



OFFICE OF
COMMUNITY ENGAGEMENT

SOURCE RIVER WEST - NEEDS ASSESSMENT REPORT
Paying attention to the needs of Small Businesses
in times of COVID-19

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PRESENTATION

This report presents the results of the study conducted by SOURCE River West, the Near West Collaborative, and the IUPUI Office of Community Engagement to understand Near West small businesses' emergent needs due to COVID-19. Data was collected between mid-July and September 30, using a survey that reached 62 small businesses combined with seven key informant interviews. Informants included individuals in community partner organizations, Near West community service organizations, and funding partners.

SOURCE and the Business Opportunity Advisory Task Force (BOAT) administered the online survey -in English and Spanish- recruiting respondents via Facebook, newsletters, and other social media outlets. SOURCE also committed four individuals to a walk in the neighborhood to reach out to businesses on the Washington Street corridor. They split into two teams, each with one Spanish speaker, visiting primarily Hispanic owned businesses.

The first section of this report presents the results of the survey. The second section combines the survey results and interviews in an aggregate summary of the study's main findings. The final section offers an overview of the key informants' recommendations to better address the found needs.

SURVEY RESULTS

DEMOGRAPHICS

Survey respondents: 62

Near West residents

Yes	26
No	17
Unknown	19
Total	62

Ethnicity

Non-Hispanic or Latino	26
Hispanic/Latino	7
Unknown	21
Total	62

Gender

Female	26
Male	16
Unknown	19
Other	1
Total	62

Race

Black or African American	27
White	14
American Indian or Alaska Native	1
Asian	1
Unknown	19
Total	62

Business Owner

Woman	28
Minority	29
Veteran	3
LGBTQ+	1
Disabled	5
Total	62

Near West Businesses

Yes	16
No	29
Unknown	17
Total	62

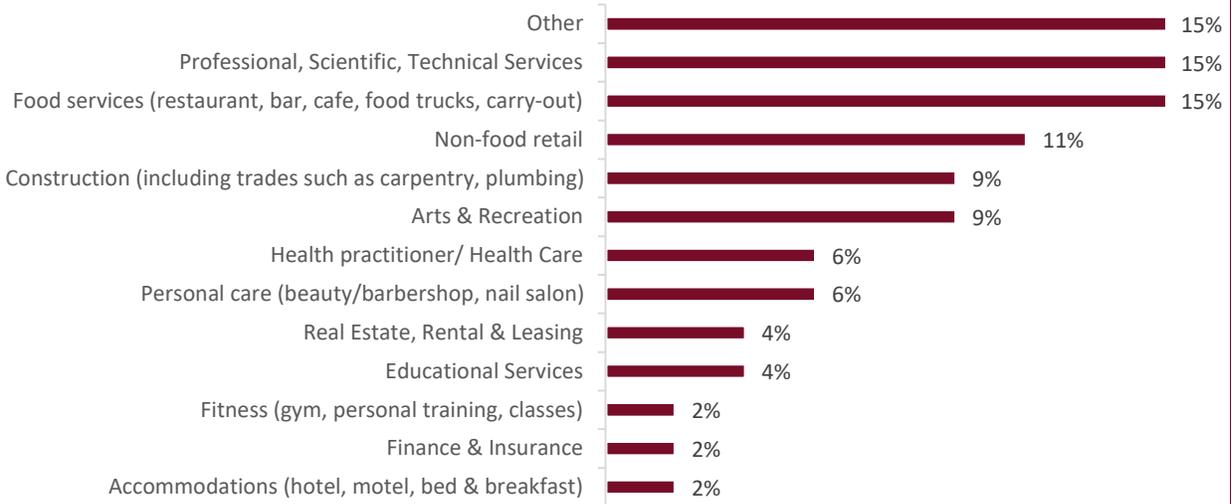
Sixty-two business owners completed the survey. Of them, 42 percent expressed to be Near West residents; 25 percent operate their business in the Near West; 42 percent are female; 55 percent are non-Hispanic; 44 percent are African American, and 47 percent consider themselves minority. Eight of the 62 surveyed business-owners said not to in operations before COVID-19.

SURVEYED BUSINESSES

Figure 1 on the next page shows the industry affiliation of the 62 businesses in the sample.

Businesses in the Near West (Zip Codes 46222, 46234, 46220 and 46241) are in the Accommodations (1), Arts & Recreation (2), Construction (2), Finances (1), Food services (2), Professional services (3), and Health Services (2) industries.

