

# X EXECUTIVE SUMMARY

**BSOs serve all stages almost equally, but service accessibility for business owners is dependent on trusted relationships, word of mouth marketing, and key logistical factors like geography, language, and digital capability.**

- > The quality and scope of BSOs varies widely by neighborhood. **The capacity of an organization is strongly influenced by the knowledge and experience of individuals within the organization.**
- > **Trust plays a huge role in business owners' access to and interest in engaging with services.**  
Trusted relationships take time to build and often rely on common experience or heritage.

**The ecosystem addresses some of the business owner needs identified by BSOs, but services related to taxes, legal support, regulatory compliance, and procurement are lacking.**

- > **Business owners and BSOs have difficulty identifying affordable, high quality technical expertise related to taxes or legal support,** two top business owner needs identified by interviewed BSOs.
- > BIPOC businesses need more resources to access contracts and build capacity for scale.
- > The ecosystem has a shortage of tailored, hands-on support to ensure that business owners actually benefit from the services that BSOs provide.

**Trust and referral capacity are contributing to the silos between business service and social services that business owners need.**

- > While BSOs acknowledge that social service needs, especially childcare, hinder small business owners' ability to thrive, **a high degree of trust is needed to uncover those needs.**
- > BSOs also lack the capacity and landscape knowledge to make and follow up on appropriate referrals.

# X EXECUTIVE SUMMARY

**BSOs want a better understanding of the scope and quality of services in the ecosystem in order to carve out a niche and make smarter referrals.**

- > BSOs are missing a resource for up-to-date knowledge on the scope and depth of their peers. **In particular, they want to understand which organizations have strong sector-based expertise.**
- > Without a solid understanding of strengths in the ecosystem, BSOs provide duplicative services.

**Examples of peer-to-peer collaboration and microecosystems within communities are emerging.**

- > Microecosystems, or **collaborative partnerships among organizations who each play a distinct role in meeting service or capital needs of business owners**, already exist.
- > E.g., the Greater Philadelphia Hispanic Chamber is leveraging the new capital resource of Community First Fund and TA resource of Widener SBDC to develop a tight ecosystem of service for Latino business owners.



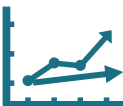
**BSOs do not have sufficient funding to provide service at a depth and scale that they believe is needed by business owners in Philadelphia.**

- > Many orgs **lack the resources to develop in-house technical expertise** needed to provide high-quality technical assistance, or to provide the level of hand-holding/relationship-building that is seen as most effective.
- > BSOs need better capacity to fundraise, but they also say that **there is not enough funding to be found.**

**Organic collaboration is already occurring to build on existing assets and address identified ecosystem gaps.**

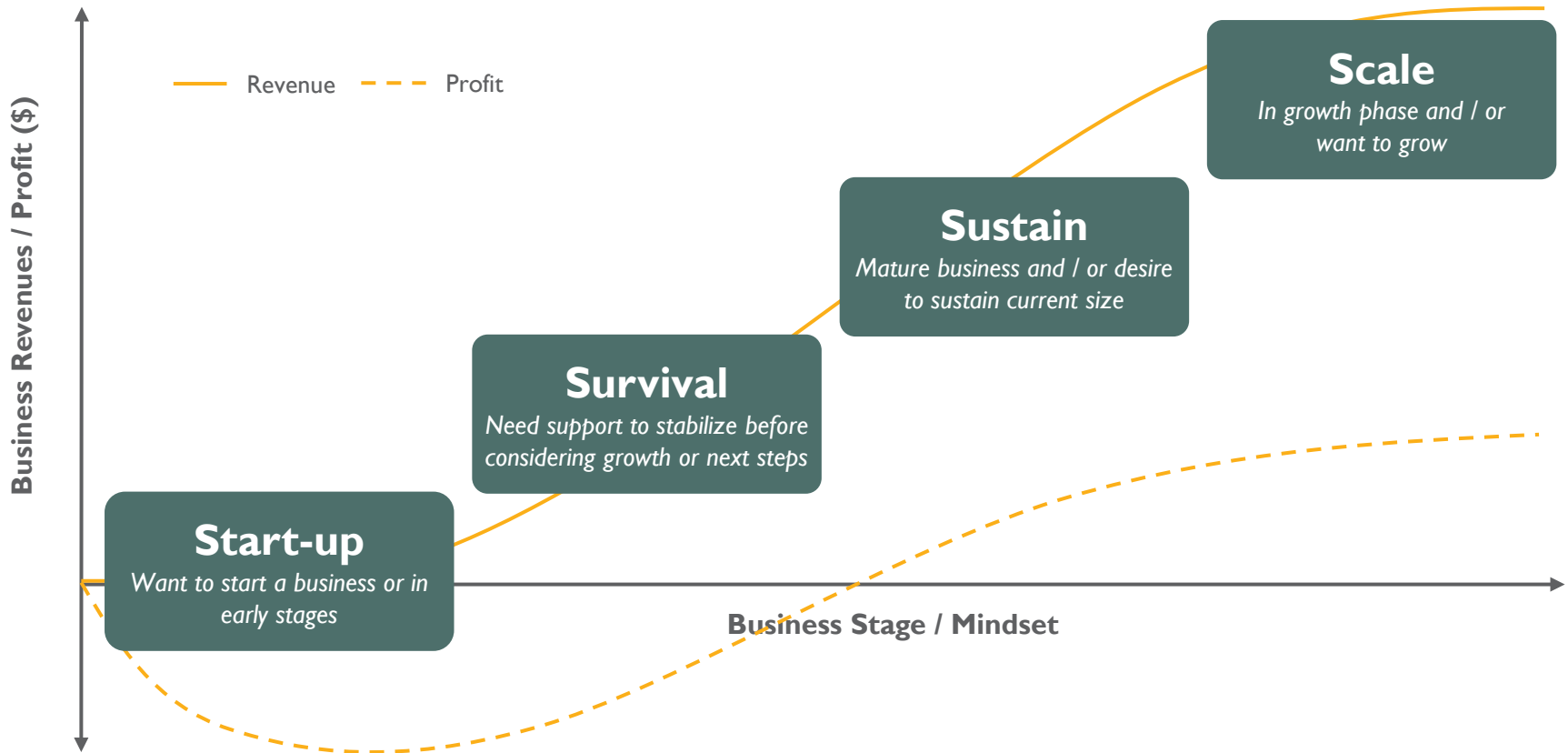
- > BSOs are leveraging new and long-standing partnerships to **fill gaps related to technical expertise, business owner outreach, and quality of service**, among other challenges.

# X RECAP: TARGET BUSINESS OWNERS

Parameter	Overview
 <b>Business Owners Demographics</b>	<p>Project focuses on Black + POC business owners with an intersectional lens:</p> <ul style="list-style-type: none"><li>&gt; <b>Black and POC LGBTQ+</b></li><li>&gt; <b>Black and POC women</b></li><li>&gt; <b>Black and POC immigrants</b></li></ul>
 <b>Business Size</b>	<p>Project will be focused on small businesses with 50 or fewer employees</p>
 <b>Geography</b>	<p>Geographic focus will balance:</p> <ul style="list-style-type: none"><li>&gt; Entire city of Philadelphia</li><li>&gt; Neighborhoods that were hit harder by recent civil uprising and will be slower to recover</li></ul>
 <b>Business Segment</b>	<p>Segment focus will focus on businesses in the following segments:</p> <ul style="list-style-type: none"><li>&gt; COVID-19 / Civil Unrest Impact: Hardest Hit, Impacted but Surviving</li><li>&gt; Stage: Start-up, Survival, Scale, or Sustain</li><li>&gt; Mindset: Entrepreneur by Choice, Entrepreneur of Necessity, Entrepreneur as Supplement</li></ul>

# X DETAILED SMALL BUSINESS SEGMENTS

Small businesses (<50 employees) owned by people of color fall into four core segments based on their current needs – these segments help us get a more nuanced understanding of the needs of particular segments and gaps in support

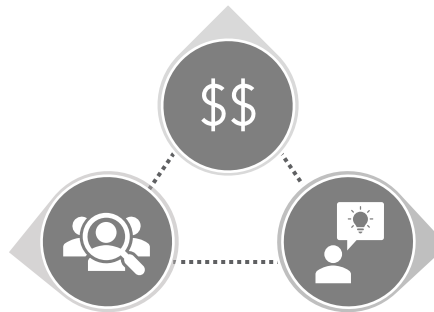


# X SMALL BUSINESS NEEDS

We segmented the small business ecosystem needs in Philadelphia based on small businesses' capital, customers, and services needs, along with critical infrastructure needs for the ecosystem

**Capital**  
*Financing for small businesses to start-up, survive, sustain, or scale*

**Customers**  
*Avenues for small businesses to reach customers and maintain and grow revenue*



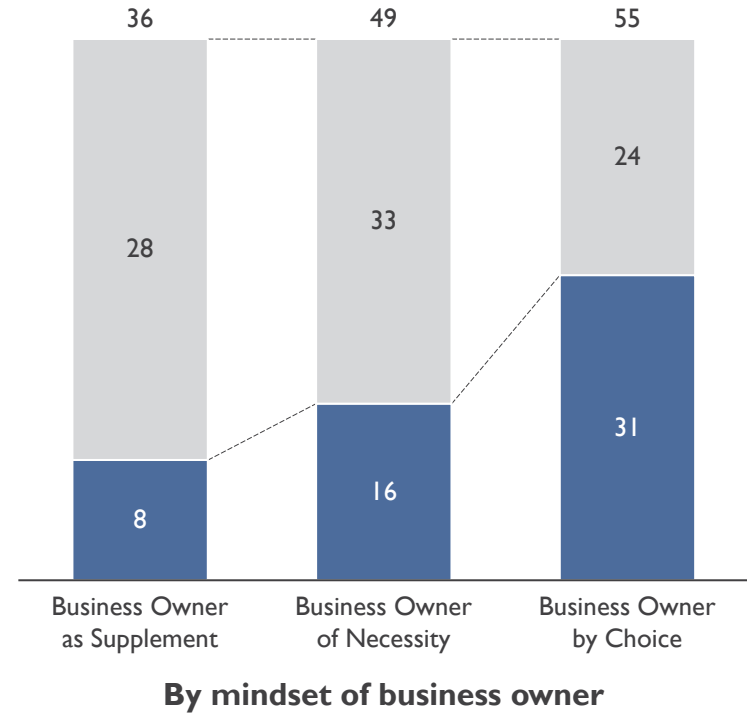
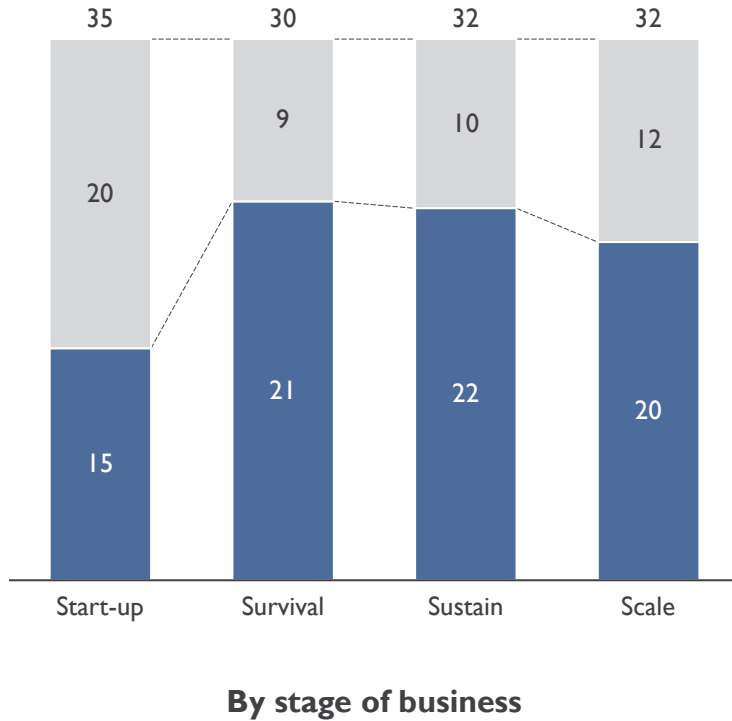
**Services**  
*Technical assistance for small businesses to start-up, survive, sustain, or scale*

