

# IMPACT OF COVID-19 ON **NC SMALL BUSINESSES**



PRESENTED BY:



Dear Colleagues and Community Partners,

The mission of the North Carolina Institute of Minority Economic Development is, "to strengthen the asset base of diverse populations through policy, education, and opportunities." Like many of our community partners, The Institute is concerned about the impact COVID-19 is having on diverse populations and small businesses.



Last week a group of community partners came together to form a coalition to survey diverse businesses and gain greater insight into COVID-19's impact. The coalition included The Institute, Latin American Chamber of Commerce of Charlotte, Carolinas-Virginia Minority Supplier Development Council, Hispanic Contractors Association of the Carolinas, NC Vet Biz Association, Disability: In NC, LGBT Chamber of Commerce, Urban League of Central Carolinas and several others. Our goal was to collect impact data to share with community stakeholders, government officials, and corporate leaders to be used as a guide in making policy and programmatic decisions. Our target audience was small, diverse-owned businesses with 50 or fewer employees. I'm grateful to all community stakeholders who provided input and encouraged their network to respond.

Attached are the results of survey. We received 468 responses within a 5-day time frame. The majority of respondents are sole proprietors with fewer than ten employees. These are well-established businesses in our communities; more than half of the respondents have been in business for over five years. Survey responses are both concerning and encouraging. Of concern is the fleeting amount of time that small diverse business owners believe they can operate under the current conditions, before making layoffs or closing their business completely. Not surprisingly, most respondents reported a significant loss of revenue because of COVID-19, with two-thirds of the respondents reflecting revenue losses of up to 50% from prior levels.

The good news is the SBA, and other organizations are hard at work developing tools to address some of the needs. These businesses are resilient; doing all they can to avoid layoffs and permanently closing their doors. When the survey responses were received, two-thirds of these businesses had not experienced layoffs. They remain hopeful and engaged, which is evident by the number of business owners who responded to the survey in such a short amount of time. They offered great suggestions on how corporations, community organizations, and government agencies can continue to be of assistance, such as grants to

cover operations, fast-tracked short-term loans, marketing assistance, technical assistance applying for loans, temporarily pausing utility bills, rent, and/or mortgage payment assistance.

So, what now? The call to action is for all of us to share this information and the following recommendations with local elected officials, corporate leaders, foundations, and other community stakeholders. Given our ever-changing environment and the uncertainty of the duration of this crisis, we will follow up with local virtual listening tours to stay informed of changes and the impact of this pandemic.

We've identified six key recommendations from the survey. They include the following:

- Add construction to essential services, which would exempt them from "stay-at-home policies."
- Encourage municipalities to continue to provide water to residences and businesses.
- Recognize and celebrate corporations like Duke Energy, for continuing to provide critical services to residential and commercial customers.
- Encourage localized grant resources funded by foundations, corporations, philanthropists and local stakeholders.
- Encourage corporations to adjust their payment terms to Net15 or less and forgive late payment penalties in support of small businesses.
- Everyone should be more intentional about buying locally to support small businesses.

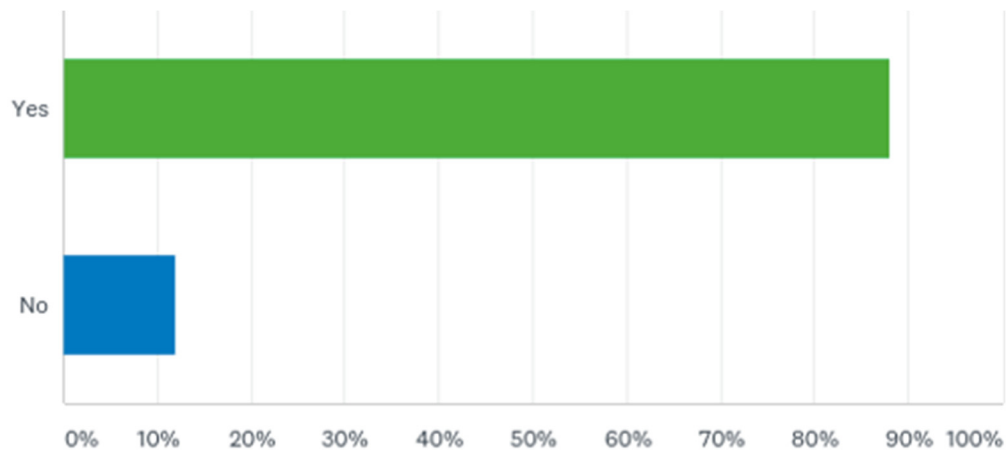
I'm encouraged because these suggestions are ideas that various organizations are addressing. The American spirit is alive and well. We are coming together, finding new ways of doing business, and caring for one another. I hope these results aid in that effort.

