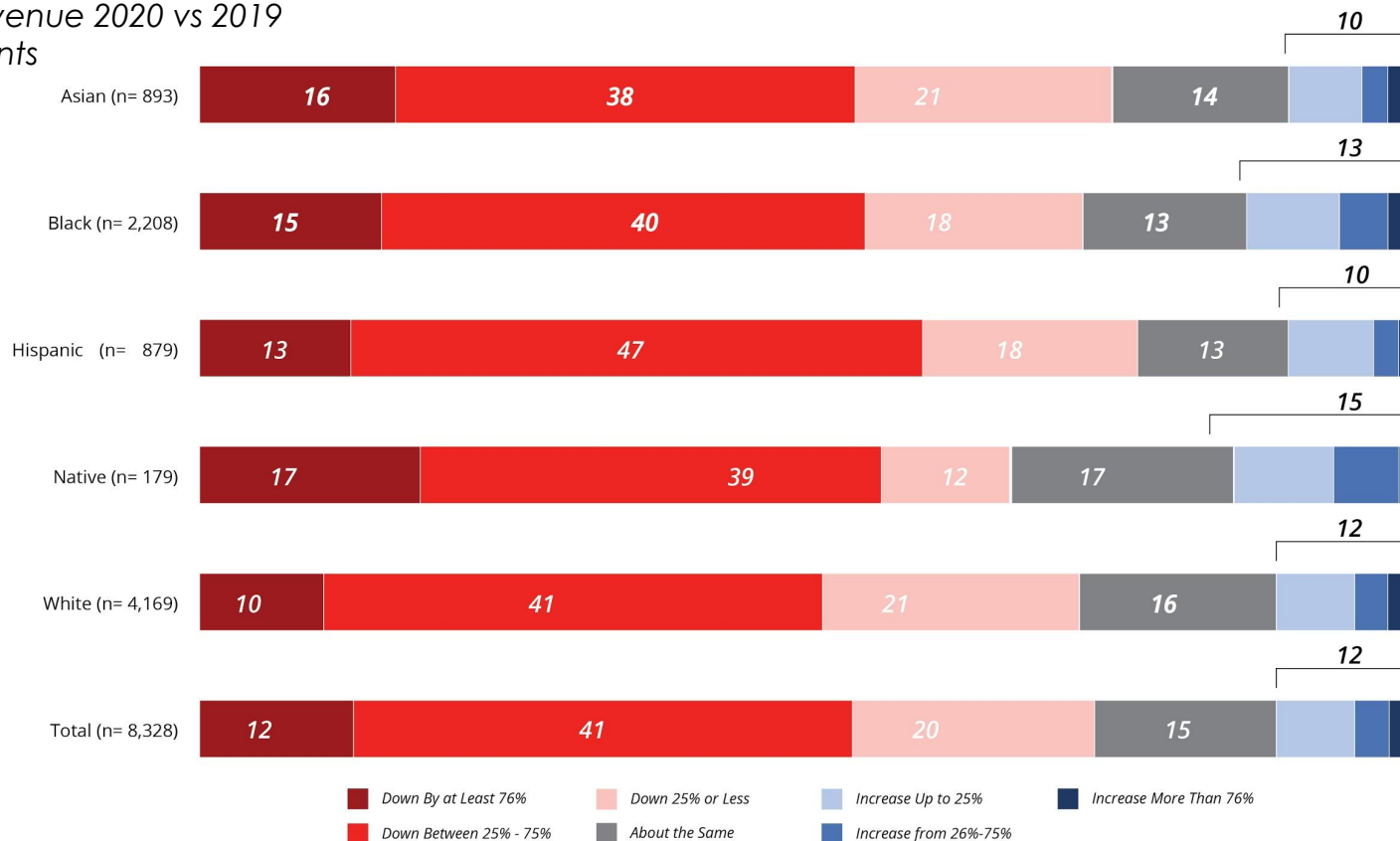
It's Not Business as Usual for the Majority of Respondents