**Ecosystem infrastructure**  
*Enabling environment that supports the ecosystem which provides capital, customers, and services*

# X ACCESS AND NAVIGATION: SMALL BUSINESS SEGMENT SERVED

BSOs surveyed serve an even distribution of business stages, while primarily serving Business Owners by Choice; fewer BSOs specialize in supporting Startups and Business Owners as Supplement or of Necessity, indicating additional need for business formation assistance

**Distribution of Business Support Organizations, by segment served\***  
(Number of BSOs surveyed, n = 65)

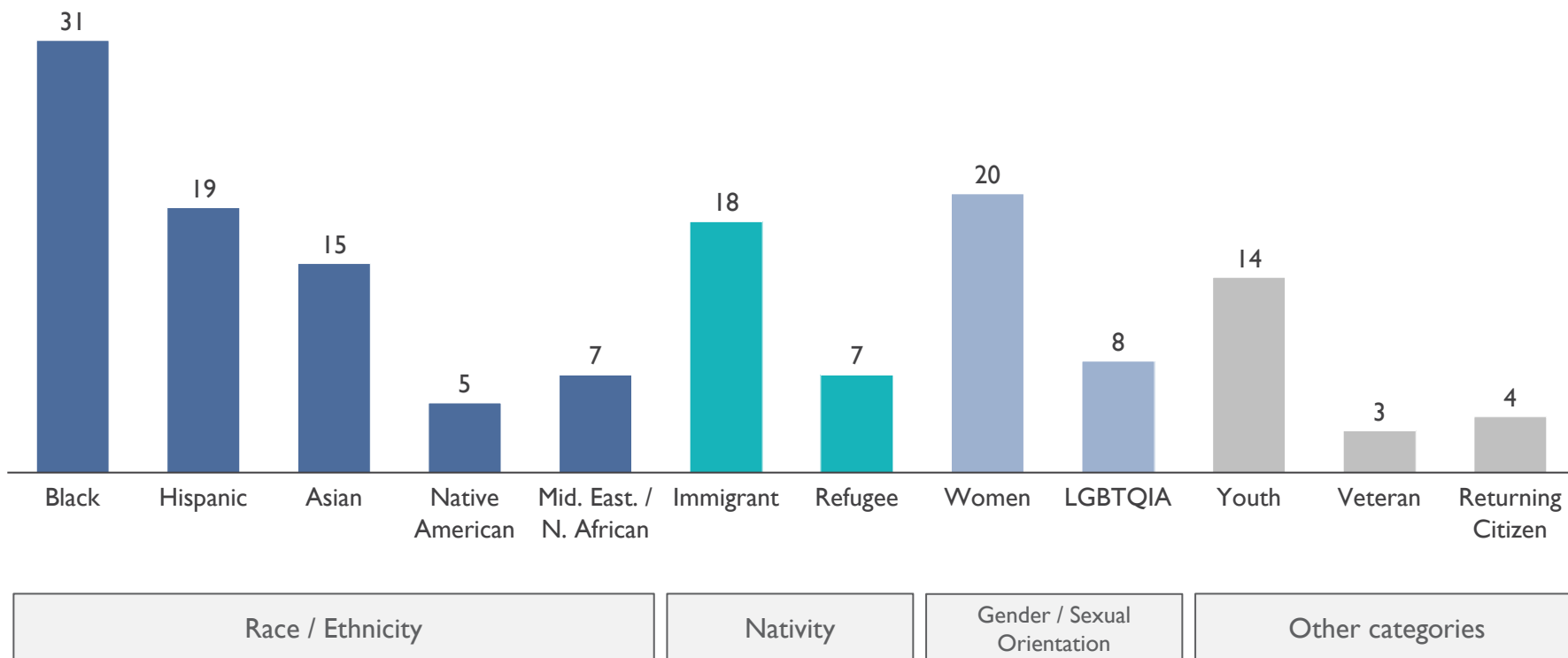


Note: \* Organizations may serve multiple business segments  
Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X ACCESS AND NAVIGATION: AFFINITY GROUPS SERVED

Nearly half of BSOs surveyed specialize in serving Black entrepreneurs while a third of BSOs surveyed specialize in serving Hispanic, Immigrant, and Women entrepreneurs, indicating a continual need for culturally and linguistically appropriate services across affinity groups

**Distribution of Business Support Organizations, by specialized affinity group\* served**  
(Number of BSOs surveyed, n = 65)

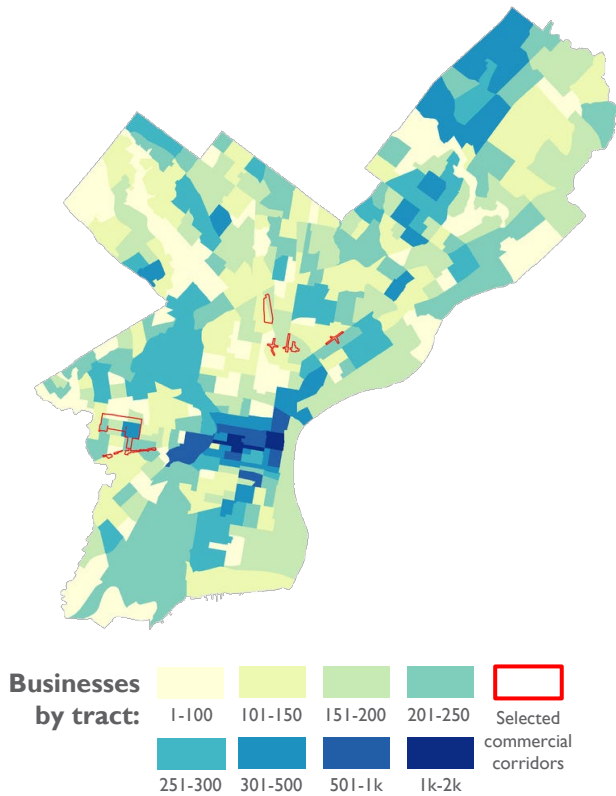


Note: \* Organizations may serve multiple affinity groups  
Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

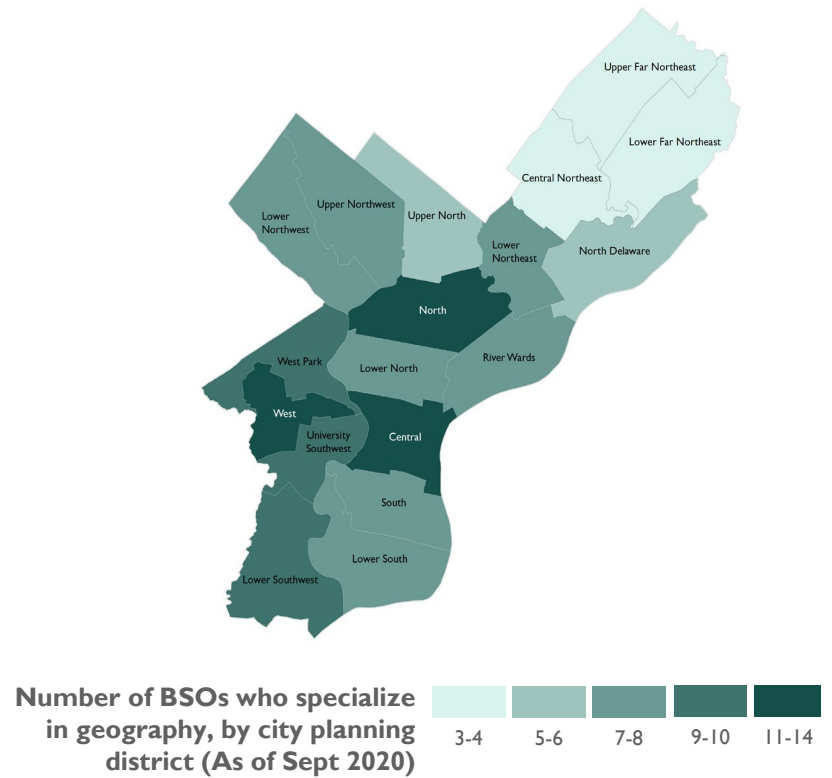
# X ACCESS AND NAVIGATION: GEOGRAPHIC CONCENTRATION

BSOs surveyed report specializing in serving Central, North, and West Philadelphia, while fewer specialize in areas with a high volume of business in South and Northeast Philadelphia  
 See appendix for more qualitative findings related to geography

Small businesses in Philadelphia by Geography



Business Support Organizations by Geography\* Served



Note: \* Organizations may serve multiple city planning districts

Source: Wolters Klewler Business Counts by Tract, 2017; Urbane / SourceLink Business Support Organization Survey (September 2020)



# X ACCESS AND NAVIGATION: AWARENESS IN ECOSYSTEM

Business owners are held back from accessing resources in the ecosystem by barriers in language, trust, marketing, and technology