Best Regards,

*Kevin J. Price*

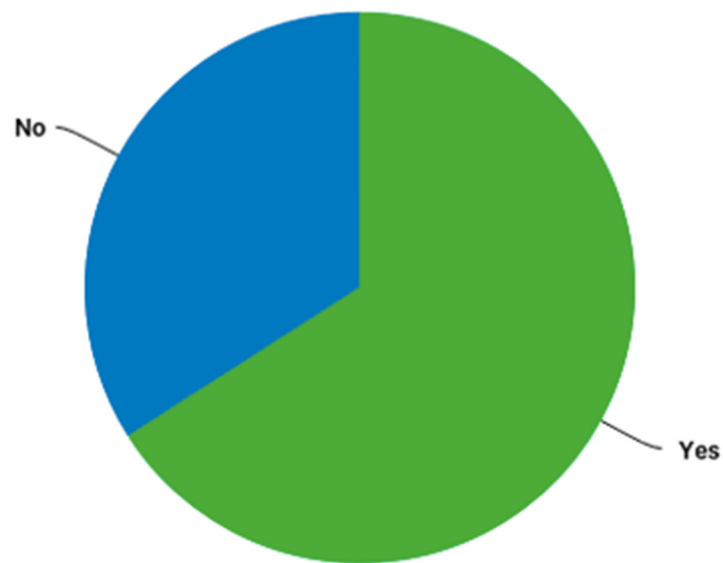
Kevin J. Price  
President & CEO

**Do you own a small, diverse owned business? For the purposes of this survey, a small, diverse owned business is defined as one that employs 1-50 people and is 51% owned, operated, and controlled by one or more of the following demographic groups: Ethnic Minority, Veteran, LGBT, Women, or Disabled.**



*In this survey, 468 companies participated, reflecting results for 88% of small diverse business.*

## Are you a sole proprietor?



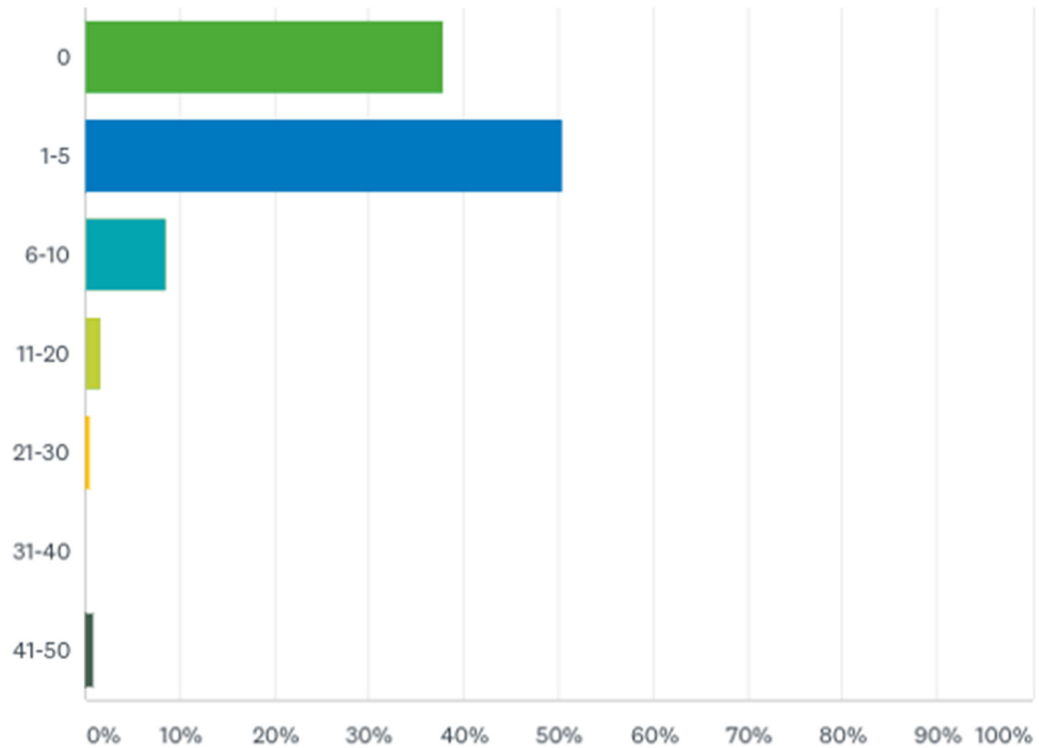
ANSWER CHOICES	RESPONSES	
Yes	65.95%	153
No	34.05%	79
TOTAL		232

