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2020 Entrepreneurial Research Project Report

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OVERVIEW

Between June and August of 2020, WEV conducted our annual qualitative research project to learn about clients' experiences since receiving services from WEV. As the COVID-19 crisis was unfolding, we specifically wanted to understand the impact of pandemic on local small businesses.

We conducted telephone interviews with 305 (60 Spanish-speaking) individuals who received services from WEV in 2018.

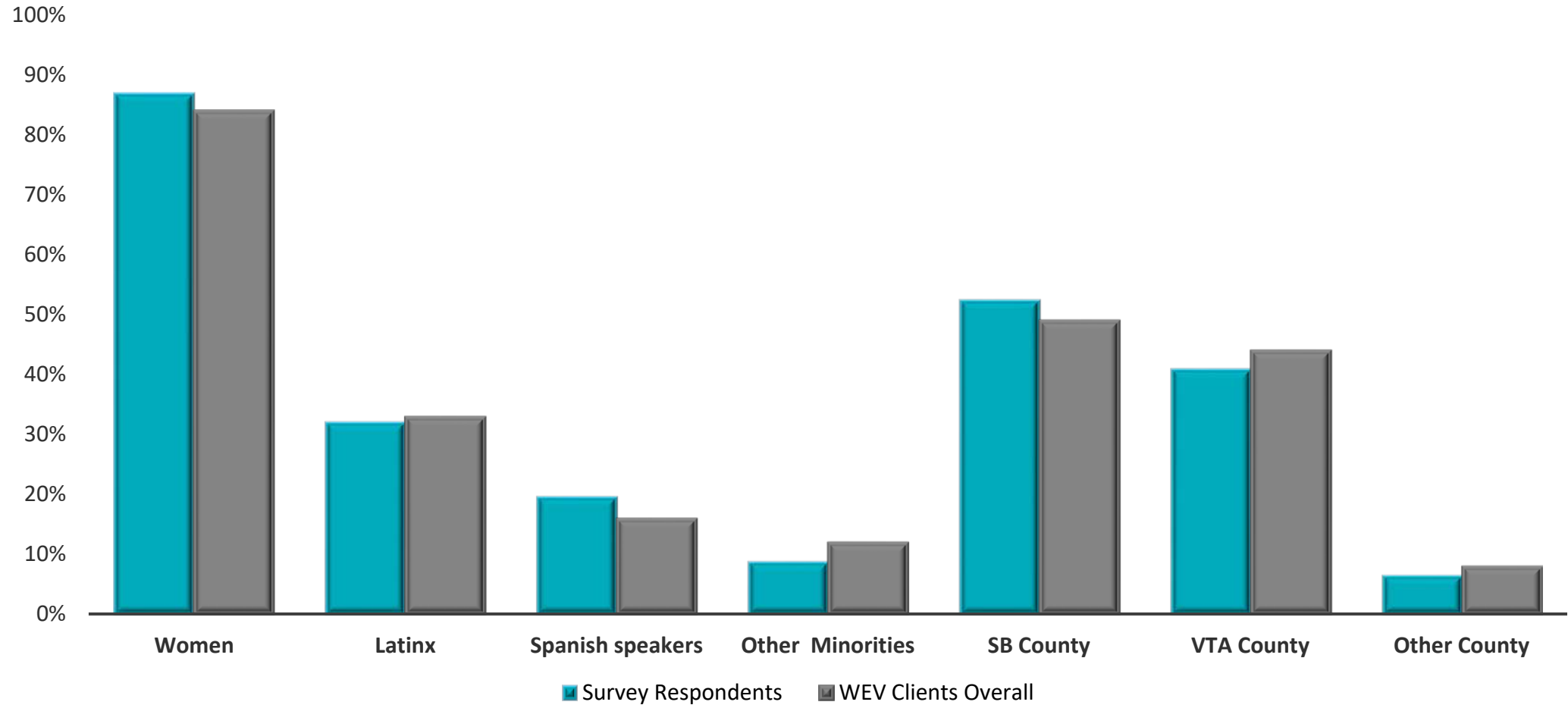
For purposes of this study, WEV interviewed clients receiving “significant” services – completing a business plan training program, receiving 7 or more hours of advisory services, or having an active loan or grant during 2018.



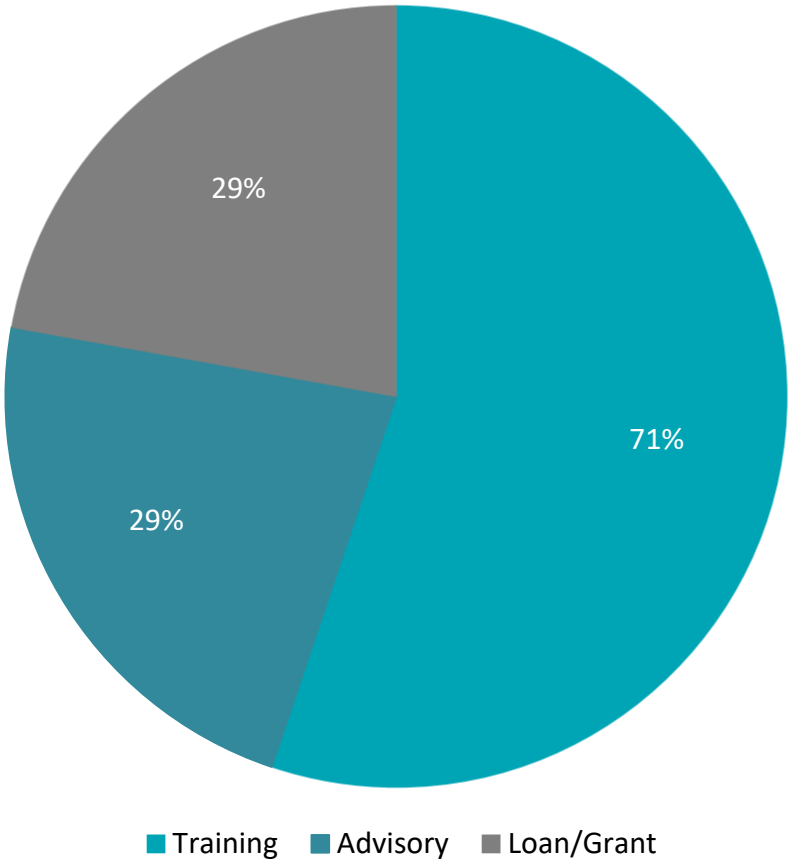
“I am becoming a change maker in the ethical brand space, not just in my own business and that helped elevate my ambitions and goals to a whole other level. WEV’s programs and support have changed not only my business, but my perception of myself as a legitimate businesswoman.”

--Caleigh Hernandez, RoHo

RESPONDENT DEMOGRAPHICS



PROGRAM PARTICIPATION OF SURVEY RESPONDENTS



Most surveyed clients had completed WEV's core business plan training program.