<b>Trust and cultural competency</b>	<ul style="list-style-type: none"><li>• <b>We heard the word “trust” in almost every conversation.</b></li><li>• Trust needs to be built or earned, and it can easily be lost through negative experiences or turnover in organizations</li><li>• Some BSOs – or, more often, individuals within them – have built trust by investing significant time or exhibiting cultural competency</li></ul>	<p><i>“People remember when they were wronged. If an organization doesn’t have something for you once, you won’t ask again.”</i></p>
<b>Language</b>	<ul style="list-style-type: none"><li>• <b>Multilingual service is often reactive, not proactive.</b> BSOs try to make language access work by finding a just-in-time translator or someone who speaks the right language.</li><li>• Several BSOs have goals to translate their written materials into other languages, but most formal applications are still in English</li></ul>	<p><i>“So many business owners speak other languages first. For the city to grow, we can’t go to field with half the team.”</i></p>
<b>Marketing capacity</b>	<ul style="list-style-type: none"><li>• <b>TA info most is commonly spread by word of mouth, so resources aren’t well known.</b></li><li>• <b>The naming of resources is key:</b> business owners won’t go for things they don’t think they need.</li><li>• <b>Many business owners are not naturally inclined to seek TA,</b> in part because of independence and/or an aversion to asking for help.</li></ul>	<p><i>“TA is the best kept secret in Philadelphia.”</i></p> <p><i>“If a more sophisticated business hears TA, they assume it’s not for them.”</i></p> <p><i>“There’s this idea of pride in the money and time and tears spent building a business.”</i></p>
<b>Digital divide</b>	<ul style="list-style-type: none"><li>• <b>The depth of the digital divide is not well understood but clearly significant.</b></li><li>• Huge barrier for applications, program access, and outreach</li><li>• Requires significant time and resources just to help business owners access the necessities</li><li>• Wide variance in digital infrastructure among BSOs</li></ul>	<p><i>“It’s problematic that most program designers don’t realize that entrepreneurs don’t have digital access.”</i></p>

Source: Interviews with capital providers and economic development organizations

# X SPECIALIZATION AND BREADTH: PRIORITY SMALL BIZ NEEDS

Interviewed BSOs identified top needs of business owners generally, and changing priority needs since the onset of the pandemic. Top needs tend to require technical expertise to address

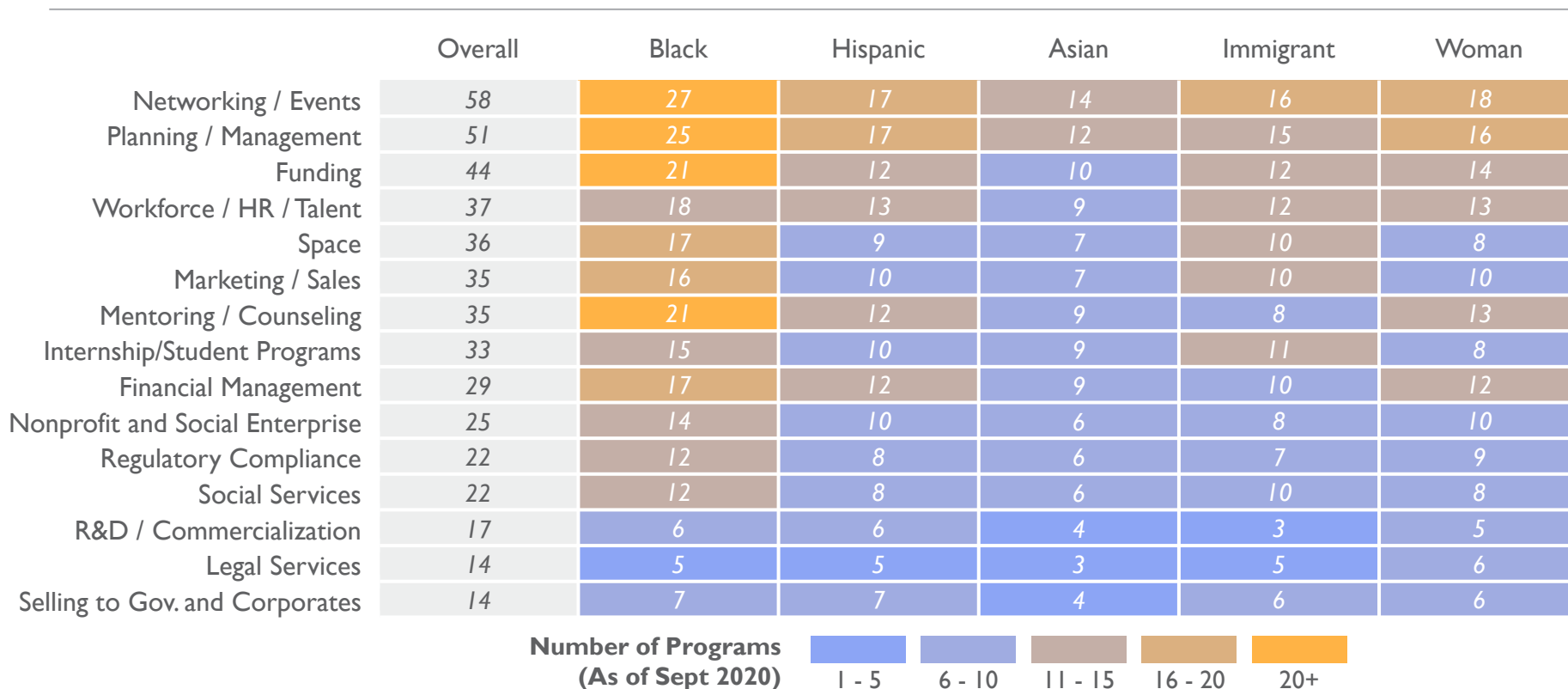
	Priority small business service needs	What we heard
Long-standing Needs	<ul style="list-style-type: none"> <li>Professional services – taxes, legal services, digital marketing</li> </ul>	<p><i>“The problem is, in minority communities, there’s not that wealth of social capital – so entrepreneurs of color are required to buy all those [technical] services at retail price.”</i></p>
	<ul style="list-style-type: none"> <li>Strategic planning</li> </ul>	<p><i>“If we had resources for people to start properly, on the right foot, they won’t have to claw back from years of bad business.”</i></p>
	<ul style="list-style-type: none"> <li>Network- and capacity-building related to procurement</li> </ul>	<p><i>“We’d love to know if there’s someone doing really great work prepping businesses to move from the \$0.5M space to the \$20M space.”</i></p>
	<ul style="list-style-type: none"> <li>Finding affordable space</li> </ul>	
Covid-related Needs	<ul style="list-style-type: none"> <li>Documentation for emergency funds</li> </ul>	<p><i>“In Philadelphia, the informal economy is primarily Black, so everything was exacerbated this year.”</i></p>
	<ul style="list-style-type: none"> <li>Finding new sales channels, especially getting online</li> </ul>	<p><i>“We spent hours recreating records with a bodega owner so she could apply for PPP, but no one has capacity to sit with clients to meet all the need that’s out there.”</i></p>
	<ul style="list-style-type: none"> <li>Start-up support for new entrepreneurs of necessity</li> </ul>	<p><i>“Digital marketing is a full-time job.”</i></p> <p><i>“Entrepreneurs of necessity are going to start with or without us, so when we can be in person again, we might have to shift gears for early stage entrepreneurs who need to go back and revisit the basics.”</i></p>

Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X SPECIALIZATION AND BREADTH: SERVICES OFFERED

Most BSOs surveyed report that they provide networking and business planning, while few indicate that they offer support for professional services and procurement readiness; BSOs specializing in supporting Black entrepreneurs also report to provide mentoring and counseling

**Business Support Organizations by Target Population and Service Domain (n = 65)**

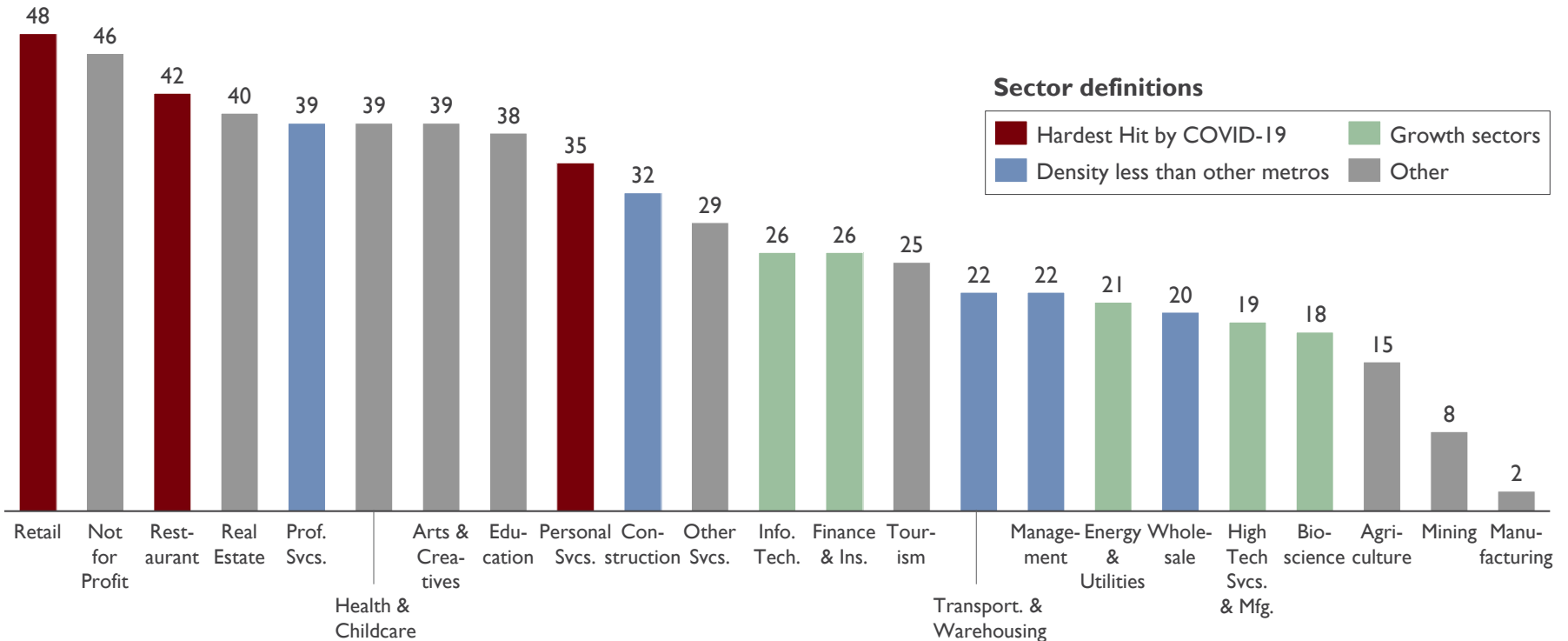


Note: \* Organizations may serve multiple service domains and affinity groups  
 Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X SPECIALIZATION AND BREADTH: INDUSTRIES SERVED

Among the BSOs surveyed, most reported to serve businesses in moderate growth industries and in those industries most impacted by COVID-19; conversely, few reported to specialize in industries with lower density than other metros or in growth sector