## How many workers do you employ?

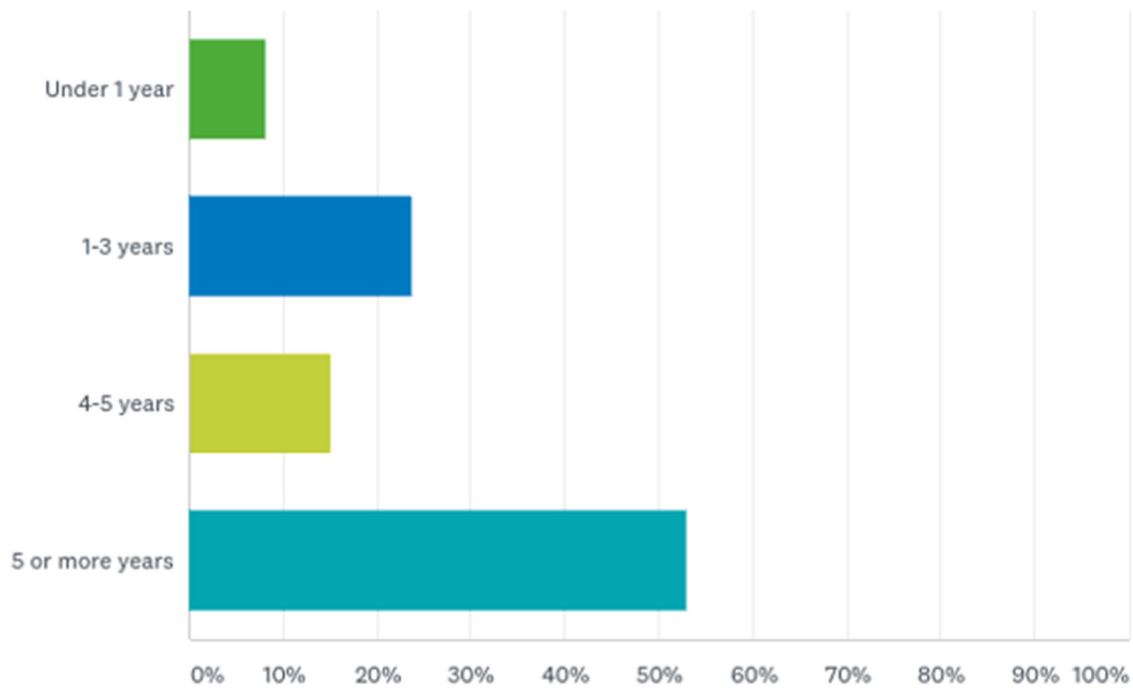


ANSWER CHOICES	RESPONSES
1	42.67% 99
2-5	40.09% 93
6-10	8.62% 20
11-20	6.47% 15
21-30	0.86% 2
31-40	0.43% 1
41-50	0.86% 2
TOTAL	232