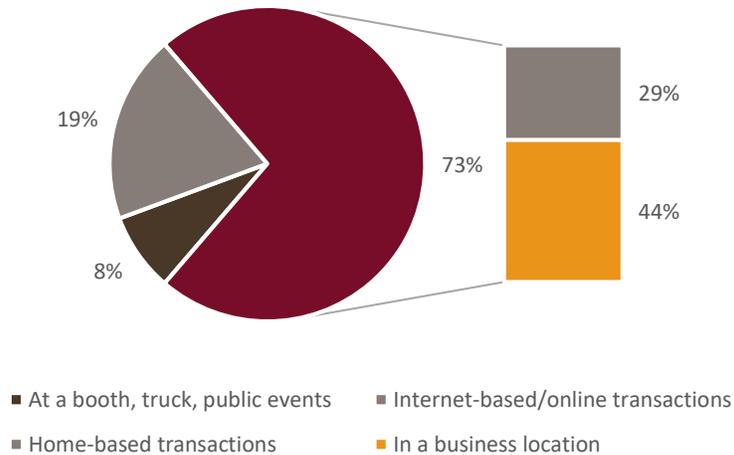
Figure 1. Type of business



Others include technology, media/video productions, furnishing, and sanitation products.

WHERE DO MOST BUSINESS TRANSACTIONS OCCUR?

Figure 2. Where Do Businesses Operate



Of the 16 businesses operating in the Near West, eight (8) are in a business location, five (5) are home-based, two (2) are internet-based, and one (1) operates mostly in a truck or booth.

HOW MANY LOST JOBS SINCE JANUARY 2020?

Full-time Jobs

- Of 35 respondents, fourteen (14) businesses reported having **lost 46 full-time jobs since January 2020.**
- The average number of lost full-time jobs per business is 1.31.
- Four businesses in the Near West reported losing full-time jobs (23). One in the construction industry alone said to have lost 16 full-time jobs since January 2020.
- Businesses reporting losing full-time jobs were mainly in the food services/restaurant (2), health care, and professional services (2) industry.

Part-Time Jobs

- Of 36 respondents, twelve (12) businesses reported having **lost 30 part-time jobs.**
- The average number of lost part-time jobs per business is 0.83.
- Four businesses in the Near West reported losing part-time jobs (13).
- The highest reported losses were in the professional and health industries.

Contractors

- Of 36 respondents, sixteen (16) businesses reported having ended relations with **30 contractors.**
- The average number of lost contractors per business is 0.83.
- Four businesses in the Near West reported losing contractors (13)
- The highest reported losses were in the professional and accommodation industries.

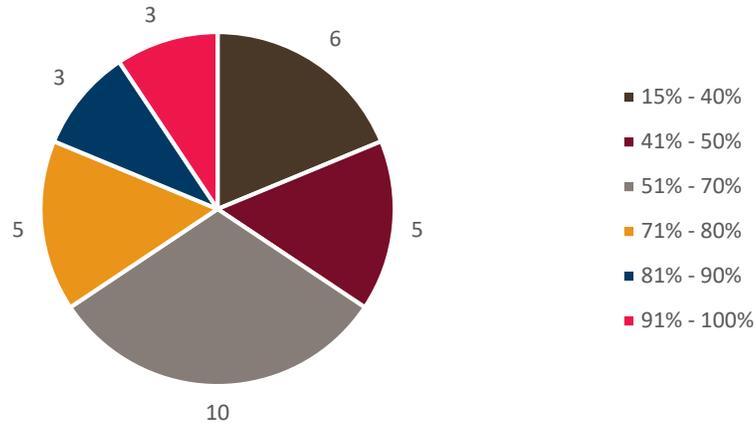
Employees at risk of unemployment

- Twenty-two (22) businesses reported that **62 employees** were at risk of unemployment.
- Nineteen (19) perceive unemployment risk for at least one of their employees.
- The average number of employees at risk of unemployment per business is 1.38.
- Twenty-one employees considered at risk of unemployment work in Near West businesses. One business in the health industry reported unemployment risk for 12 employees.
- The highest number of employees at risk of unemployment were observed in the food services and health care industries.

HOW HAVE BUSINESS REVENUES DECREASED?