Over half had participated in two or more core programs* in 2018 and 33% received a business loan or recovery grant in conjunction with training and/or advisory services.

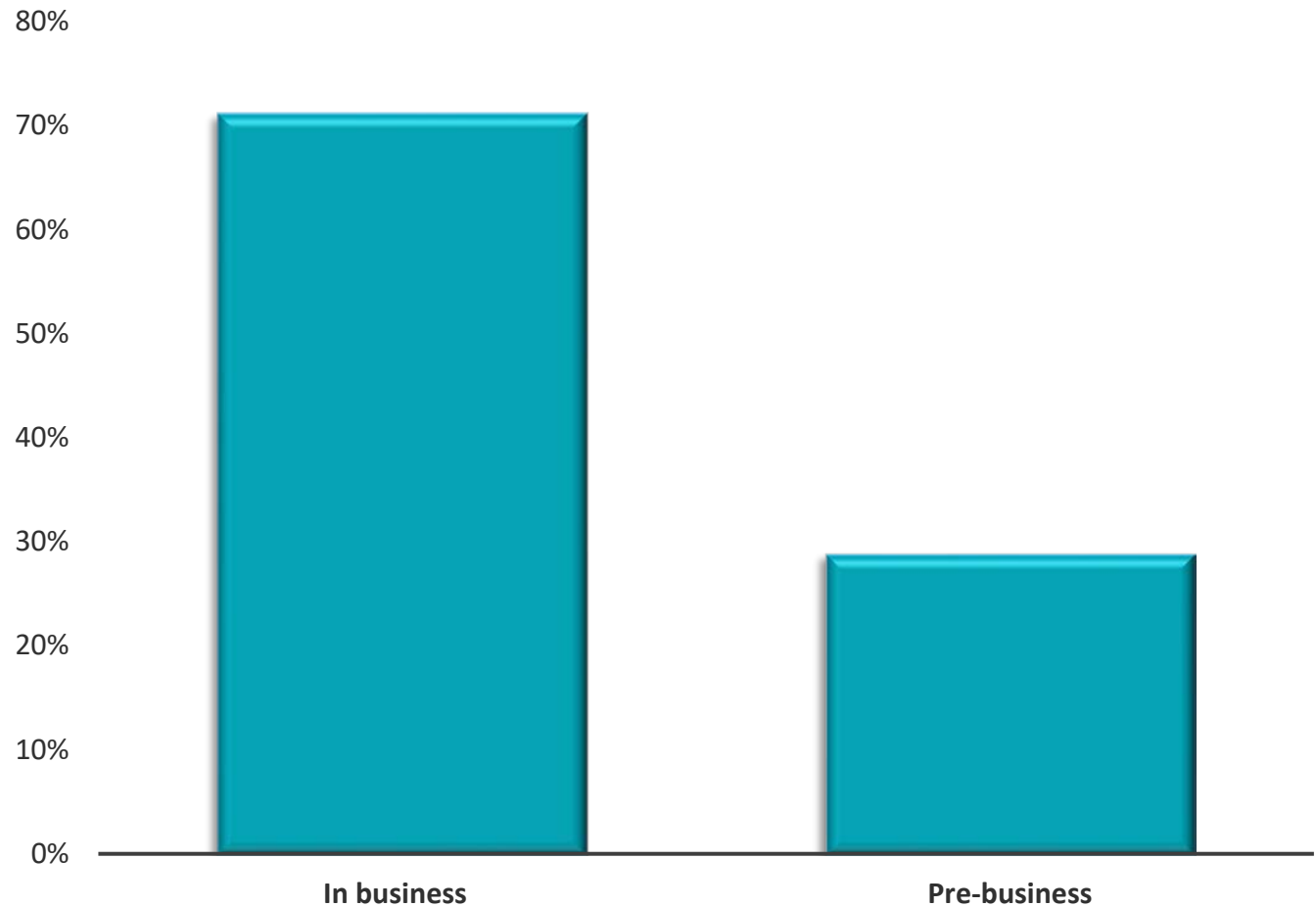
*business plan training, advisory (Thrive), loan program, business recovery grant program.

BUSINESS STATUS IN 2020

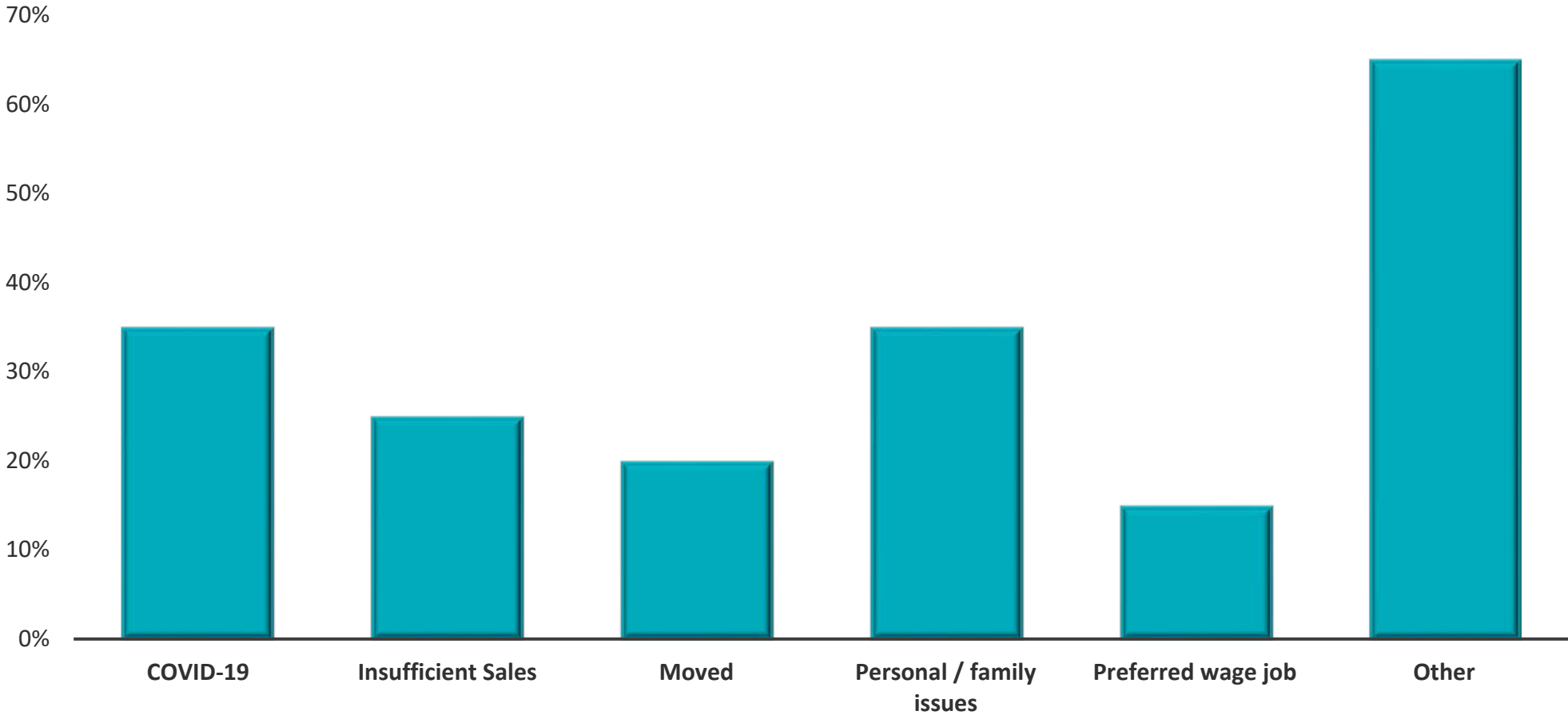
Most survey respondents were in business at the time of survey. 66% were operating full-time businesses compared to 56% in 2019.