## How many contractors do you hire to operate your business?

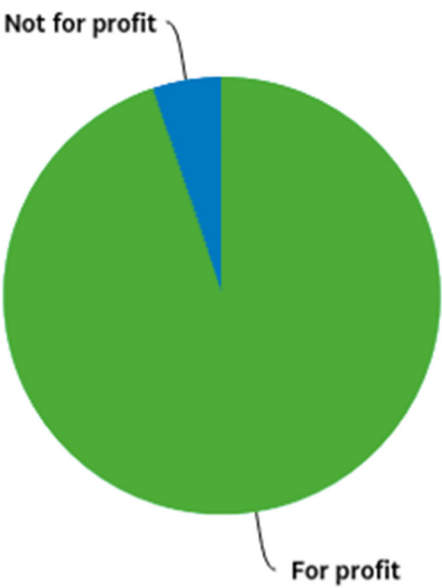


## How many years have you been in business?





What type of business are you?

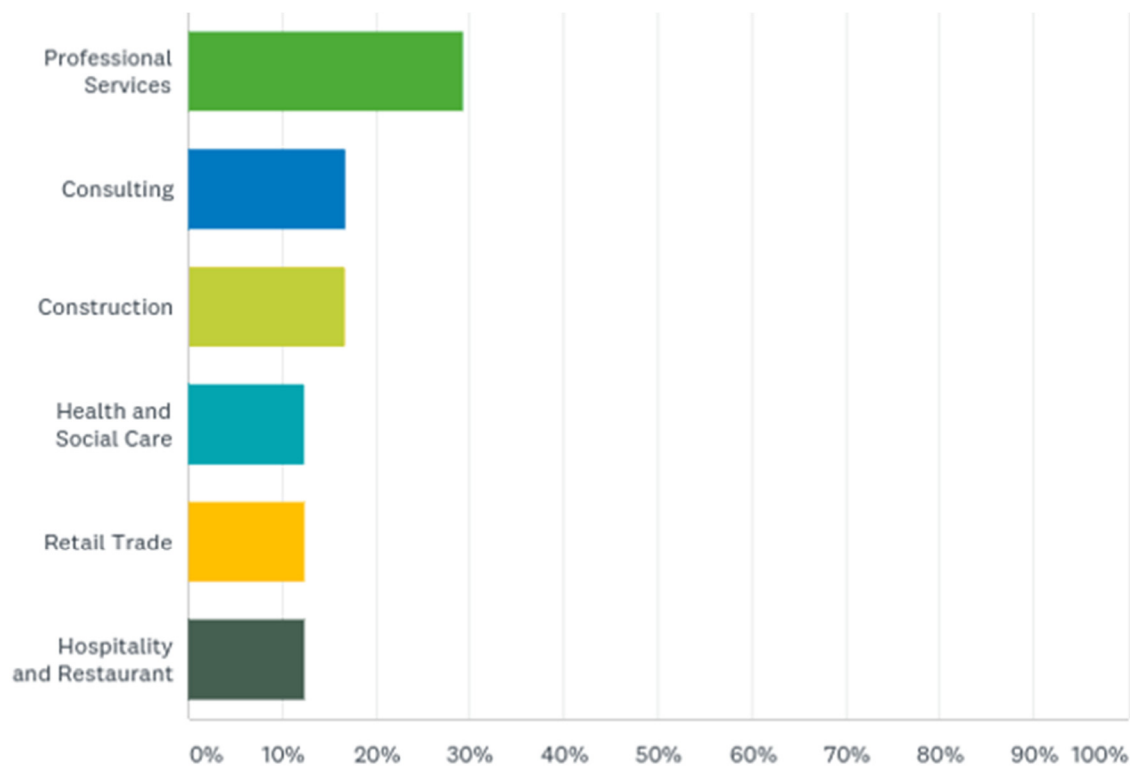


ANSWER CHOICES	RESPONSES	
For profit	94.83%	220
Not for profit	5.17%	12
TOTAL		232