Status of Operations
% of respondents



Revenue Down by > 25% for Most Respondents

Change in Revenue 2020 vs 2019
% of respondents



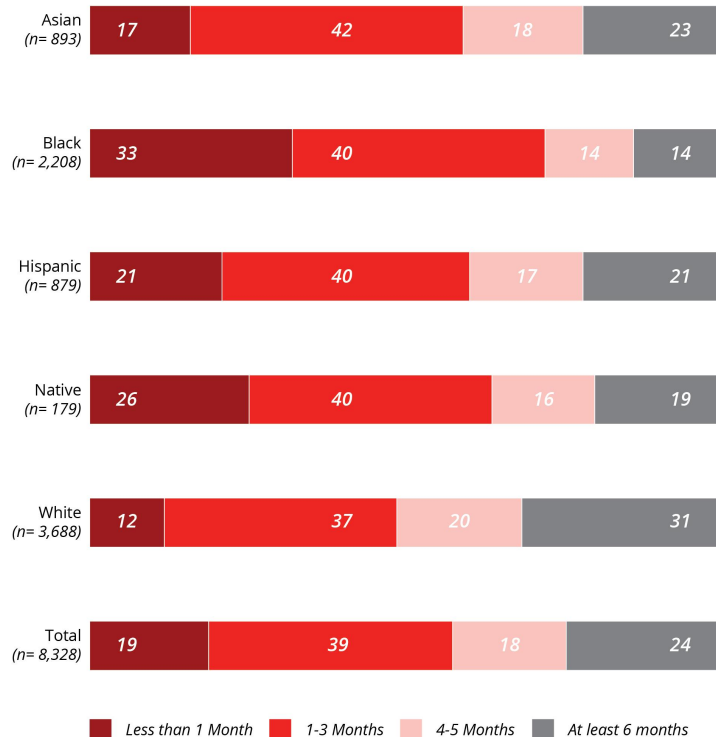
Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)
Q29: Compared with your 2019 year end revenue, what do you anticipate your 2020 year end revenue will be?
Note: Down more than 76% includes businesses that expect to be permanently closed



Expect More Small Businesses to Shut Down

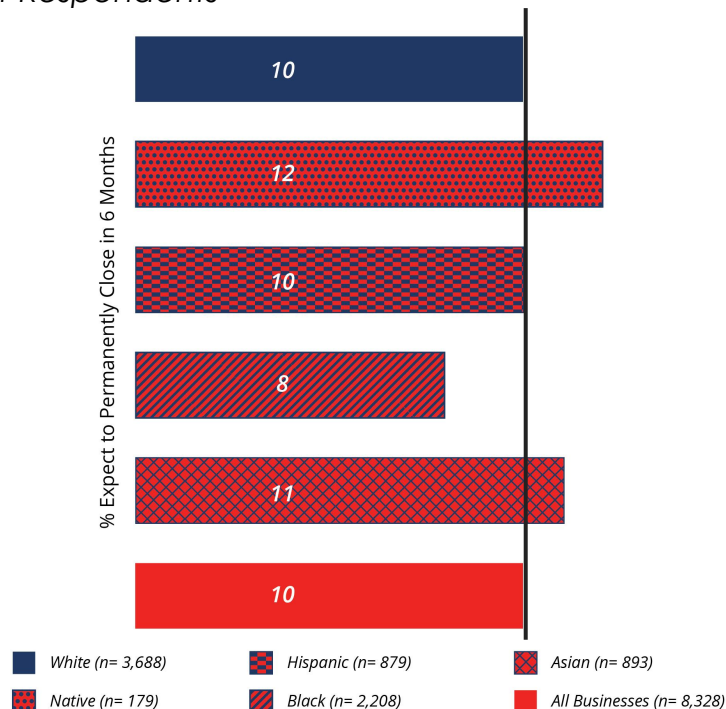
Cash Crisis without Relief

Months of Cash
% of respondents



~10% of Small Business Respondents Expect to Close Permanently in Next 6 Months

% of Respondents



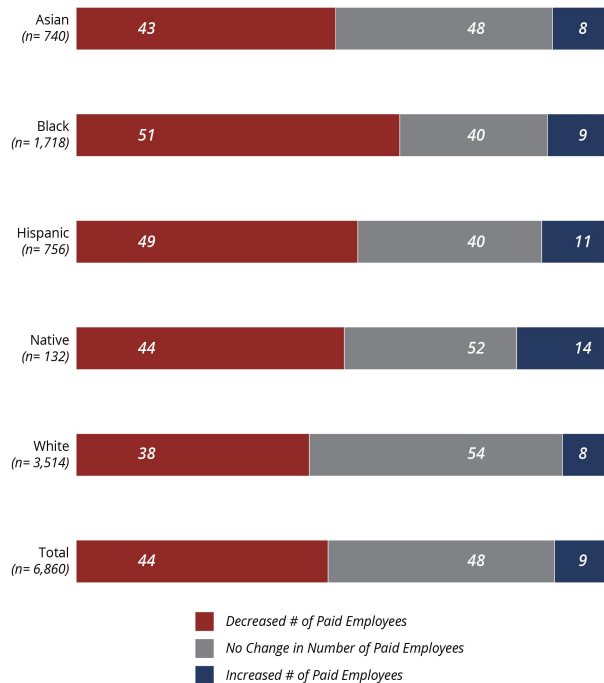
Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce; (October -November 2020)
Q21: In the next six months, do you think your business will need to do any of the following? (Select all that apply)
Q17: How long can your company's current cash flow maintain your business operations?