Of 48 respondents, 36 (82%) said that their revenues decreased since January 2020. Respondents were asked to estimate the percentage of revenue decrement. Figure 3 shows the largest number of businesses reporting losses between 50 and 70 percent of their revenues since January 2020. On average, businesses lost around 60 percent of revenues. Near West businesses lost, on average, 54 percent of their incomes, with one Arts & Recreation business reporting a 90 percent decrease.

Figure 3. Number of businesses by estimated percentage decrease in revenue since January 2020

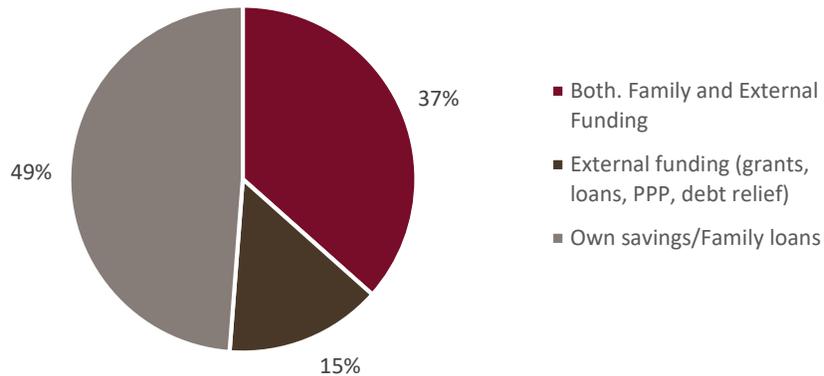


Non-food retail (3), Arts & Recreation (2), and Professional Services (2) were the three most affected industries, with more than 70% of revenue lost.

WHAT ARE THE FUNDING SOURCES IN USE?

To the question about funding sources being accessed to help recover from COVID-19 impact on their businesses, respondents said to be majorly using external funding (Figure 4).

Figure 4. Type of Funding Received



The mentioned sources of external funding were LISC grants, Paycheck Protection Program (PPP), Small Business Administration (SBA) grant, Indy Chamber, Economic Injury Disaster Loans (EIDL), Kiva (private loans company).

Ten (63%) Near West businesses used only their savings or family loans; two accessed only external funding, and two used both external financing and their own savings.

The dollar amounts of funded money ranged between \$650 and \$ 149,900. The total funding amount reported was \$452,050 (Average \$30,336). One Near West business in the Health industry received the largest external funding amount of \$149,000 (SBA and Indy Chamber).

HOW LONG UNTIL FULL RECOVERY?

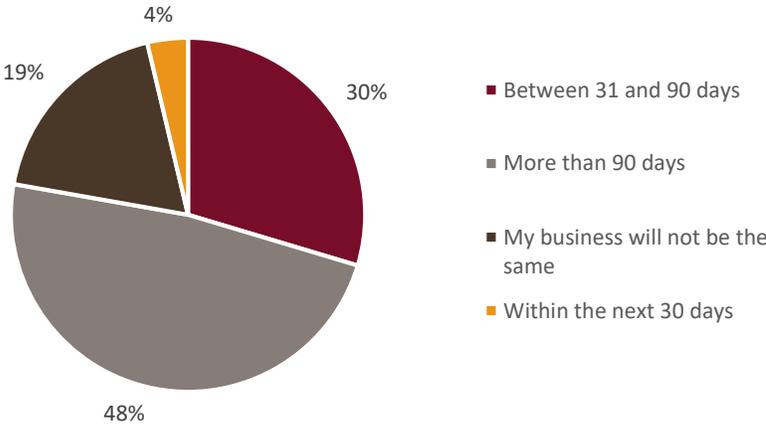
We asked respondents to estimate how long it would take their business to fully restore operations (Figure 5). A significant portion (48%) consider that their businesses will need more than 90 days to fully recover.

Fully recovery for businesses in the Near West may take more than 90 days (8), or between 31 to 90 days (1).