## What are your verifiable monthly expenses?

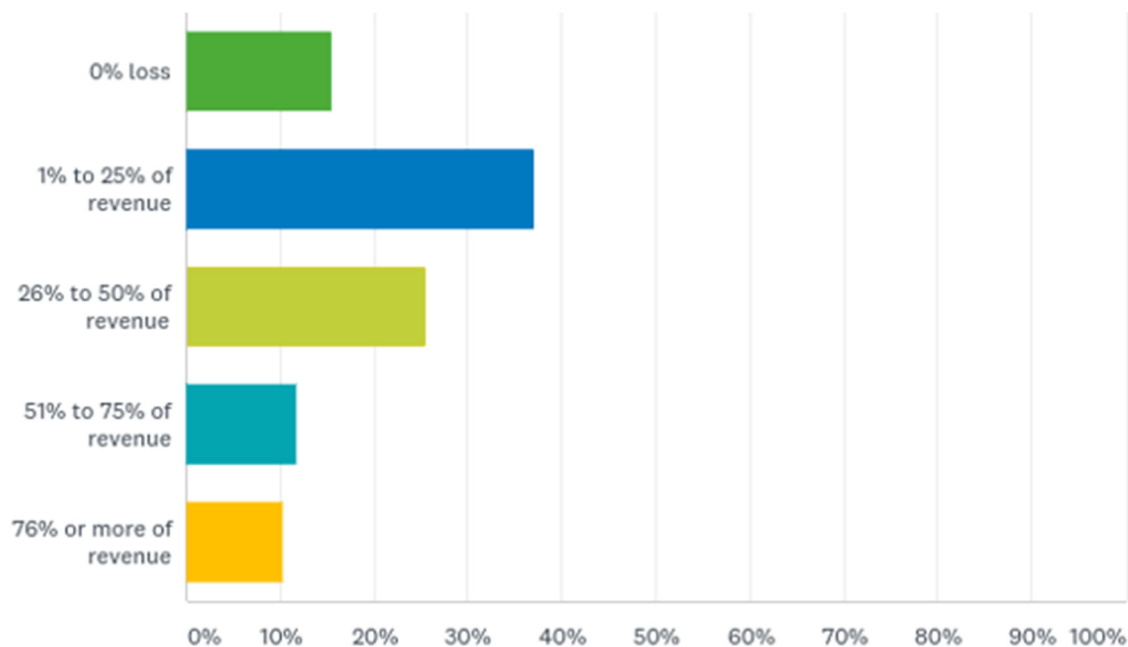
ANSWER CHOICES	RESPONSES
Total overhead costs	98.28%
Payroll costs	90.09%
Overhead less payroll costs	78.88%

## What is the primary industry in which your business identifies?



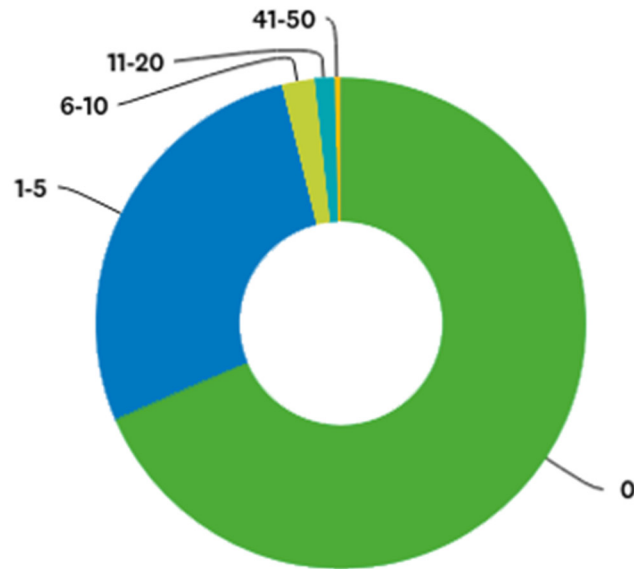
ANSWER CHOICES	RESPONSES	
Professional Services	29.19%	54
Consulting	16.76%	31
Construction	16.76%	31
Health and Social Care	12.43%	23
Retail Trade	12.43%	23
Hospitality and Restaurant	12.43%	23
<b>TOTAL</b>		<b>185</b>