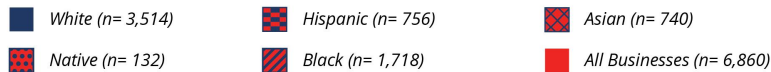
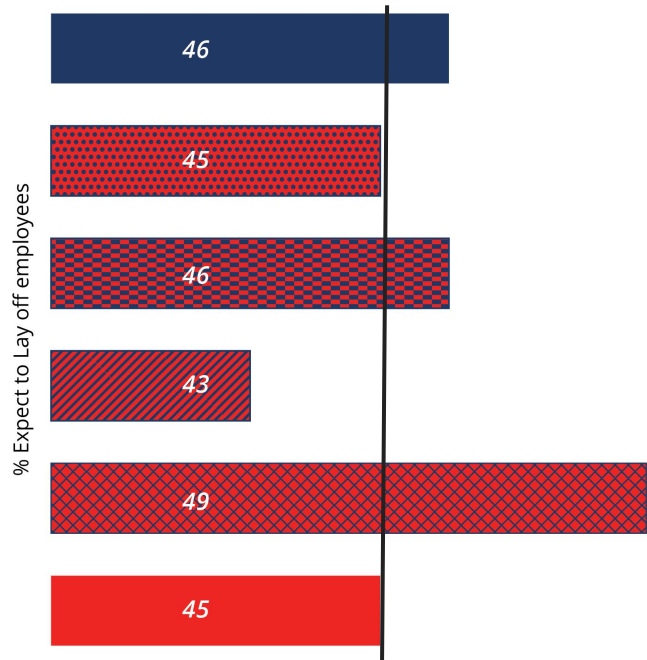
More Job Shedding Likely

~4 in 10 Small Employers Surveyed Have Already Shed Jobs

Change in Number of Paid Employees
% of Employer Firms



Nearly Half of Respondents Expect More Layoffs



Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)

Q8: Since the Covid-19 pandemic, did your business have a change in the number of paid employees?

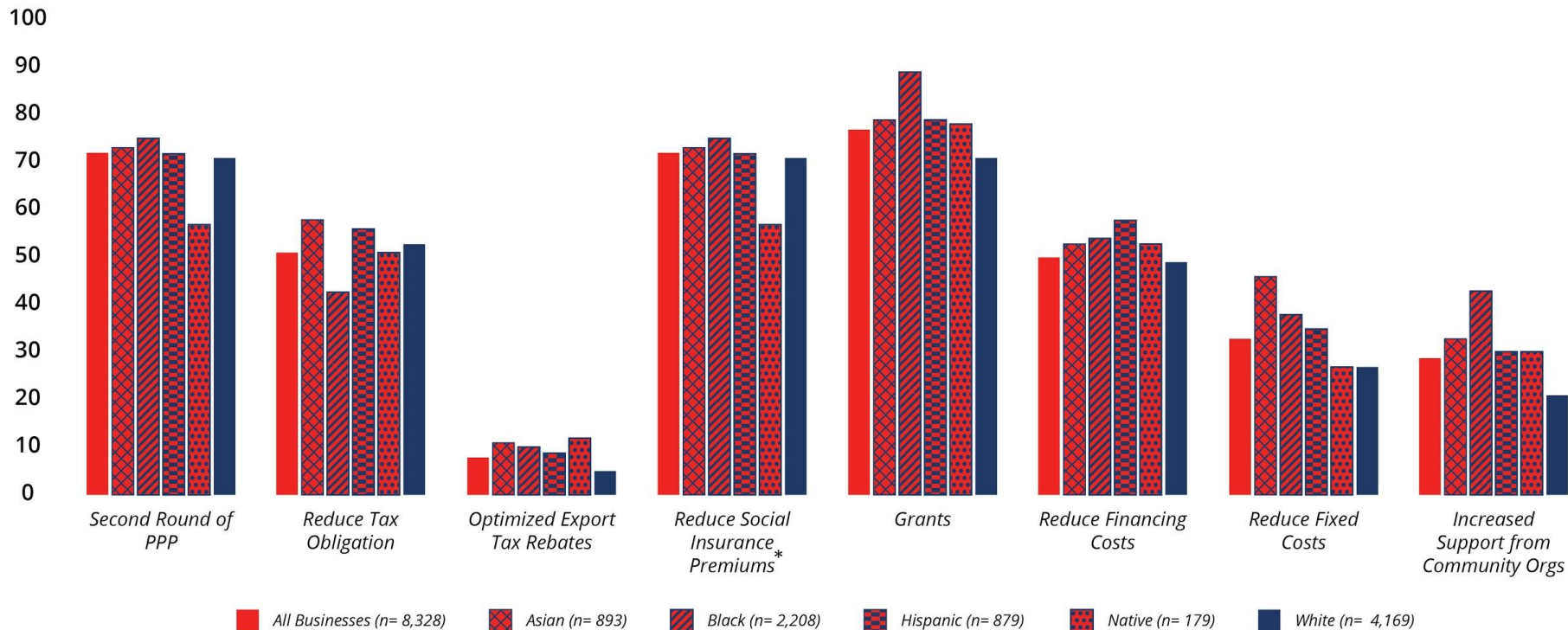
Q22: How are you considering managing current or potential cash flow issues? (Select all that apply)