**Business Support Organizations by Industries Served\*** (n = 65)



Note: \* Organizations may serve multiple industries

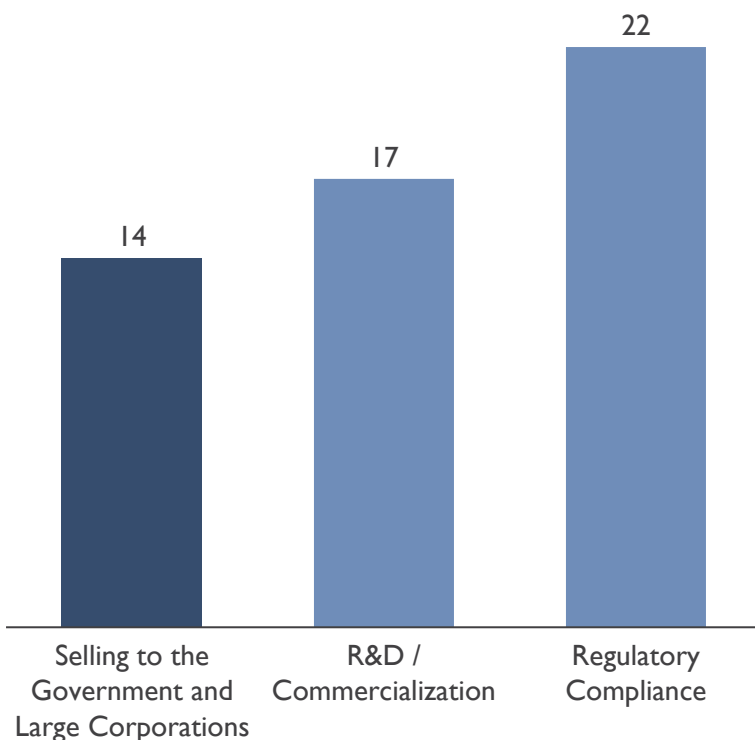
Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X SPECIALIZATION AND BREADTH: PROCUREMENT SUPPORT

Services related to procurement are inadequate for BIPOC businesses, who need more resources to access contracts and build capacity for scale

## Business Support Organizations offering procurement-related services

(Number of BSOs surveyed, n = 65)



## Interview Insights

- > Several BSOs assist with certifications, but there is a shortage of assistance in taking the next step
  - Business owners need resources to register with portals, find contracts, plan, and build capacity (including back-office help)
- > Not enough resources exist to help scale BIPOC businesses who already have one foot in the door
  - Philadelphia has a bench of businesses who may have won one contract or worked with one buyer, and there is a shortage of support to help them expand their book of business
- > BIPOC business owners have more difficulty accessing contracts because of an inequitable status quo
  - Corporations have relied on long-standing contractor relationships
  - Construction is union driven, and being a union contractor requires a consistent book of business that MBEs struggle to maintain because there is not enough intentionality to engage them

*“Everyone looks at us as a certifier, but that’s least important. What’s important is that we get businesses contract-ready and bring the contracts.”*

*“Philly isn’t as progressive as they’d like to believe, so a lot of these [supplier/contractor diversity] activities have to be done quietly and revealed rather than overtly and applauded.”*

# X SPECIALIZATION AND BREADTH: SCOPE AND DELIVERY

BSOs tend to have broad service range, but the consensus is that the ecosystem needs more tailored, niche resources and more hands-on delivery

	Key findings	What we heard
The ecosystem needs to include technical experts in professional services	<ul style="list-style-type: none"><li>&gt; Business owners need more highly technical expertise than TA providers can offer</li><li>&gt; Business owners and BSOs have a hard time finding quality, affordable professional services<ul style="list-style-type: none"><li>– Many turn to providers within their communities, who might not have the best quality</li></ul></li></ul>	<ul style="list-style-type: none"><li>&gt; “We need to base technical assistance on technical expertise.”</li><li>&gt; “Immigrants find people in their community who speak their language, but maybe they’re not the best accountant.”</li></ul>
There is an abundance of workshops and a shortage of tailored support	<ul style="list-style-type: none"><li>&gt; Many BSO services are seen as too templated, and there’s a lack of “walking with” the business owner to make sure TA works</li><li>&gt; Long-term relationships are valuable and contribute to broader network building</li></ul>	<ul style="list-style-type: none"><li>&gt; “TA isn’t one size fits all – clients need a lot of hand holding.”</li><li>&gt; “We saw issues with the continuity of support, because TA was considered a one-time thing.”</li></ul>
More sector-specific service is needed	<ul style="list-style-type: none"><li>&gt; Most BSOs serve start-ups and so are unlikely to refer a business elsewhere for start-up services</li><li>&gt; Few BSOs provide or refer for start-up services tailored to a specific industry (with the exception of tech sector businesses)</li></ul>	<ul style="list-style-type: none"><li>&gt; “In an ideal world, we would all pick an industry niche – start-ups have different planning needs that would be best supported by different resources.”</li></ul>

Source: Interviews with business service providers

# X SPECIALIZATION AND BREADTH: SOCIAL SERVICES

Trust and referral capacity are contributing to the silos between business service and social services that business owners need

## Key findings

## What we heard

**Most BSOs have encountered social service needs among their clients**

- > Childcare is the top and most universally impactful need
- > Need to earn income – business owners may work multiple jobs outside of the business
- > Trauma in many forms

> *“You cannot isolate business needs from other needs, especially in immigrant communities. Health, education, food... it’s all part of the puzzle.”*

**There is a silo between business and social services, possibly due to trust and capacity**

- > Approaching a provider for social service takes a much higher level of trust
  - Intersections seem to occur more informally, where highly trusted relationships have been built
- > With limited resources, some BSOs feel that social services are too big for their scope

> *“We tried to help everyone with everything, but we realized that it wasn’t sustainable to act as social worker. You’d need an army.”*

> *It might be something we help with, but it’s not something we talk about... if someone had domestic violence issues, for example, we’re definitely not sharing that amongst each other.”*

**BSOs don’t have tools to make strong social service referrals**

- > When these needs do arise, BSOs don’t know where to send people and/or don’t have the capacity to follow-up on referrals
- > Many BSOs mentioned using personal contacts for referrals

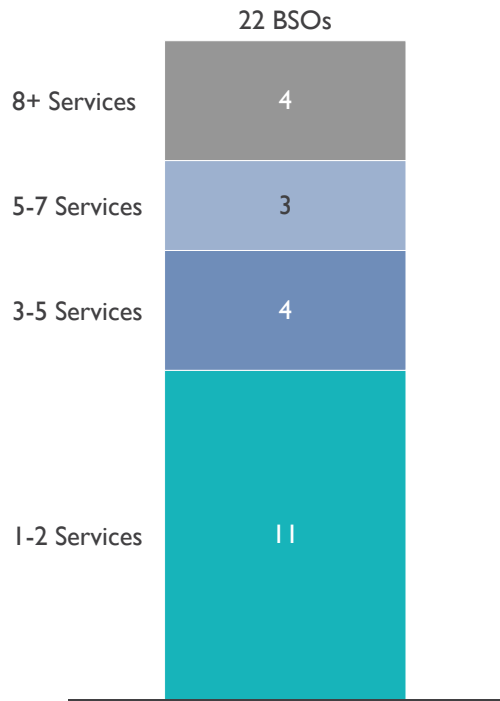
> *“Most of the staff comes out of economic development so they kind of just know where to send people, but there are no formal relationships in place.”*

Source: Interviews with business service providers

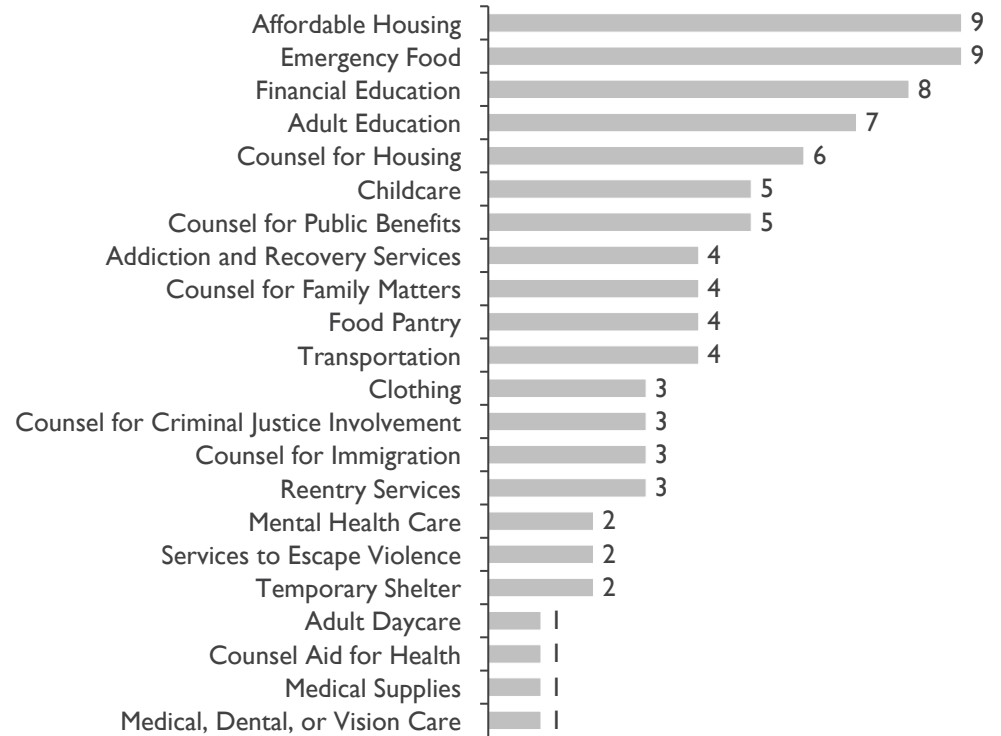
# X SPECIALIZATION AND BREADTH: SOCIAL SERVICES OFFERED

Among the BSOs surveyed, nearly a third provide social services to their communities; those who provide social services tend to offer housing and emergency food support and workforce development and education services

**Business Support Organizations by number of social services offered (n = 65)**



**Business Support Organizations by Social Services Offered\* (n = 65)**



Note: \* Organizations may offer multiple social services

Source: Urbane / SourceLink Business Support Organization Survey (September 2020)



# X SMALL BUSINESS OVERVIEW

In 2017, there were 26 thousand employer small businesses in the City of Philadelphia, which was equivalent to 93% of all of the city's businesses.