Respondents were also asked what steps they would take to business recovery. Their responses included:

- New business model/modern marketing and sales strategies (10)
- Start online marketing, sales (9)
- Reconnect with clients (3)
- Follow CDC guidelines (2)
- Seek funding (1)
- Improve their employment skills, to enhance the declining workforce population (1)
- Micro-branding strategy (1)

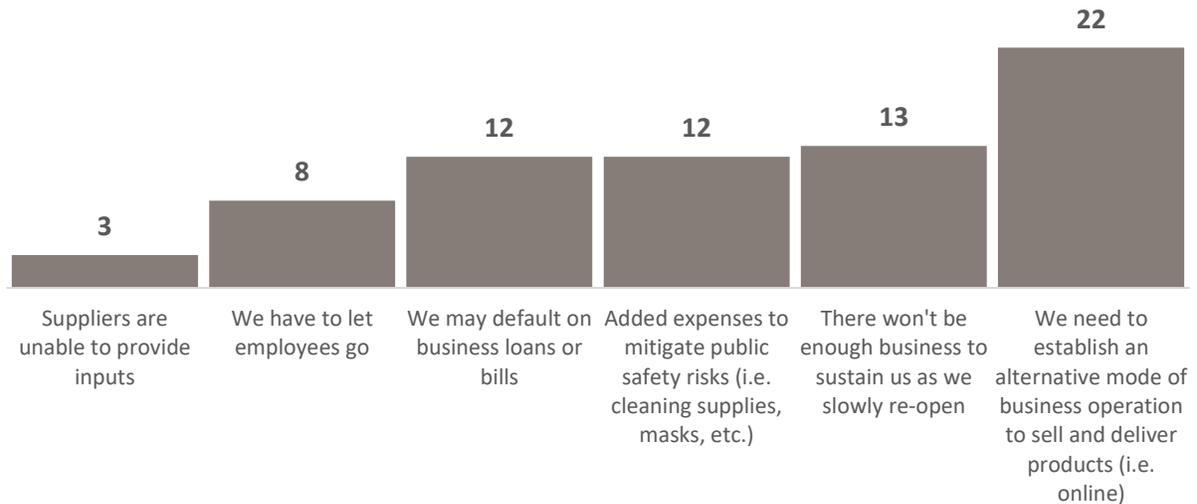
Figure 5. How Long until Fully Restore Operations?



WHAT ARE THE MAIN CHALLENGES SMALL BUSINESSES FACE?

When asked about the main challenges resulting from COVID-19, most respondents agreed that changing their business model was their main challenge (Figure 6).

Figure 6. Main Challenges

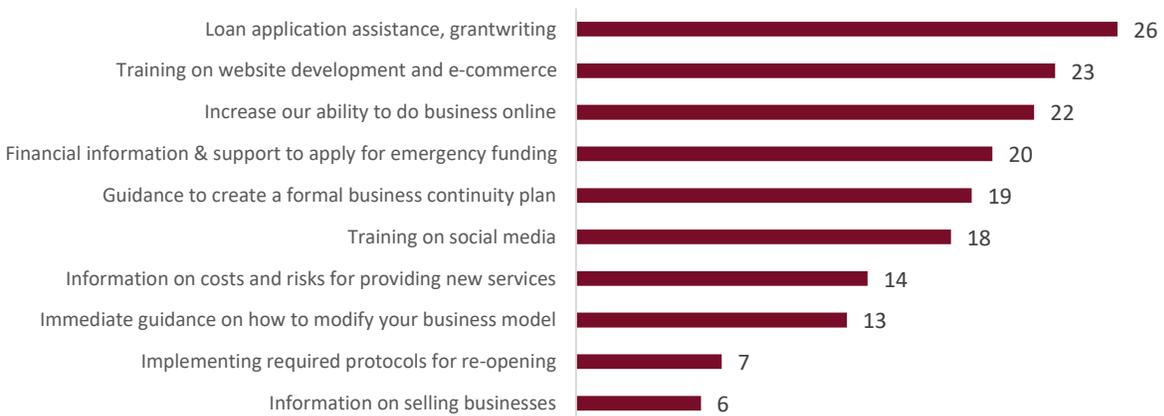


Other identified challenges were: Regroup after COVID-19; Low or no revenue; the need to start online delivery, and finding support to reopen.

WHAT KIND OF ASSISTANCE IS NEEDED?

To the question “What types of technical assistance would be most helpful to your business now?” respondents prioritized loan application/grant writing, training on website development and e-commerce, and increase their abilities to do business online (Figure 7).

Figure 7. Needed Technical Assistance



Eight of the 26 businesses requesting assistance for loan applications are located in the Near West.