Among respondents that employ others



Business Owners Want Relief, With Varying Priorities

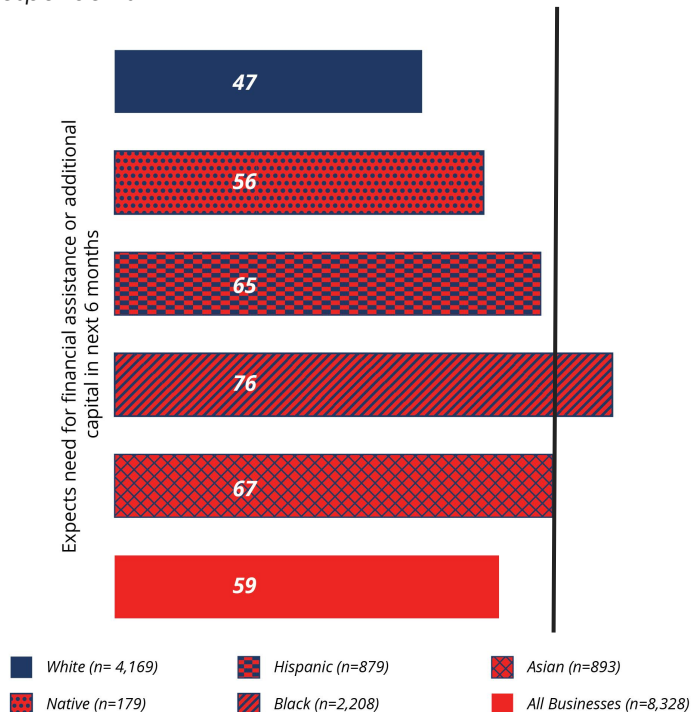
Preferences Among Relief Options Presented
% of respondents



Imperative to Maintain Liquidity in Credit Markets

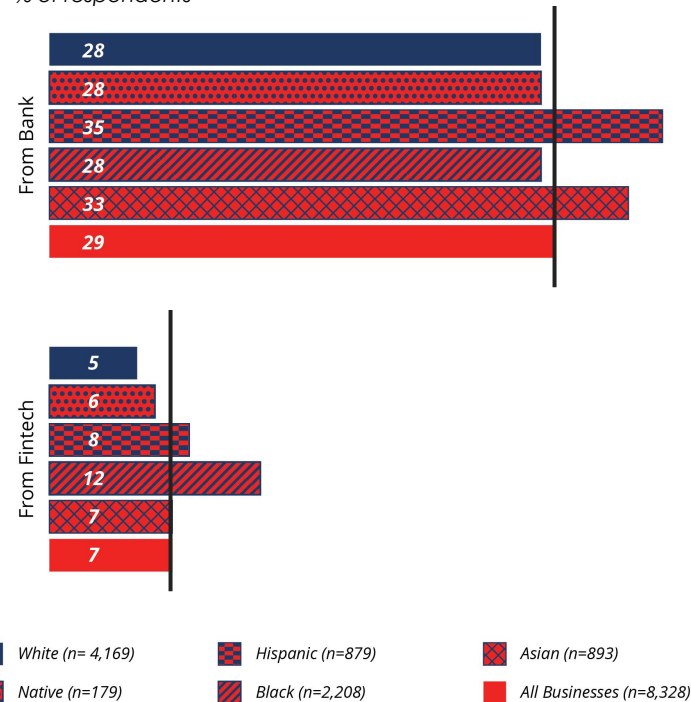
More than half of respondents say they will need financial assistance or additional capital in next 6 months

% of respondents



More than one-third of small businesses expects to borrow to address COVID-induced cash flow constraints