## Small Businesses (2017)

**26k**

Total small employer businesses\*

**+5.6%**

5-year small employer business growth rate\*

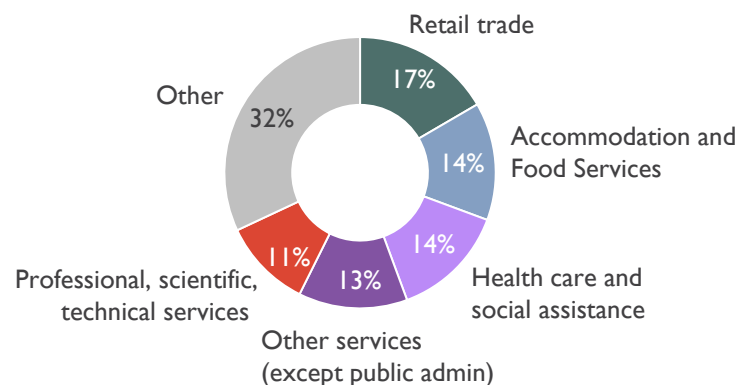
**101k**

Total non-employer businesses

**+29.6%**

5-year non-employer business growth rate

## Top 5 Industries (by # of SBEs in 2017)



## City of Philadelphia Demographics

Population: **1,575,522**

5-year population rate: **+2.5%**

White: **43%**

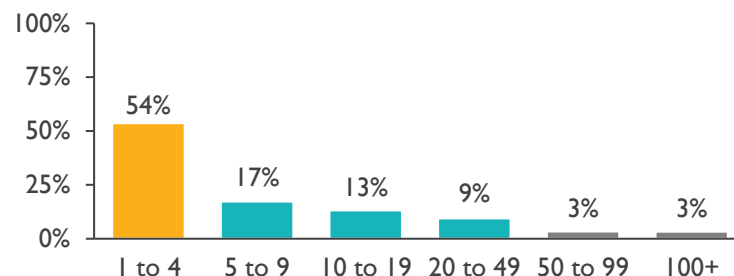
Black / Af Am: **44%**

Asian: **8%**

Is Hispanic / Latino(a): **17%**

Identifies As Female: **53%**

## Business size (by # of employees in 2017)

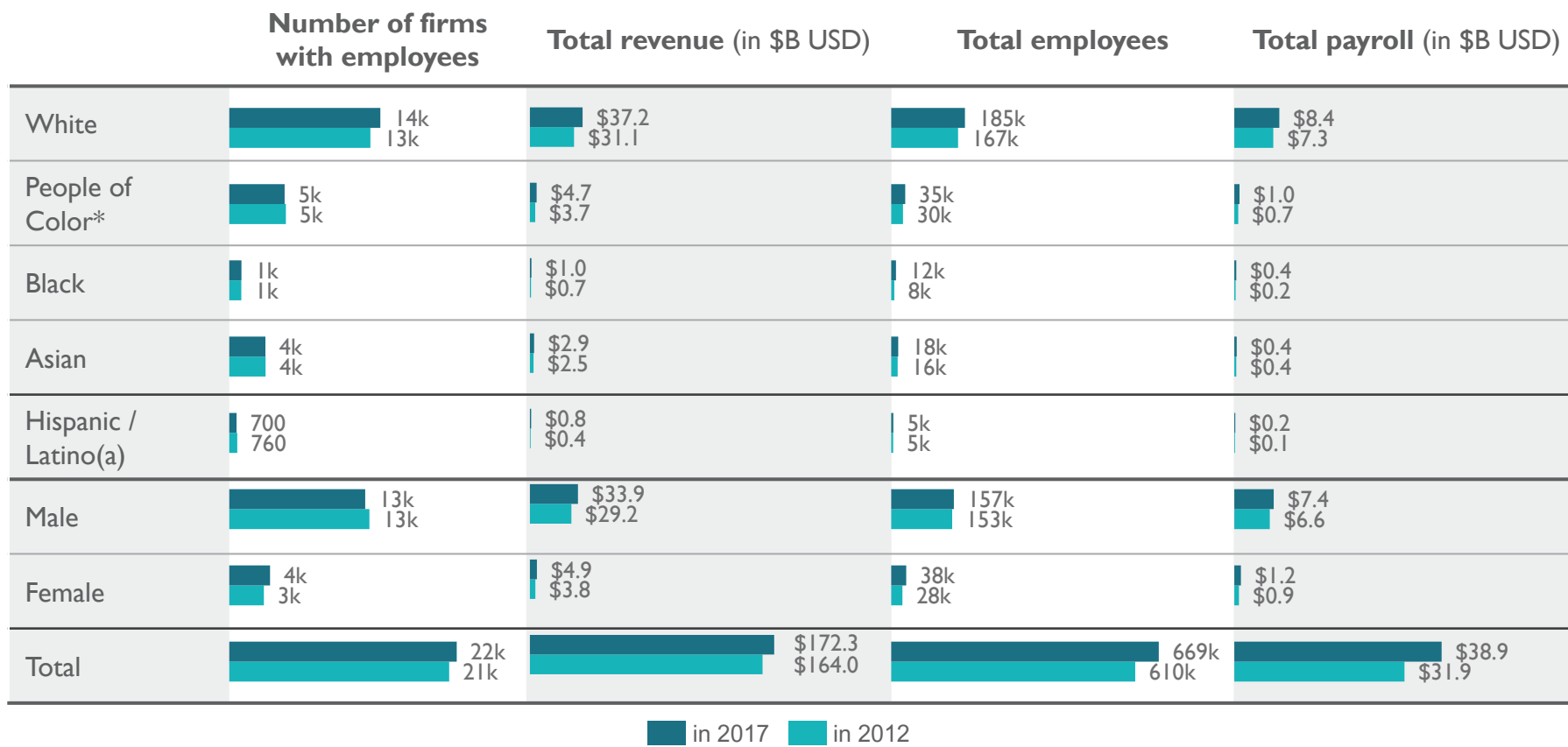


Note: \* Includes employer businesses with less than 50 employees in 2017

Source: U.S. Census County Business Patterns, American Community Survey, Non-employer Statistics, 2012 and 2017

# X BUSINESSES BY OWNERSHIP CATEGORY

In Philadelphia, people of color-, Black-, Latino(a)-, and female business owners have been historically underrepresented; those that do own businesses operate with less revenue and fewer employees than their white and male counterparts.



Note: \* Includes only Non-White owners on the basis of race and not ethnic origin.

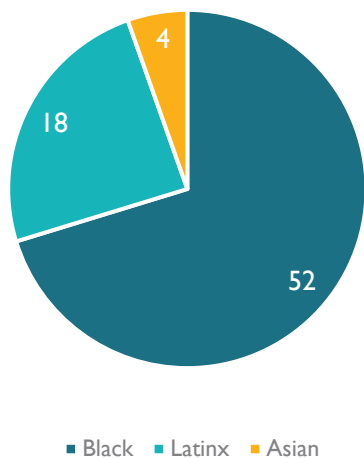
Source: U.S. Census, Annual Business Survey, 2017 and Survey of Business Owners, 2012

# X SMALL BUSINESS OWNERS: INTERVIEWEE PROFILES

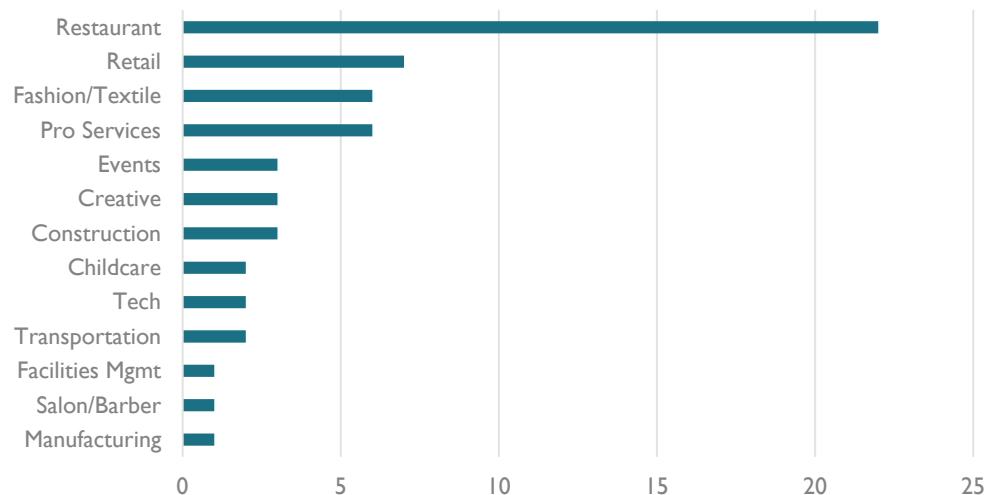
Interviews with 59 business owners have been conducted to date, including 33 1-on-1 interviews and group interviews of 6 Black and Latinx chefs, 12 Latinx business owners located on S 9<sup>th</sup> Street in South Philadelphia, and 8 Black entrepreneurs operating in Southwest Philadelphia

## Business Owners by Demographic and Business Industry (n = 59)

Business Owner Race/Ethnicity



Industry

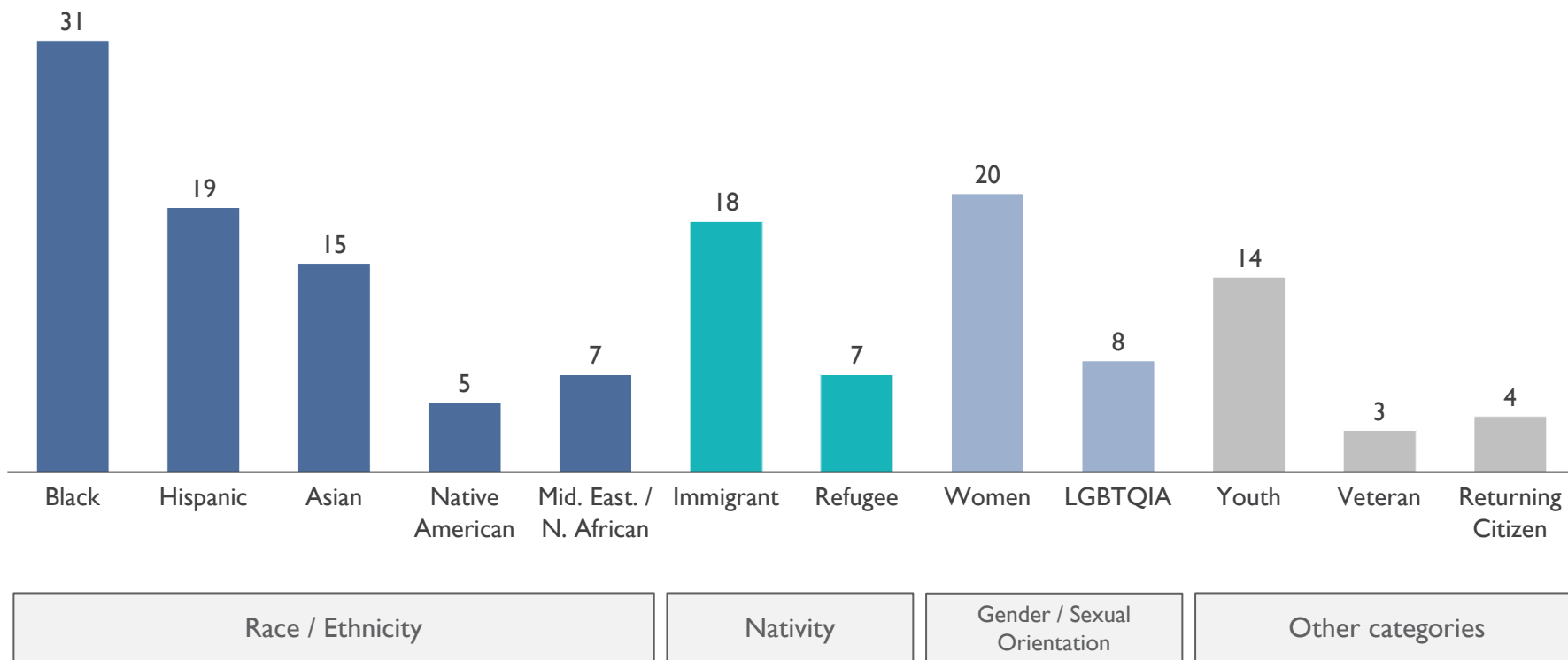


Source: Urbane Small Business Owner Interviews (July – October 2020)