WEV's business start rate increased from 49% to 62% and the survival rate increased from 92% to 96%.

Of the survey participants who had not yet started a business, 43% said they expected to launch within a year.

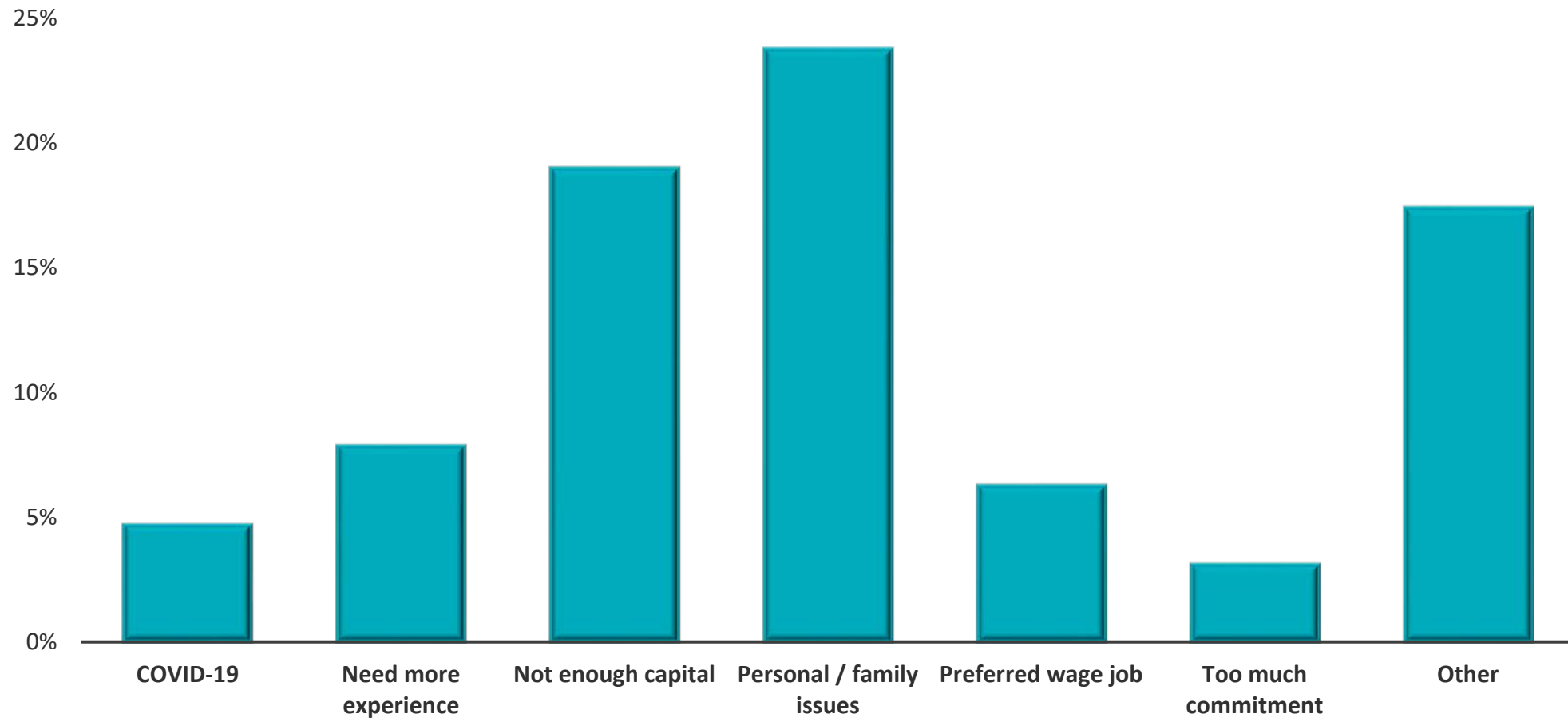


REASONS FOR **CLOSING** BUSINESS



20 respondents or 12% of those who were in business at intake

REASONS FOR **NOT STARTING** A BUSINESS



63 respondents or 46% of those who were pre-business at intake

COVID-19 IMPACT

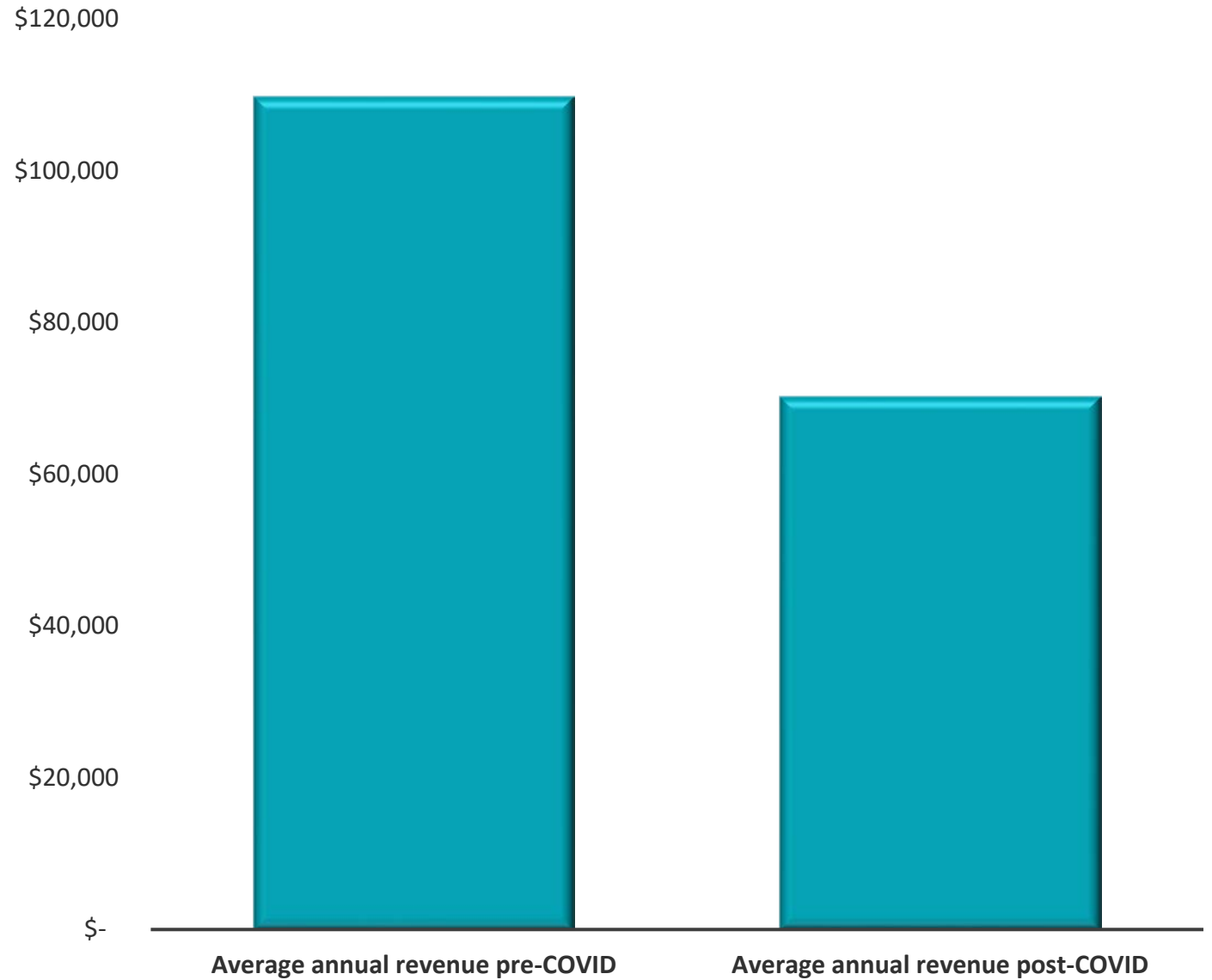
Three months before this research project began, the state of California went into a mandatory lockdown due to the COVID-19 Pandemic. WEV quickly moved our in-person training programs online, began offering free business recovery advisory support, and re-launched our Quick Response Loan program.