% of respondents



Federal Support to Date Not Distributed Equally

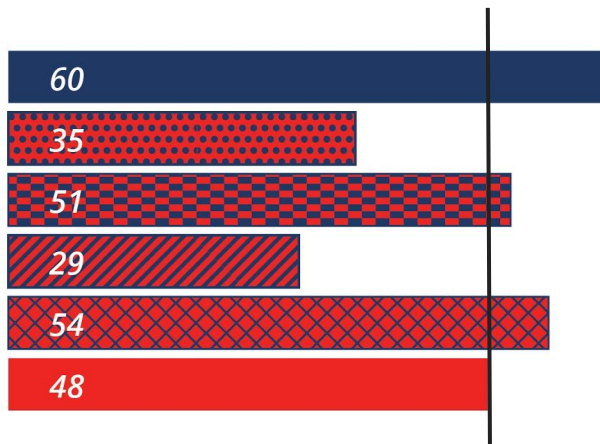
Success Rate

% Applied x % Received Relief

Paycheck Protection Program

- \$484 Billion
- Distributed via private lenders

Success Rate for PPP Funding

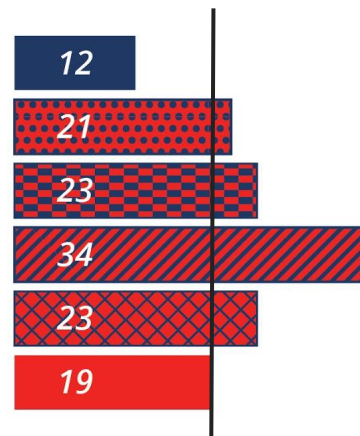


White (n= 4,169) Hispanic (n= 879) Asian (n= 893)
Native (n= 179) Black (n= 2,208) All Businesses (n= 8,328)

Economic Injury Disaster Loan

- \$20 Billion
- Distributed by the SBA

Success Rate for EIDL Funding



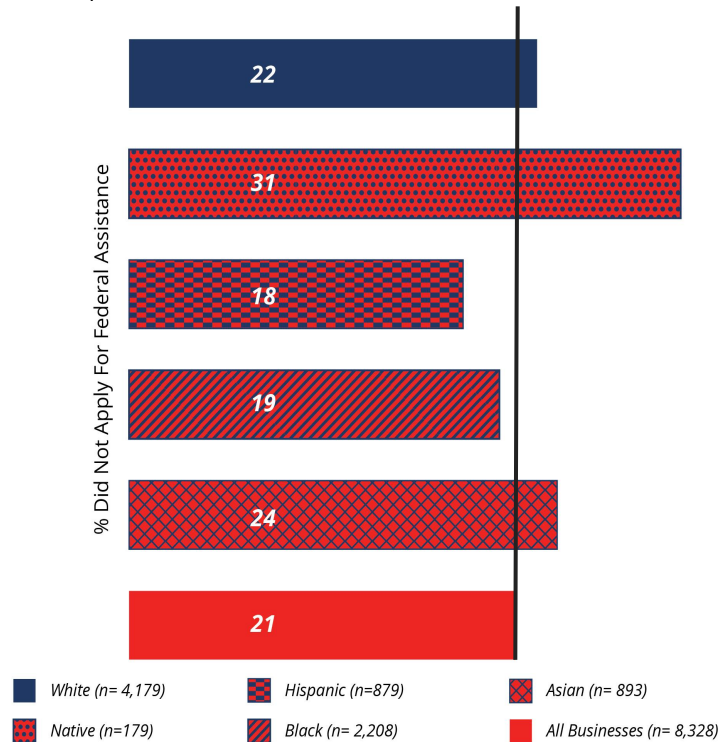
Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)
Q6: Have you applied for any federal financial assistance from any of the following sources? (Select all that apply)
Q11: Has your business received financial assistance from any of these programs from the Federal government? (Select all that apply)



Expectations & Needs for Federal Assistance Vary

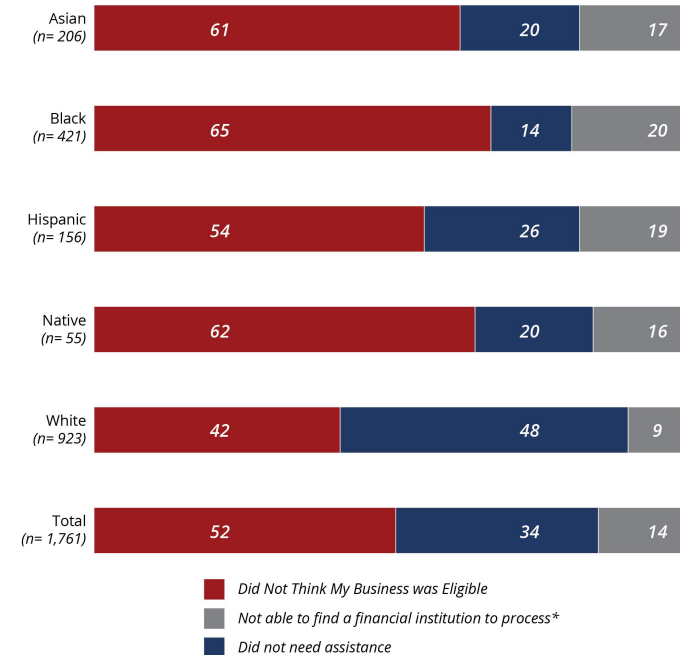
Roughly 1 in 5 Small Businesses Did Not Apply for Federal Assistance

% of respondents



Majority of Asian, Black, Hispanic and Native Owners Did Not Think They Were Eligible vs Almost Half of White Business Owners Who Did Not Need Assistance

% of respondents



Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October - November 2020)
 Q6: Have you applied for any federal financial assistance from any of the following sources? (Select all that apply)
 Q9: Why haven't you applied for federal financial assistance?