## What is your current revenue loss for Q1 of 2020?



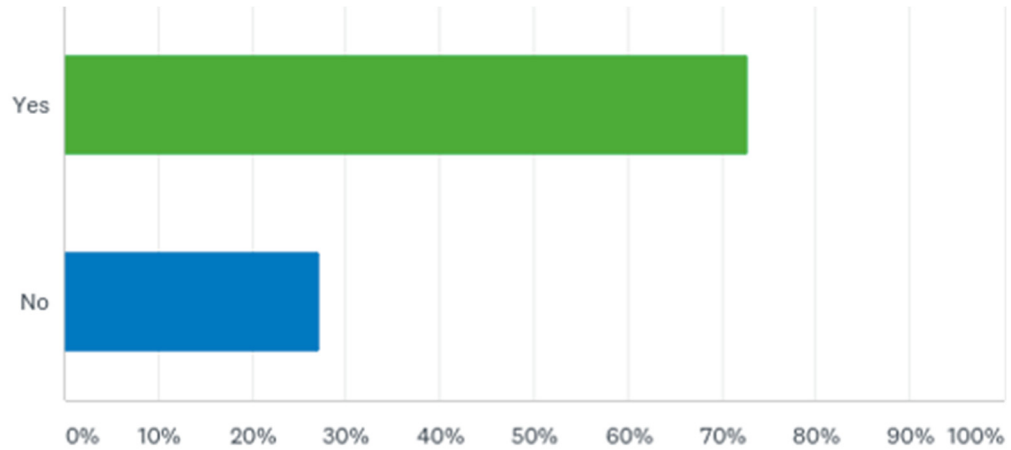
ANSWER CHOICES	RESPONSES	
0% loss	15.52%	36
1% to 25% of revenue	37.07%	86
26% to 50% of revenue	25.43%	59
51% to 75% of revenue	11.64%	27
76% or more of revenue	10.34%	24
TOTAL		232

## To date, have you laid off any staff?



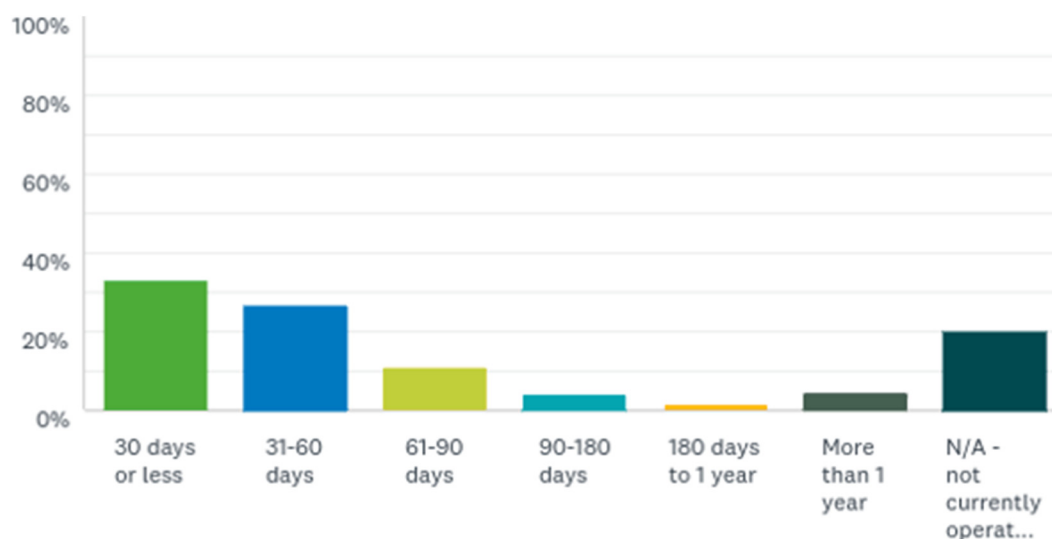
ANSWER CHOICES	RESPONSES	
0	68.53%	159
1-5	27.59%	64
6-10	2.16%	5
11-20	1.29%	3
21-30	0.00%	0
31-40	0.00%	0
41-50	0.43%	1
TOTAL		232