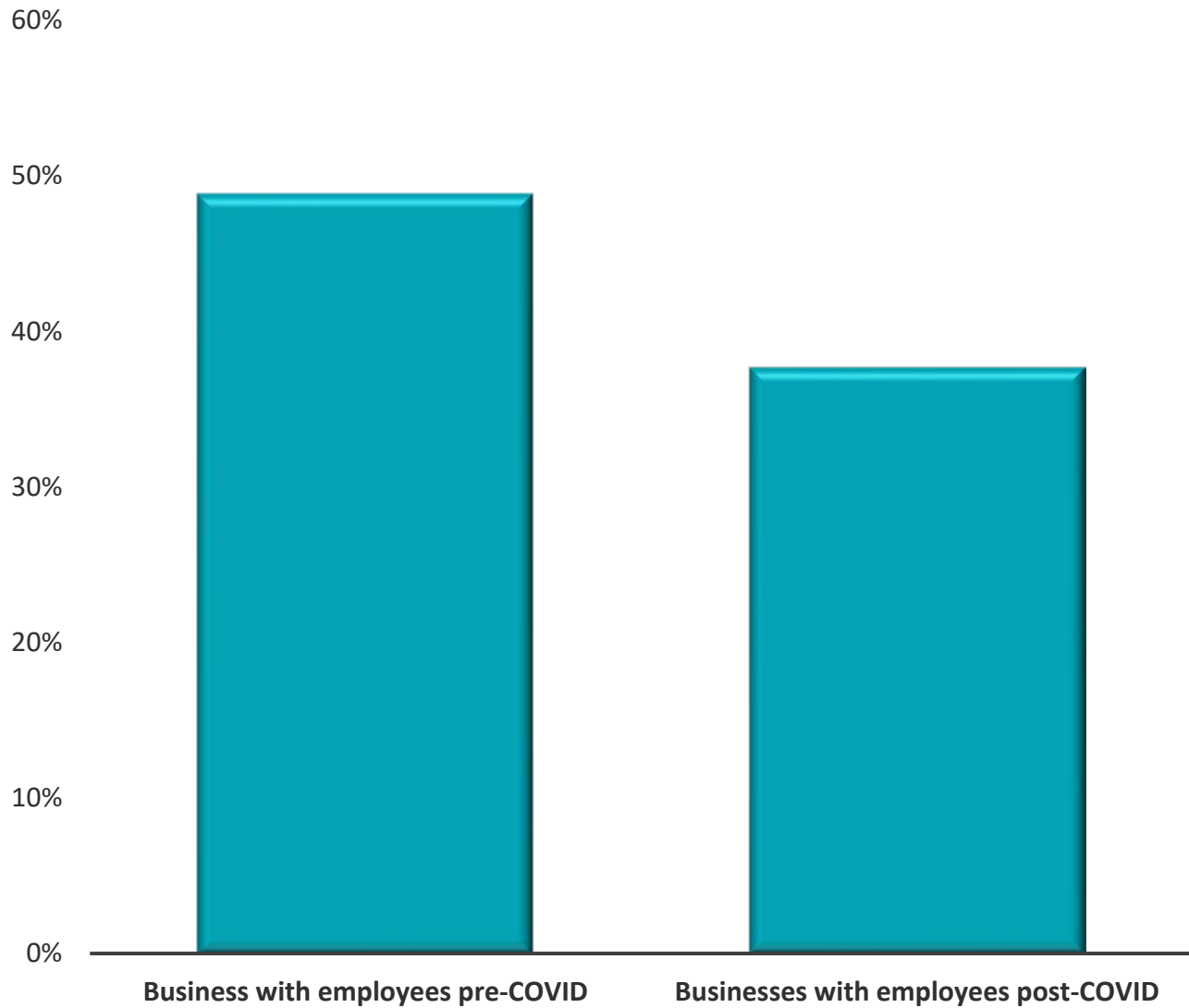
WEV wanted to know how the pandemic was affecting our clients and what changes they were making to adapt to the new environment.

REVENUES

72% of businesses surveyed reported revenue losses due to the pandemic, with average losses per business just over \$30K.

Cumulatively, businesses lost an estimated \$6.3 million in annual sales.





JOB

Over half of businesses reported layoffs due to the pandemic, with average workers per business (excluding the owner) dropping from 2 to 1.

In total, reporting businesses laid off 195 workers, representing 69% of their combined workforce.