# X BUSINESS OWNER SERVICE NEEDS: AFFINITY GROUPS SERVED

31 of the 65 BSOs surveyed specialize in serving Black entrepreneurs; less than third specialize in serving Hispanic, Asian, or Immigrant entrepreneurs

**Distribution of Business Support Organizations, by specialized affinity group\* served**  
(Number of BSOs surveyed, n = 65)

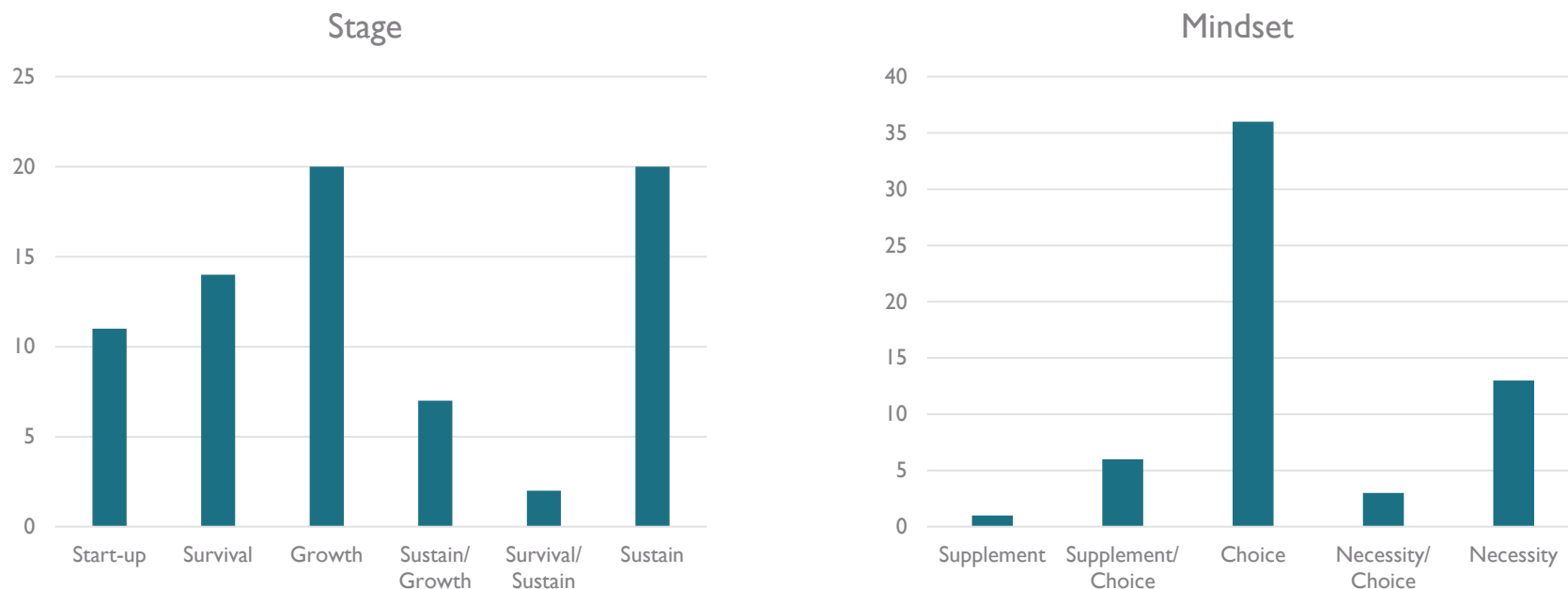


Note: \* Organizations may serve multiple affinity groups  
Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

## X SMALL BUSINESS OWNERS: INTERVIEWEE PROFILES

Interviewed business owners were most commonly in Survival or Sustain stages, while some shifted stages for reasons related to COVID-19. Choice mindsets were most common among interviewees; some Choice entrepreneurs began in Supplement or Necessity mindsets

### Business Owners by Stage and Mindset\* (n = 59)



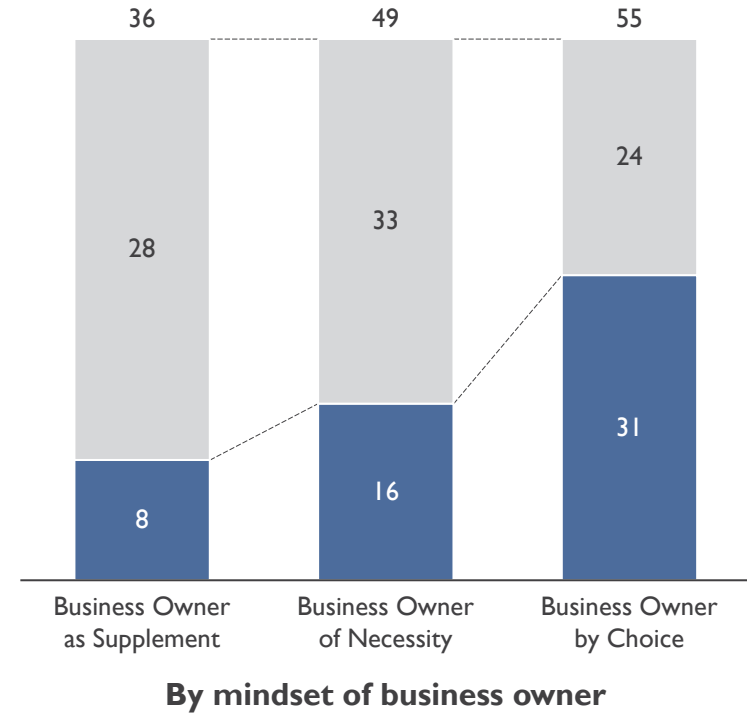
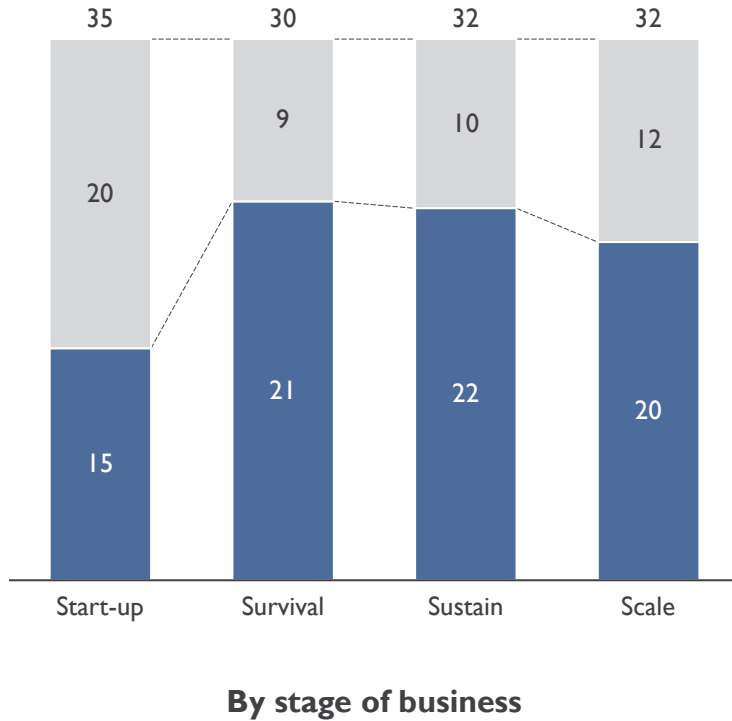
Note: \* In most cases, stage and mindset classifications were extrapolated from information provided in the interview

Source: Urbane Small Business Owner Interviews (July – October 2020)

# X BUSINESS OWNER SERVICE NEEDS: SEGMENT SERVED

Survival and Sustain stage businesses are most commonly served by surveyed BSOs, though the service is balanced across stages; BSOs also most often specialize in serving business owners in Choice mindsets

**Distribution of Business Support Organizations, by segment served\***  
(Number of BSOs surveyed, n = 65)



Note: \* Organizations may serve multiple business segments

Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X BUSINESS OWNER SERVICE NEEDS: TYPE AND DELIVERY

Business owners varied in the types of services they look for, but business planning, marketing, peer networks, and social support are top needs

## Key findings

## What we heard

### Strategic and tactical assistance is in demand

- > Business planning was named most often as a need or desired form of assistance
  - Some want professionals to help craft a plan to attract investors; others just want help thinking through **and implementing** next steps
- > Industry-specific support is most in demand
  - E.g. WBEC-East's now-defunct childcare program, TEC's Center for Culinary Enterprises – both helped business owners plan

- > *“We don't lack ideas... We need support translating what's on paper to the action steps and resources needed to execute.”*
- > *“The course taught me to develop a business plan, acquire properties, and they helped me get all necessary licenses – food, business, something from the Health Dept.”*

### Assistance with marketing and legal services is needed

- > Many business owners want access to affordable professional services, but some want better tools to do things themselves
- > After business planning, marketing was the next most mentioned need
  - Business owners want support with digital marketing and attracting customers from other neighborhoods

- > *“We're chefs, we're creators... we're capable of doing business operations, but others do that for a living.”*
- > *“I read a lot of books about accounting for restaurants and I'm working with an accountant to learn to do it myself. Is there somewhere we can go to learn these things?”*

### Peer networks and social support have broad value

- > Many expressed strong wish for peer networks/mentors
  - Some Growth and Sustain stage businesses rely on their networks for industry and professional service contacts; for Survival stage businesses, peer networks offer safety nets and better representation
  - Several business owners are or want to be mentors, or to otherwise foster new entrepreneurs and talent in their communities
- > BIPOC business owners of all stages face stress, isolation, and challenges in health, expenses, and family care – but have few support resources beyond friends and family