## Are you currently operational?



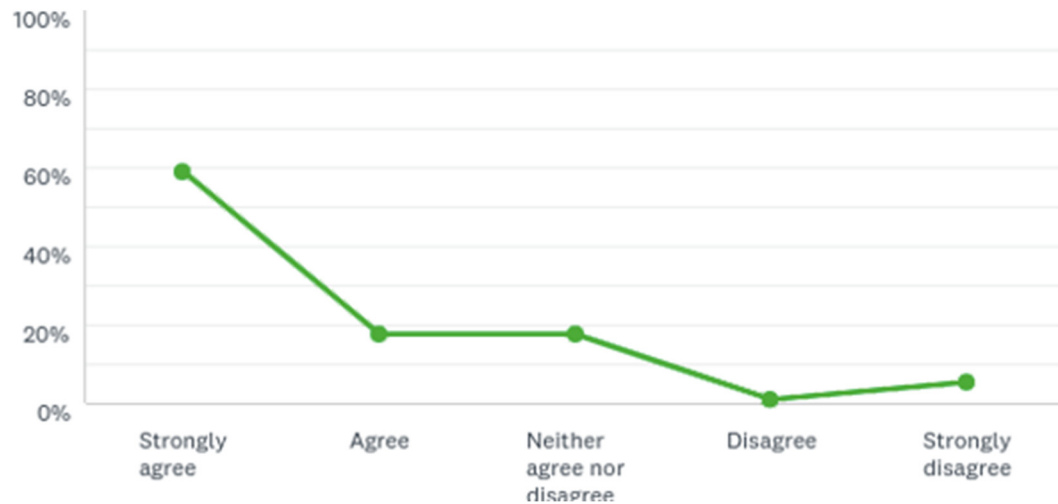
ANSWER CHOICES	RESPONSES	
Yes	72.84%	169
No	27.16%	63
TOTAL		232

## If you are currently operational, how long can you continue to operate under your current conditions?



ANSWER CHOICES	RESPONSES	
30 days or less	33.19%	77
31-60 days	26.29%	61
61-90 days	10.78%	25
90-180 days	3.88%	9
180 days to 1 year	1.72%	4
More than 1 year	4.31%	10
N/A - not currently operational	19.83%	46
<b>TOTAL</b>		<b>232</b>

## If you are not currently operational, is this closure due to COVID-19?



ANSWER CHOICES	RESPONSES	
Strongly agree	58.77%	67
Agree	17.54%	20
Neither agree nor disagree	17.54%	20
Disagree	0.88%	1
Strongly disagree	5.26%	6
<b>TOTAL</b>		<b>114</b>



**Ideally, what would assist you to get through this uncertain period?** *[Do not include profit or missed revenue. Please focus on necessities and what will ensure that the business is not lost.]*

due month expenses Loan payments Funding way customers payroll taxes cost cancelled  
open income cover may need able back normal bills Nothing us able pay office opportunities  
payroll time payments cash flow keep provide marketing know  
will will need pay closed clients access need capital  
business pay employees work monthly rent Money loan  
insurance services cost payroll help rent utilities grant Tax  
assistance staff employees still support 10,000 Small business  
Currently overhead resources back maintain Financial mortgage revenue help rent  
continue COVID-19 things go operate also online

**Many thanks to the following community stakeholders for your participation:**

**Rocio Gonzalez**

*Latin American Chamber of Commerce of Charlotte*

**Dominique Milton**

*Carolinas-Virginia Minority Supplier Development Council*

**Monnette Sewell**

*Norsan Media*

**Annette Stevenson**

*NC Vet Biz, Stevenson Consulting Group*

**Gloria Shealey**

*The Daniele Company,*

**Lissette Velez**

*Hispanic Contractors Association of the Carolinas*

**Chad Turner**

*Charlotte LGBT Chamber of Commerce*

**Beth Butler**

*Disability: In North Carolina*

**Reginald McCaskill**

*Winston-Salem Maximum Enterprises*

**Teddy McDaniel**

*Urban League of Central Carolinas*

**LaPronda Spann**

*Lain Consulting, LLC*

**Marlon Smith**

*Success by Choice*

**Richard Williams**

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