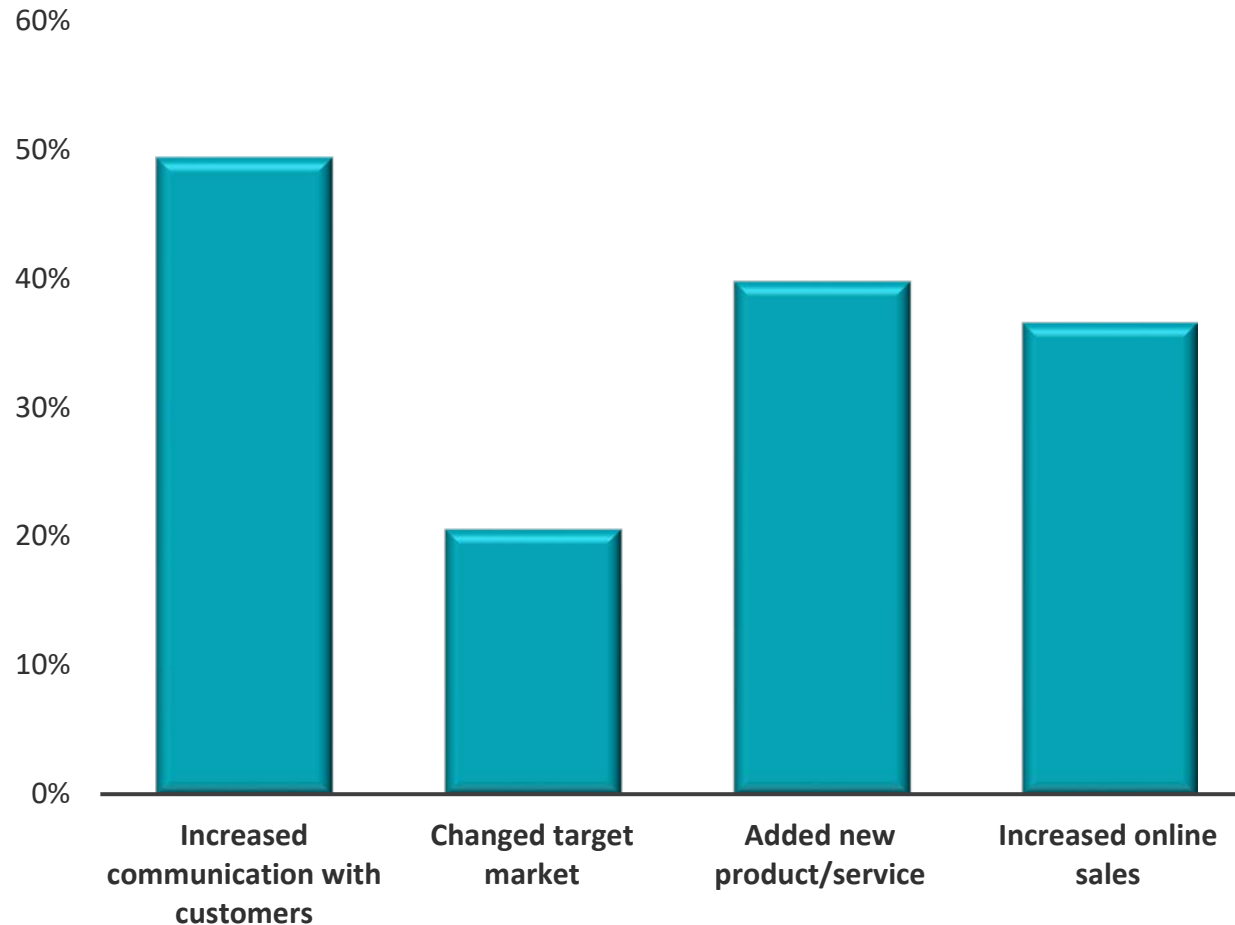
Only 36% of businesses with layoffs expect to return to pre-COVID staffing levels within a year.



“Having some cash on hand early on in the pandemic not only helped me feel less terrified, it also allowed me to get the equipment I needed to transition to virtual and hybrid events. There’s no way I could have done it without the [WEV] loan.”

--Elly Iverson, eji experiences

HOW CLIENTS ARE PIVOTING



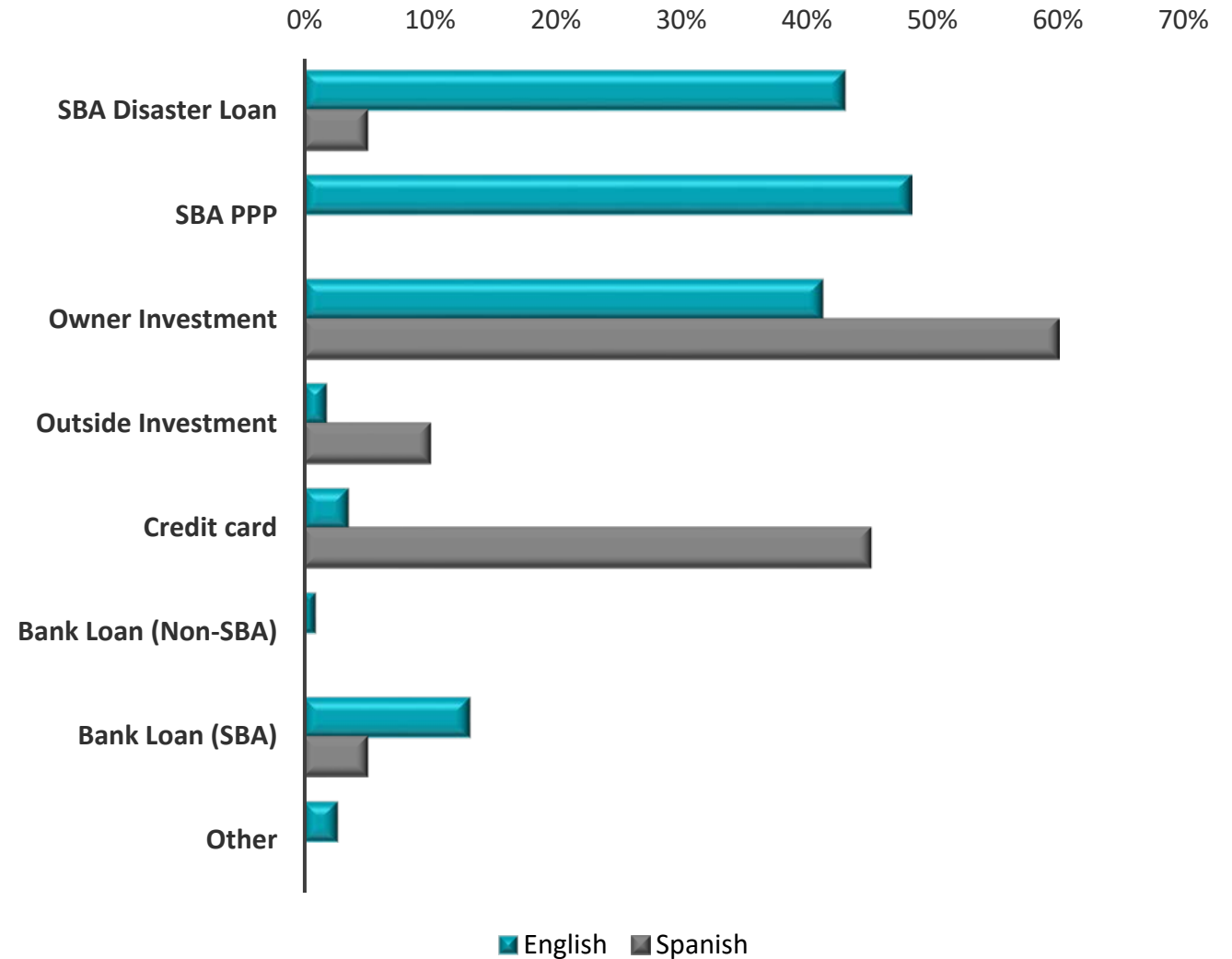
Most surveyed business owners reported making one or more adjustments to their way of doing business as a result of the pandemic.