What Do We Think Needs to Happen?

- Get the virus under control so that demand returns
- In the meantime, provide flexible and sufficient Federal relief for small businesses and support for credit markets to ensure capital available for Main Street recovery
- Improve data driven insights into segments of small businesses and their workers
- Mobilize effective support for small businesses, the people who work for them and the communities that they serve
- Support innovation of financial products and distribution channels to reach small businesses in communities of color at scale

Questions? Contact Us

Chris Landrigan

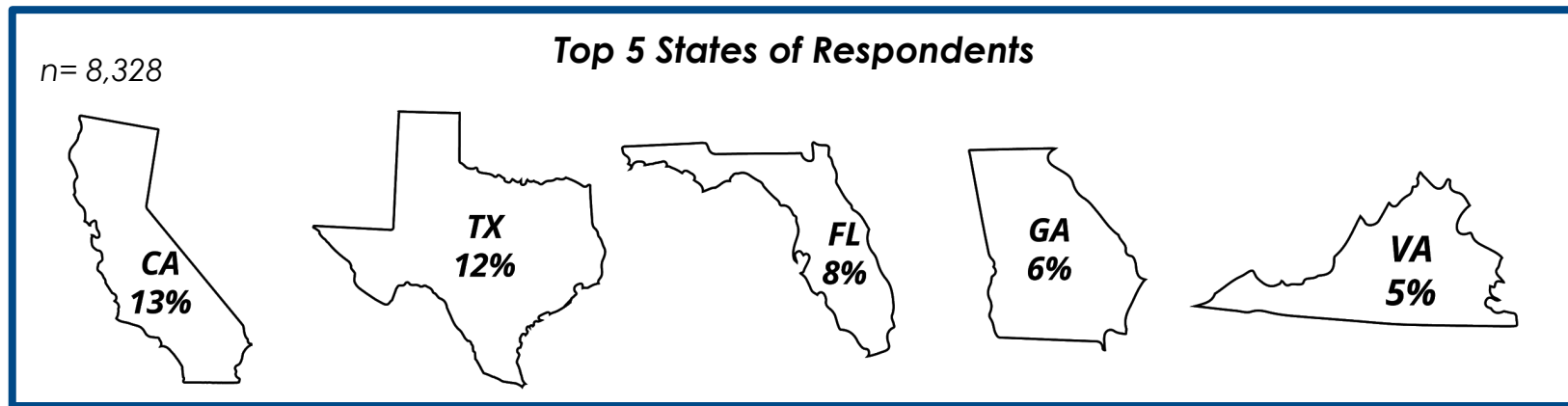
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Appendix: About the Sample

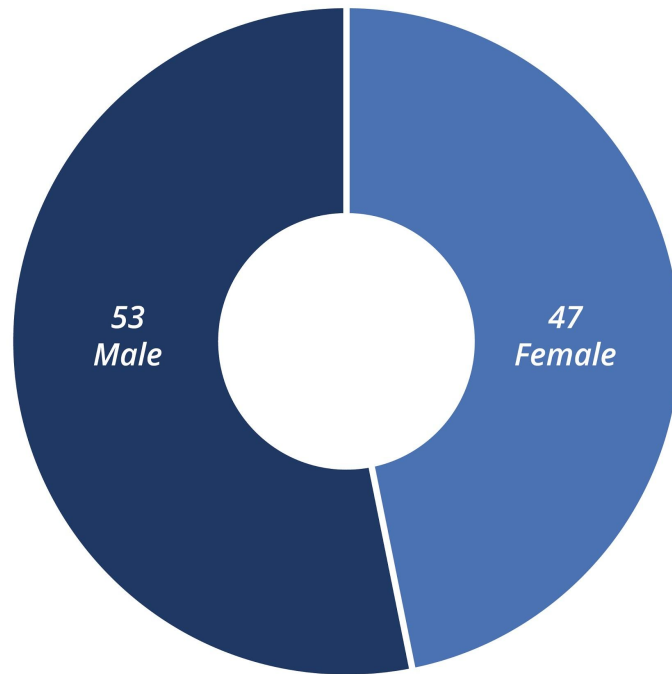
Broad Geographic Coverage

- Survey **respondents represent all 50 states** and three territories (Puerto Rico, Guam and the Northern Mariana Islands)
- **>1,000** respondents in **California, Texas**
- **>500** respondents in **Florida, Georgia**
- At least **300 respondents** in **Maryland, North Carolina, Illinois, Michigan, Pennsylvania and Ohio**