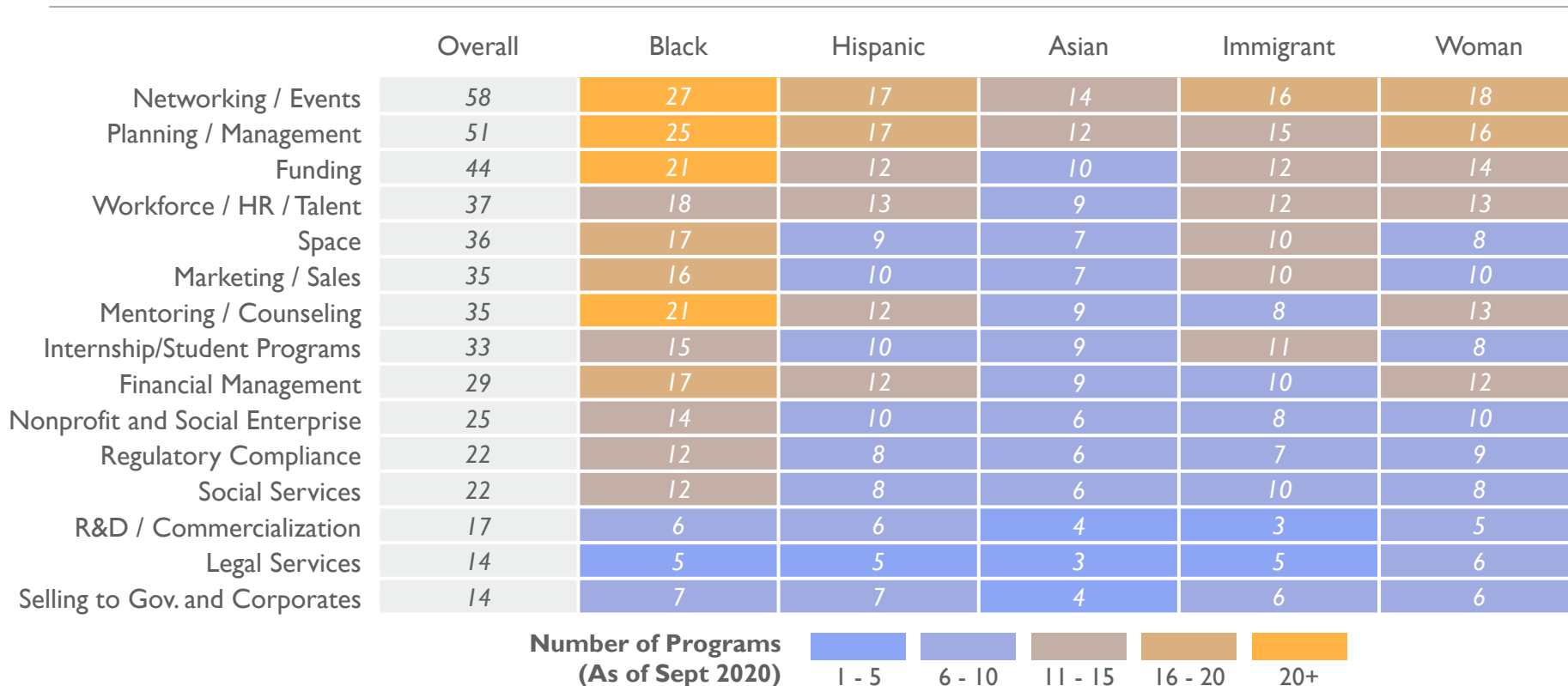
- > *“...even just to be able to tell someone about something that really sucked and have them say ‘Yup, sure does.’ – it's catharsis.”*
- > *“Organizations touch us from the financial end, not emotional stigma or depression – not sure who's supposed to be in charge of that, but it's definitely lacking.”*

Source: Urbane Small Business Owner Interviews (July – October 2020)

# X BUSINESS OWNER SERVICE NEEDS: BSO SERVICES OFFERED

Business planning, marketing, and mentoring, among the most common needs named by business owners, common services in the BSO ecosystem – but relatively few specialize in serving BIPOC or immigrant business owners, which may explain some of the disconnect

**Business Support Organizations by Target Population and Service Domain (n = 65)**



Note: \* Organizations may serve multiple service domains and affinity groups  
 Source: Urbane / SourceLink Business Support Organization Survey (September 2020)



# X BUSINESS OWNER SERVICE NEEDS: DEPTH & SPECIALIZATION

Business owners need more services that are high-touch, long-term, and/or specific to the challenges and realities of their industries in order to grow

## Key findings

## What we heard

### Strategic support and change management need to be tailored to industry

- > More industry-specific strategic planning and support structures are needed to help business owners grow
  - Especially legacy and advanced manufacturing, food and beverage production, fashion, real estate
- > Support developing the strategy to manage and optimize supply chain, integrate professional services, and structure capital at the business’s second stage of growth & dev

- > *“I’ve probably lost \$425K in profit because of issues with co-packers.”*
- > *“To get to that scale, I’ll need a strategic partnership with a larger company, a lot of external capital, and high-quality clients and talent to come on board.”*

### More specialized, realistic talent services are needed

- > Hiring, training, and retention services need to better address realities of poverty & trauma that impact Philly’s talent pool
  - E.g. in childcare, stringent background checks make hiring difficult
  - More resources for developing hard/soft skills in the talent pool are needed, e.g. translating artistic skills to digital skills
- > Assistance/capital to attract or incubate skilled talent is needed
  - Community anchor spaces help turn latent skills into employable talent

- > *“School structures are crumbling, they don’t have vocational training with job or entrepreneurship pathways tied to skill building.”*
- > *“Business can’t just be about making money, it needs to be about uplifting and community.”*

### Makers need resources and assistance related to production and equipment

- > There is a shortage of high-quality manufacturers in Philly
- > More assistance with finding prototyping space and identifying and negotiating contract manufacturers
- > Manufacturers and import/export businesses need more affordable cold or other storage space

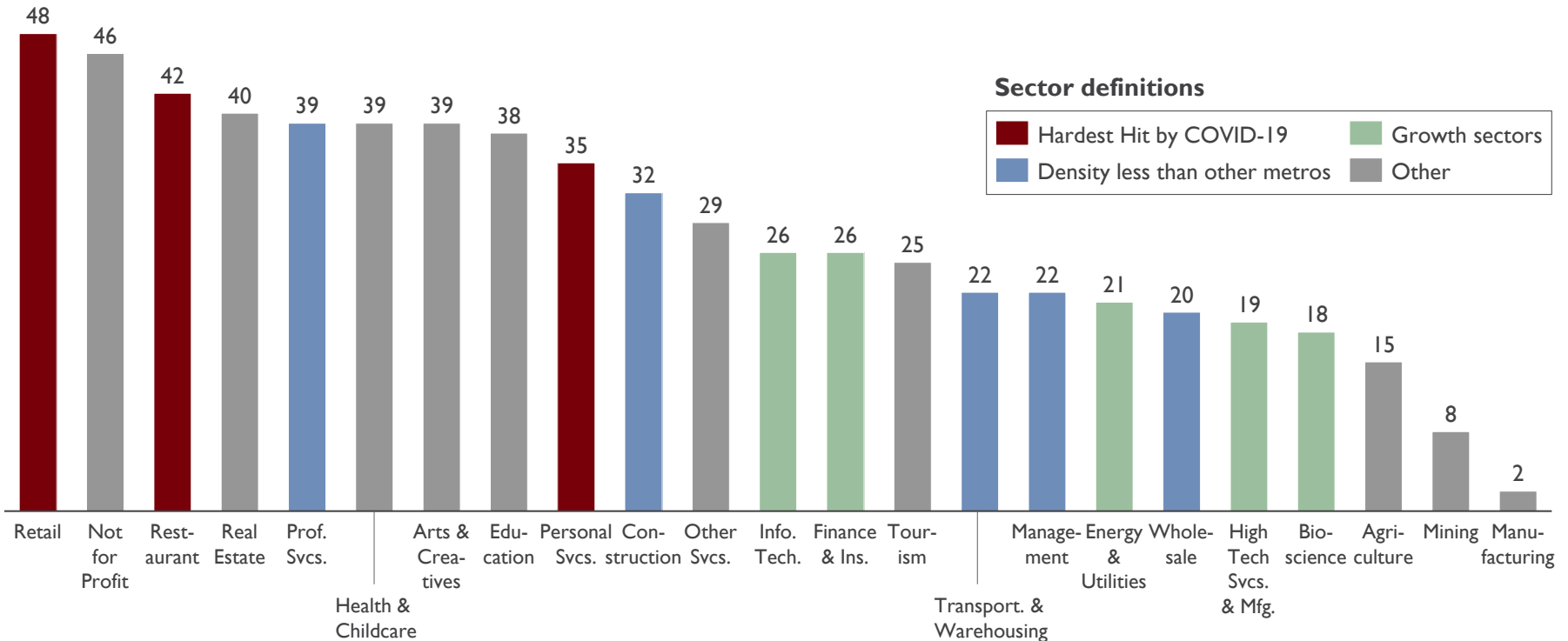
- > *“I’m looking for equity, or even just a loan, to build my own manufacturing plant. I need to make my own product.”*
- > *“I need wash house infrastructure for denim distressing.”*

Source: Urbane Small Business Owner Interviews (July – October 2020)

# X BUSINESS OWNER SERVICE NEEDS: BSO INDUSTRIES SERVED

A large portion of interviewed entrepreneurs own restaurants, and other top industries include creatives, retailers, and professional service providers; all are reported by BSOs to be among the top industries served by the ecosystem

**Business Support Organizations by Industries Served\*** (n = 65)



Note: \* Organizations may serve multiple industries

Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X BUSINESS OWNER SERVICE NEEDS: COVID NEEDS

COVID-19 exacerbated pre-existing needs for business strategy and resource navigation and access, while also disrupting supply chains

## Key findings

## What we heard

### Strategy support is needed to help businesses pivot

- > Owners need business strategy assistance as they look to pivot goods and services offered
  - Industries poised for post-pandemic growth need assistance strategizing, and other businesses need to pivot to survive and recuperate income
  - Renewed focus on racial equity increased sales for some Black-owned businesses, catalyzing unprepared growth for some and testing established management and operations for others

> *“I needed to figure out ‘What is the smartest way to invest money I have into my business?’ At this time when consumer behavior is erratic, I needed to figure out how to set price points for my new store, while recognizing the economic uncertainty my clients faced.”*

### Resource navigation is a challenge

- > Entrepreneurs were confused about resources across the federal, state, and city levels
  - There is severe lack of awareness about where to apply for funding, or where to get services
  - Complicated application processes and short windows to correct books made resources inaccessible
- > Immigrant and very small business owners reported that they were unable to get emergency dollars, even though they pay taxes

> *“I put in about 5 applications with people that said they work with SBA – another person tried to get me to pay \$2,000 to apply. When I finally got through to SBA, there were so many restrictions that they didn’t approve my loan.”*

> *“I only found out about TMF grant because I happened to get coffee down the street and the owner of that shop received an email from his realtor.”*

### Supply chains experienced disruption

- > Business owners faced supply chain interruptions as wholesalers and vendors went out of business
  - Owners need support navigating alternative sourcing options
  - In some cases, the costs to import or export increased due to decreased shipments or increased inspection costs

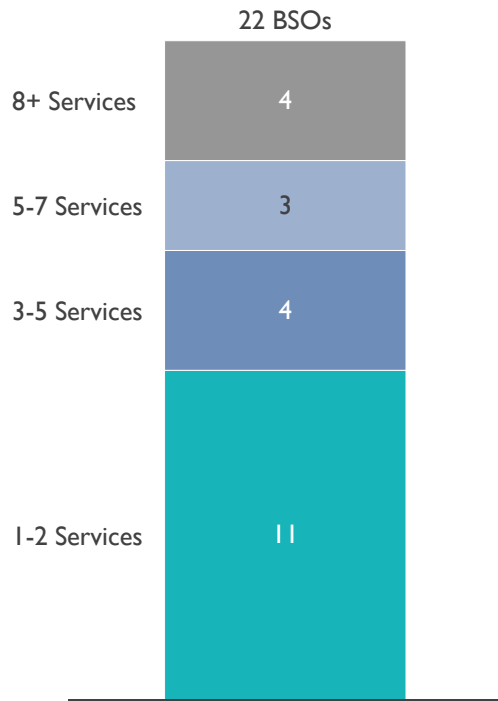
> *“Because I source from independent POC and woman-owned brands, their supply chain affects my supply chain. Many manufacturers slowed or ceased operations and I wasn’t able to get products to my customers in a timely fashion.”*