Business owners repeatedly noted economic uncertainty, finances, and juggling personal and business demands as their biggest concerns.

ACCESS TO CAPITAL

62% of WEV's clients accessed some form of capital (other than a WEV loan) to sustain or grow their business in 2019 / 2020. This is consistent with data from prior surveys.

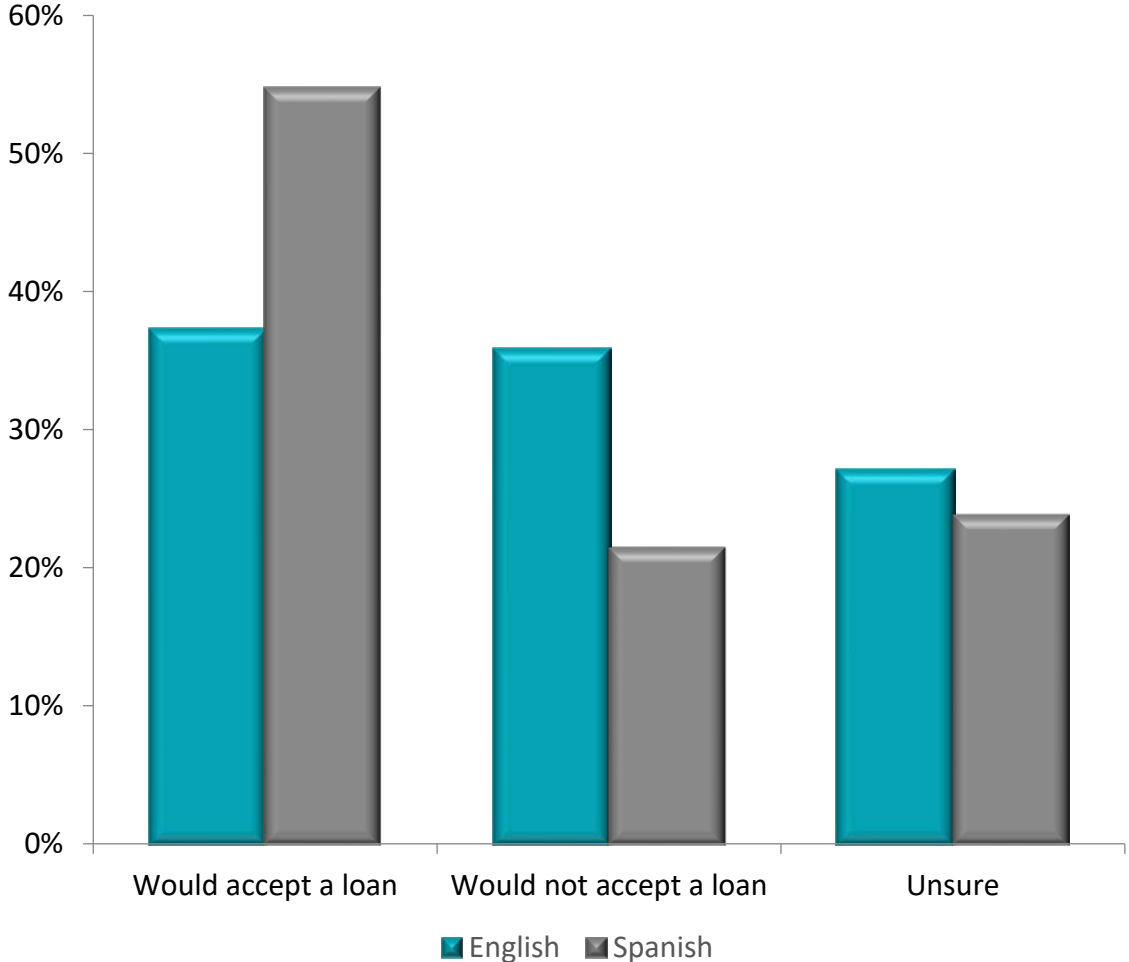
In total, clients reported over \$5.8 million in capital infusion, with most funding coming from federal disaster relief programs, including the SBA's PPP (Paycheck Protection Program) and Disaster Loan (EIDL).



ATTITUDES ABOUT CAPITAL

Overall, more than 60% of surveyed clients were unwilling or hesitant to accept a business loan – even with favorable terms.

Over half of these reported not seeing a need for additional capital and the rest did not want to take on more debt.