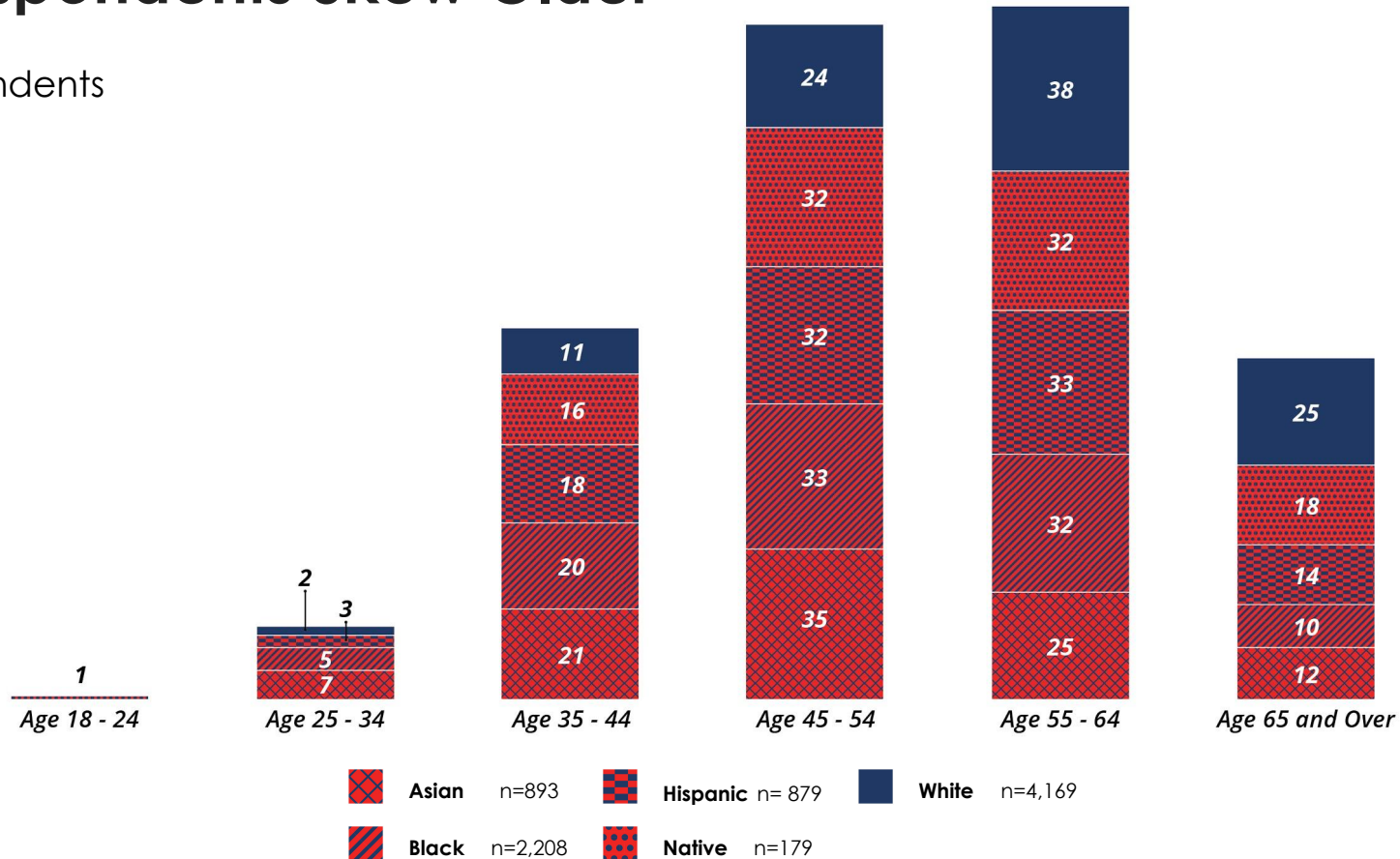
Rough Parity Between Male and Female Respondents