Source: Urbane Small Business Owner Interviews (July – October 2020)

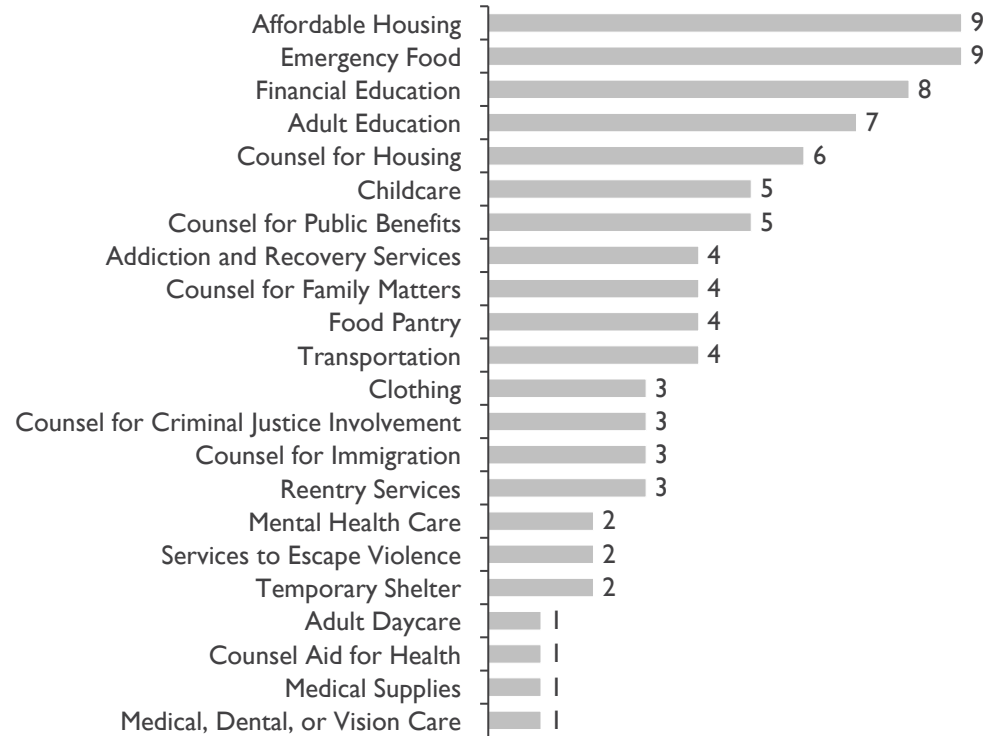
# X BUSINESS OWNER SERVICE NEEDS: BSO SOCIAL SVCS. OFFERED

Only 2 surveyed BSOs provide support with mental/emotional health care, a need most commonly named by business owners; support with childcare and physical health are also in short supply

**Business Support Organizations by number of social services offered (n = 65)**



**Business Support Organizations by Social Services Offered\* (n = 65)**



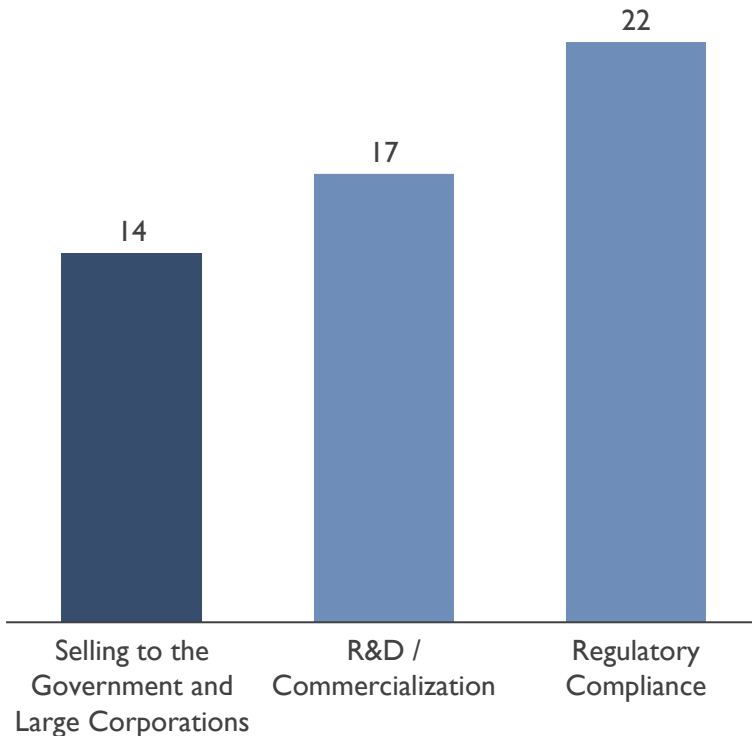
Note: \* Organizations may offer multiple social services

Source: Urbane / SourceLink Business Support Organization Survey (September 2020)

# X BUSINESS OWNER NEEDS: PROCUREMENT & CONTRACTS

Business owners identified similar bottlenecks to those highlighted by BSOs: business owners need assistance getting contracts and maintaining a steady book of business, and they call on the City to ramp up efforts equitable contracting

## Business Support Organizations offering procurement-related services (Number of BSOs surveyed, n = 65)



## Interview Insights

- > Business owners can get help in getting certified, but there isn't enough help in getting contracts
  - Even those who have gone to BSOs for help with bids and contract proposals say there are not enough resources available
- > Black-owned businesses who are already in the pipeline are not getting enough business
  - One interviewee noted that Black-owned firms get a project, then wait a long time before getting another; white-owned firms, by contrast, get a steady stream
- > Business owners call for stronger City commitment to connect BIPOC businesses to public contracts
  - Better promotion of City contracts/RFPs to BIPOC businesses
  - Facilitation of partnerships or joint ventures between larger white firms that have long held contracts and BIPOC firms who are looking for entry

*“Their training was just for getting the certificate, not learning how to use it.”*

*“The City dangles a carrot [contracts], but I’m not able to capitalize on the opportunities because the process is so confusing.”*

Source: Urbane Small Business Owner Interviews (July – October 2020); Urbane / SourceLink Business Support Organization Survey (September 2020)

# X BUSINESS OWNER CAPITAL NEEDS

Access to both debt and equity is a pervasive issue. Business owners want help with credit building and financial planning along with targeted grants to offset barriers to access

## Key findings

## What we heard

### BIPOC business owners of all stages struggle to access capital

- > Start-up and survival businesses have mostly discouraging experiences getting loans
  - Large banks have requirements that feel discriminatory and difficult to meet, but business owners have found more success with CDFIs
  - Facing rejection from formal lenders, many business owners report turning to bootstrap, friends and family, or predatory lenders
- > Growth-oriented businesses find only debt is available to them, want more opportunities to connect with investors

- > *“If it doesn’t say ‘for women’ or ‘of color’, I don’t even apply because I won’t get approved.”*
- > *“How am I going to get out of the game if you can’t show me a path to get the dough to replace it?”*
- > *“Black companies can only get debt.”*

### Business owners need support understanding the spectrum of available capital and how to use it

- > Several business owners want resources to help them build or improve credit
- > Many want info on different types of capital, and where to find lenders who understand their needs
- > Others have a need for highly technical financial advisors with industry expertise

- > *“I wish there was a place I could go to have someone tell me what to do as far as business credit, so I can get to a place where a lender will give me a loan on good terms.”*
- > *“You work with one [lender] and you think it’s the only one, but there are others around that you don’t know about.”*

### Business owners have specific plans for capital

- > A relatively high proportion of business owners dream of buying commercial space, whether a storefront for operations or space for manufacturing or storage
- > Working capital is in demand, especially for investing in merchandise or talent attraction
- > Some, esp. in restaurant industry, called for grants tied to specific purchases like PPE, regulatory fees, or Quickbooks

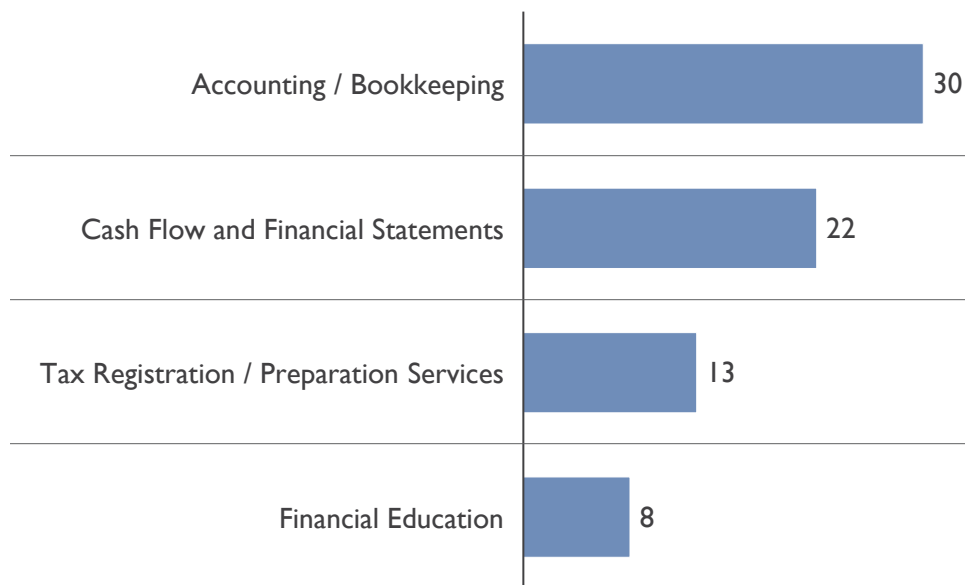
- > *“Main thing for me is, there are many empty storefronts, it would be nice if more of us could build our business in them without being crippled by landlords.”*
- > *“Grants being available is great, but it’s not helpful if we don’t know what to do with dollars.”*

Source: Urbane Small Business Owner Interviews (July – October 2020)

# X SPECIALIZATION AND BREADTH: FINANCIAL ASSISTANCE

Among the BSOs surveyed, nearly half provide financial assistance services to entrepreneurs, with many complementing their services with financing; conversely, few provide financial education to entrepreneurs

**Business Support Organizations offering financial assistance services\* (n = 65)**



**BSOs offering complementary financing\*, by capital type**

	Equity	Debt	Project Finance	Grants	Total
Accounting / Bookkeeping	10	17	14	17	23
Cash Flow and Financial Statements	9	15	13	12	18
Tax Registration / Preparation Services	4	8	7	6	10
Financial Education	2	5	4	6	7
<b>Total</b>	<b>18</b>	<b>27</b>	<b>30</b>	<b>21</b>	<b>45</b>

Note: \* Organizations may offer multiple financial assistance services and financing types  
 Source: Urbane / SourceLink Business Support Organization Survey (September 2020)