NEW PROGRAM DEVELOPMENT

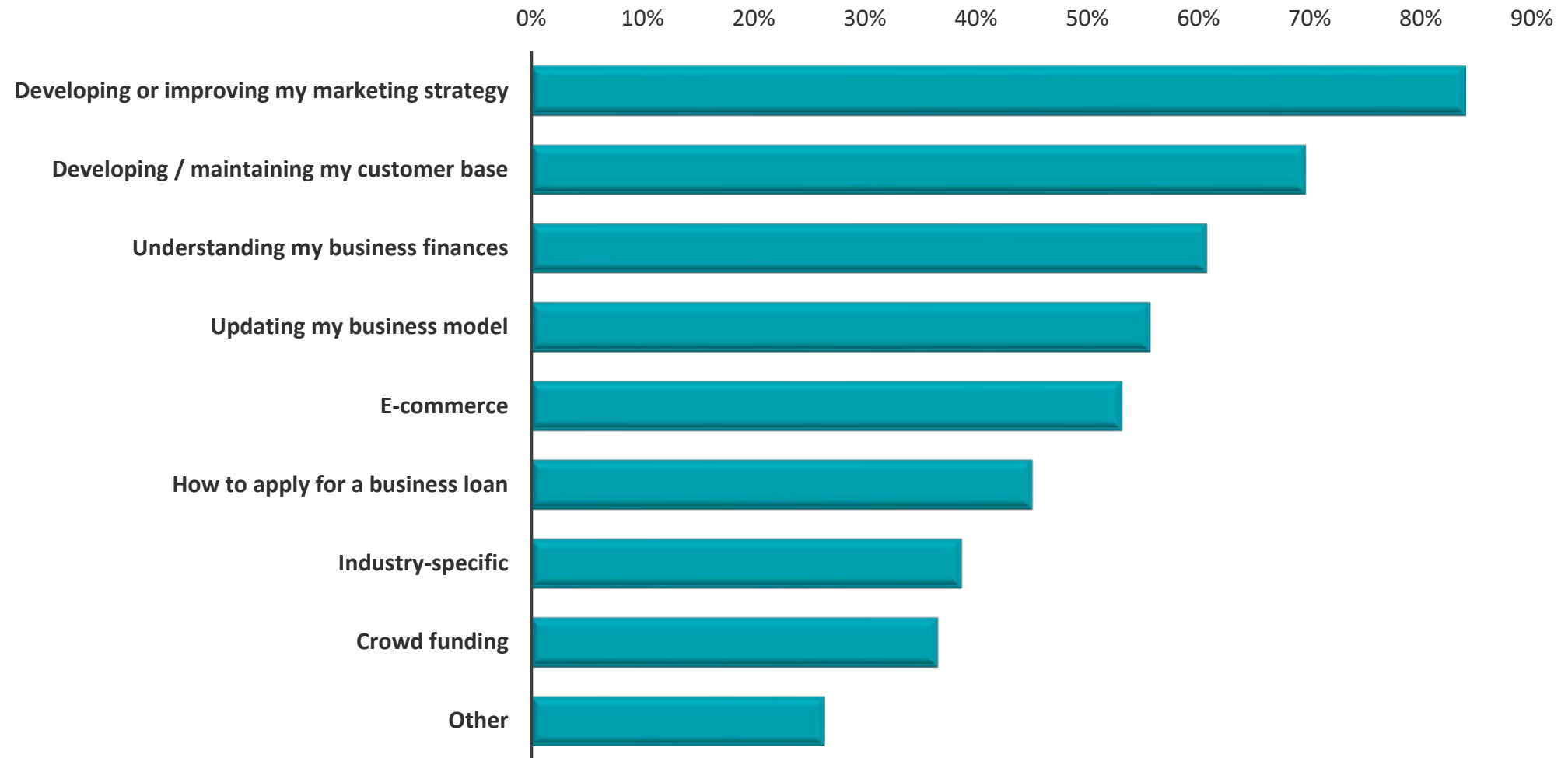
In early 2020, WEV was beginning our strategic planning process to develop new programs, particularly digital offerings, in order to expand our reach and impact.

The pandemic accelerated these plans, and we saw an opportunity to ask clients about the types of programming they would find most beneficial and their preferred learning styles.

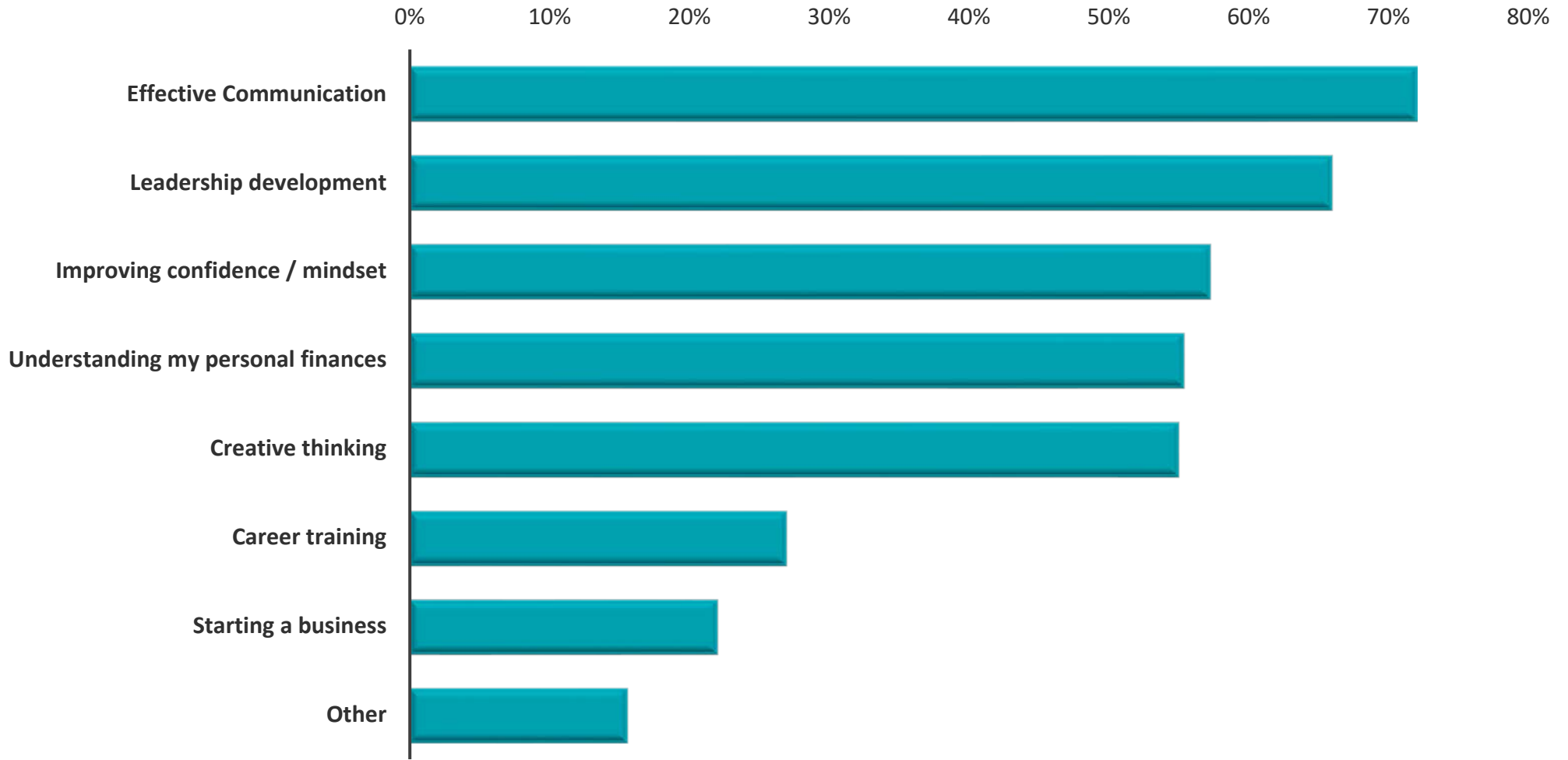


“As a result of my time in the [QuickBooks Coaching] program, I've taken my understanding to a much higher level. I can now look at my financials and use them as a tool in the managing of my business.”