% of respondents
n=8,328



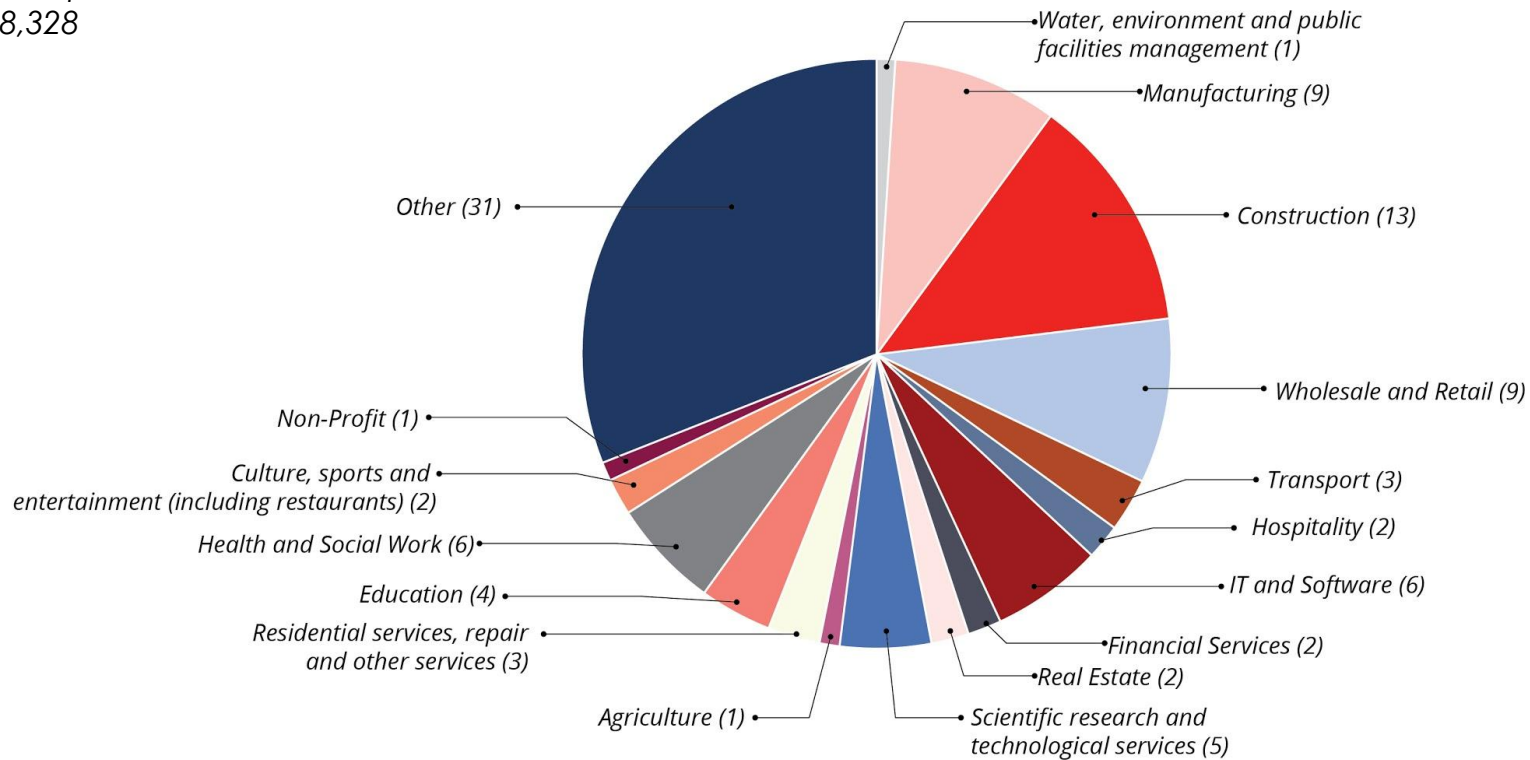
Respondents Skew Older

% of Respondents
n=8,328



Broad Range of Industries Represented in Sample

% of respondents
n= 8,328



Source: PPS Small Business Survey in partnership with National ACE, US Black Chambers, and US Hispanic Chamber of Commerce (October -November 2020)
Q30: What best describes your business type?

Top 5 Industries by Race/Ethnicity of the Respondent

Asian	Black	Hispanic	Native	White	Total
IT & Tech Services (12%)	Construction (10%)	Construction (21%)	Construction (24%)	Construction (14%)	Construction (13%)
Wholesale & Retail (10%)	Health and Social (9%)	Wholesale & Retail (7%)	Manufacturing - (10%)	Manufacturing (13%)	Wholesale & Retail (9%)
Scientific research and technological services (9%)	Wholesale & Retail (8%)	Manufacturing (7%)	Wholesale & Retail (8%)	Wholesale & Retail (10%)	Manufacturing (9%)
Construction (8%)	IT & Tech Services (8%)	IT & Tech Services (5%)	Health and Social (7%)	IT & Tech Services 4%	IT & Tech Services (6%)
Manufacturing (7%)	Transport & Logistics (6%)	Health and Social 4%	IT & Tech Services (4%)	Health and Social (4%)	Health and Social (6%)