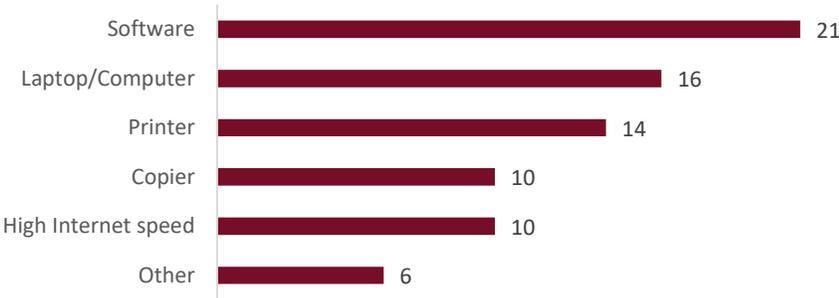
Other challenges mentioned by respondents were:

- Would not regroup after COVID-19 hit
- Find a new way to service our customers
- I am waiting for business to resume while only having a fraction of the revenue I had before COVID.
- I am waiting without pay or with very little income for business to resume.
- Need to be able to ship from home.
- We will need Marketing, Sales, and possibly grant or support to help us reopen

WHAT TECHNOLOGY IS NEEDED?

Following, we inquired about technology needs for their businesses. Software and computers were among the highest priorities (Figure 7).

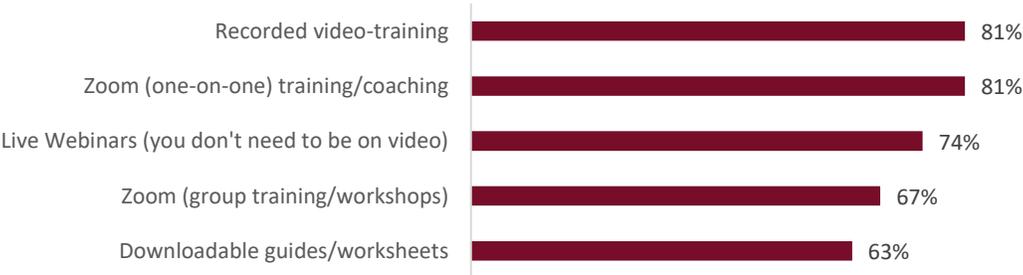
Figure 8. Needed Technology



WHAT ARE THEIR TRAINING DELIVERY PREFERENCES?

The final question inquired about preferred training delivery options. Figure 9 below shows the options that respondents feel more likely to use to receive training.

Figure 9. Preferred Training Methods (most likely to use)



MAIN FINDINGS

This section combines survey results and key informant interviews in two sub-sections that emphasize the Near West's information: Needs and recommended strategies to address needs.

NEEDS

- **A long road to recovery:** While a significant portion of surveyed businesses (48%) said it would take them more than 90 days to recover, 8 out of the ten business owners in the Near West who responded to this question said it would take them more than 90 days to fully recover. Conversations with local community centers provided an idea of Near West residents and entrepreneurs' current vulnerability state. Community centers have seen considerable increases in unemployed residents in people requesting financial and food assistance and. As one of the interviewees expressed, “probably like 70% of the entire working adult age, people who are employed work in a service industry or construction, or they work in something that was ultimately connected to things that are being ultimately shutdown or reduced”. This situation has affected not only entrepreneurs but also residents, creating an effect that will last after the COVID-19 health crisis is over.
- **Lack of access to funding sources:** Survey results show a high percentage of Near West businesses using their own money to address the current COVID-19 crisis, in contrast with the only 15% found in the whole sample. This situation may be motivated by several factors mentioned during the interviews:
 - Small businesses did not know how to apply, provide the required information, or do not think that these programs apply to them.
 - Some businesses in the area are tiny and family-owned and may not have the financial or physical stability required to apply for an external loan or grant.
- **Home-based, online and brick-and-mortar businesses:** At least 50% of the Near West businesses in the survey do not operate in a business location. A previous study in the neighborhood reported that Near West business owners consider the lack of business space as the most significant barrier to growing their businesses. As interviewees mentioned, having a business location is a big jump for business owners, and they may not be ready for it yet. The current crisis can be an opportunity to seriously considering training and equipping small business owners with the tools they need to run their businesses online. Businesses will require new technology, especially software, as shown in the survey results, hardware (computers and printers), and connectivity to high-speed internet.
- **Jobs and revenue losses:** According to survey results, businesses reported having lost 46 full-time jobs, 30 part-time jobs, and 30 contractors. Businesses in the Near West reported twenty-three (50%) of the total of full-time lost jobs and 13 (43%) of the part-time jobs. Near West business also said that at least 21 more employees are at risk of unemployment. Near West businesses lost, on average, 54 percent of their incomes, with one Arts & Recreation business reporting a 90 percent decrease.