--Rachel Sears-Casanta, Hypercat, Inc.



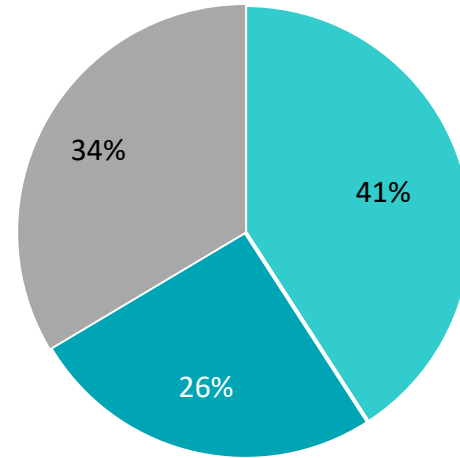
BUSINESS TRAINING TOPICS OF INTEREST



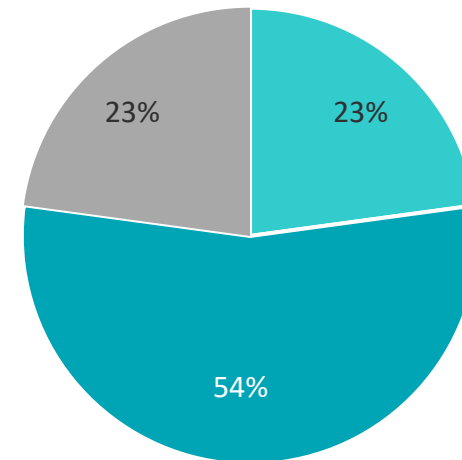
OTHER TRAINING TOPICS OF INTEREST

LEARNING PREFERENCES

Many clients prefer in-person vs online training and group training vs. independent study, yet there were those who had no preference between the two.



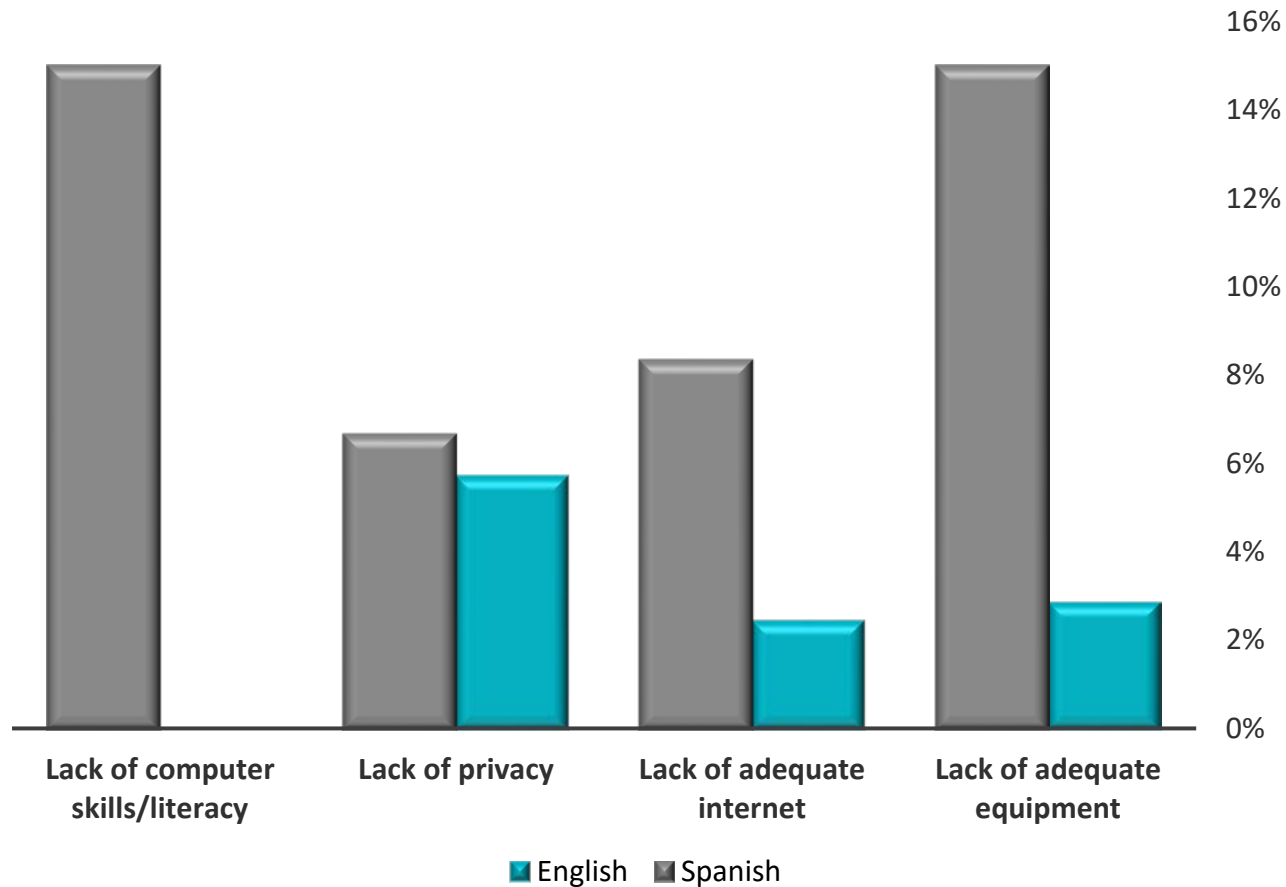
■ Group ■ Independent ■ No preference



■ Online ■ In Person ■ No preference

OBSTACLES TO VIRTUAL LEARNING

11% of English-speaking and 37% of Spanish-speaking respondents reported having one or more barriers to online learning.



KEY INSIGHTS

#1: The COVID-19 pandemic has created significant challenges for most client businesses and highlighted the need for additional education and support.

#2: PPP and EIDL programs were instrumental in sustaining businesses, but many still have a negative view of and are resistant to taking on debt to grow their businesses.

#3: Businesses owned by Spanish-speaking clients are significantly undercapitalized compared to those owned by English-speaking clients, but they are more open than English-speaking clients to taking on debt.

#4: The pandemic has created a great opportunity to expand our reach virtually, but we must consider and address the barriers to online learning - particularly for our Spanish-speaking clients.

#5: Online learning is popular among clients, but many still prefer in-person programs.

CONCLUSION

The 2020 Entrepreneurial Research project met its goal to gather key information about the effects of the pandemic on our clients and what their most pressing needs are.

Many clients expressed their gratitude for WEV reaching out to connect, which was another primary purpose for this year's project.

Future research will help us understand the long-term impacts of COVID-19 and effectiveness of new programs developed as a result of this study.