- **Needed assistance:** No surprisingly, the areas of more needed assistance are “Loan application and grant writing”, “training on website development e-commerce”, “increase our ability to do business online”, and “support to apply for financial funding”. These results relate directly to what they perceive as their main challenges, namely: “establishing a new operation model (online)”, “there won't be enough business to sustain us as we slowly reopen”, “we may default on business loans or bills”, “Added expenses to mitigate public safety risks”.

In summary, we identified three priority areas of service that SOURCE must address immediately:

- Assist businesses in their steps to recovery -including changing their business model and reconnect with clients- to adequately respond to the changing environment.
- Provide technology support to keep them engaged with their clientele and expand their businesses at affordable costs.
- Guide businesses to access funding and loan forgiveness processes to deal better with the crisis.

RECOMMENDED STRATEGIES TO ADDRESSING NEEDS

This section summarizes the recommendations provided by interviewees.

- **Provide support for emergency funding:**
 - Host workshops open to the public and be prepared to do one-on-one coaching with small businesses to help them navigate what is probably one of the scariest periods of their business career.
 - Small businesses that were able to access the paycheck protection program are probably not going to have their documentation to get the paycheck protection program's forgiveness. SOURCE should be prepared to help them put together the paperwork to navigate the paycheck protection forgiveness.
- **Offer relevant resources and training:**
 - Intensify one-on-one encounters with clients, understand what services and support they need, and build a repertoire of technical assistance partners that clients can be referred to based on their needs.
 - Provide multiple resources and coaches that clients in different stages of their businesses can reach out to if they have questions on specific topics. Business owners sometimes do not know what they do not know, so it is essential to make an effort to provide meaningful advice. For example, how can SOURCE accompany someone through the process of creating their own business in an industry that they have been working on for years? Who can SOURCE refer them to to help them walk through this?
 - Provide access to resources (people familiar with the industry, specialists, and other resources) geared towards industries. SOURCE can identify three or four sectors -for example, construction, food services, or personal services- and bring in resources/training for these business owners to scale their businesses.

- Create more opportunities to address the specific issues that entrepreneurs are dealing with. For example, workshops on how to contract as a food retailer or as a health provider, become a commercial contractor, or better manage relationships with financial organizations.
- **Strengthen partnerships with local organizations:** Interviewees mentioned several forms of collaboration that are already happening or will happen in the future to share resources and reach out to new clients:
 - **Community Centers in the Near West and Indianapolis Public Library, Haughville Branch:** Referrals to SOURCE, getting the word out about SOURCE services to their clients, providing informational materials to clients, co-developing, or participating in programming together, shared spaces, and having representatives in SOURCE Boards.
 - **Westside Community Development Corporation:** Providing affordable retail and office space for entrepreneurs. Support SOURCE client database creation.
- **Marketspace:** Interviewees mentioned a marketspace (virtual), or market place –retail incubator- on the Near West. However, both require technology, resources, and funders or investors. Interviewees consider that maintaining the conversation could open up people’s ideas and perceptions of what is possible, generating investment around it. Either a marketspace (virtual space) or retail incubator can be used to address the problem of businesses operating without a business location or lacking an internet-based operating model.
- **Strategize reaching out to Near West entrepreneurs:**
 - People running businesses do not usually show up in neighborhood meetings. They are typically busy all day and do not usually show up at SOURCE, asking for support. There is the need to go out, have one-on-one conversations with them, see how they are doing business, and then approach them with the kind of service they need. That requires bilingual staff to knock on doors or make phone calls and gather information to know what approach to take. Then, feed the database for following up.
 - Take a holistic approach to building relationships and tap into the network of connections that people have. People coming to community locations are always connected to other local people (church, school, family, and friends). Find out who they are connected with that can be part of SOURCE in some way.
 - Work around the schedule of clients. Use as reference the busy hours of other service providers in the Near West (i.e., library, community centers, etc.)
 - Encourage SOURCE clients who have had a successful experience with SOURCE to share their stories and talk to them about opportunities to bring their business over to the Near West area.
 - Reach out to other big players on the Near West Side, including other universities, to make SOURCE known among different publics. Educate them about SOURCE and its services. Not all interviewed individuals revealed to know enough about SOURCE.