

**BLOOMBERG  
HARVARD**

City  
Leadership  
Initiative

# Understanding and Supporting the Commercial Sector

## Leading Social & Economic Recovery

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Former Member of President Obama's Cabinet

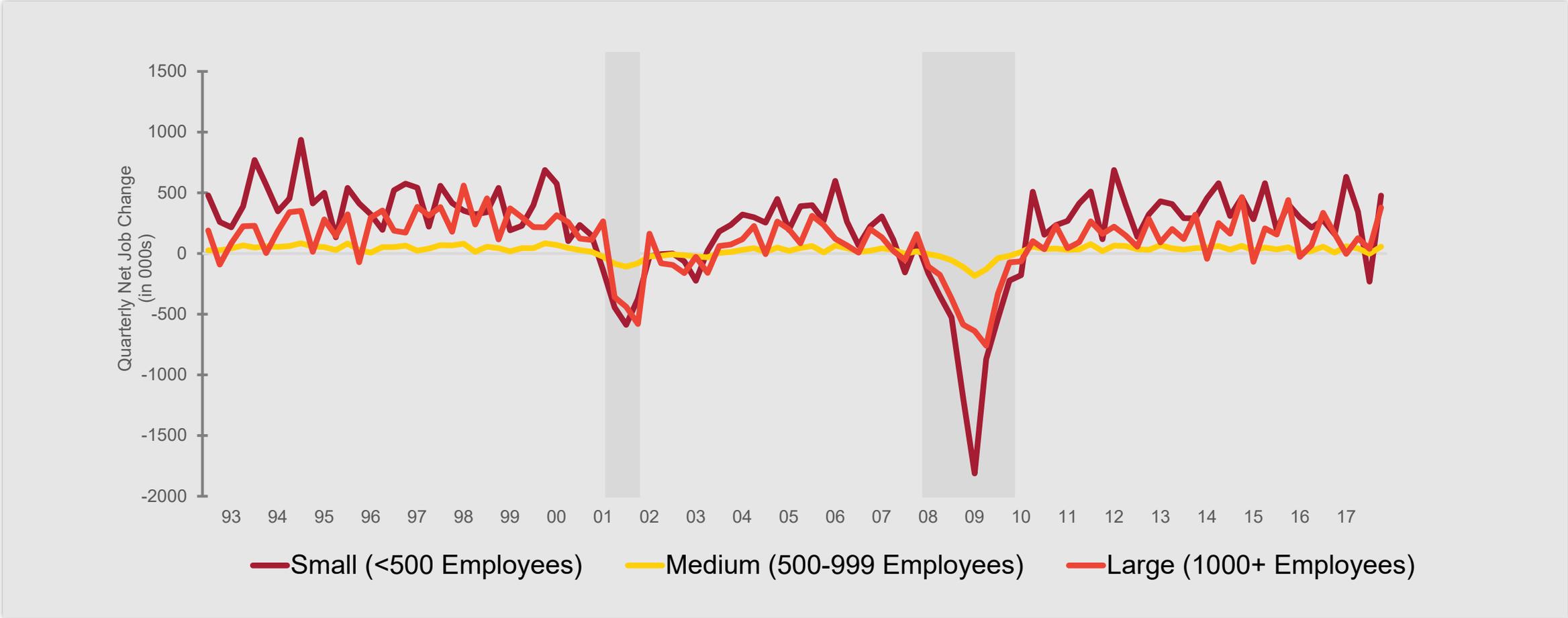
*September 17<sup>th</sup>, 2020*

# Objectives for Today

- ✓ Focus on how to **help small businesses survive and recover** from COVID-19 impact
- ✓ **Two Questions:**
  - 1 What's your biggest worry for small businesses in your community today?
  - 2 What steps can you take to support your local small businesses?

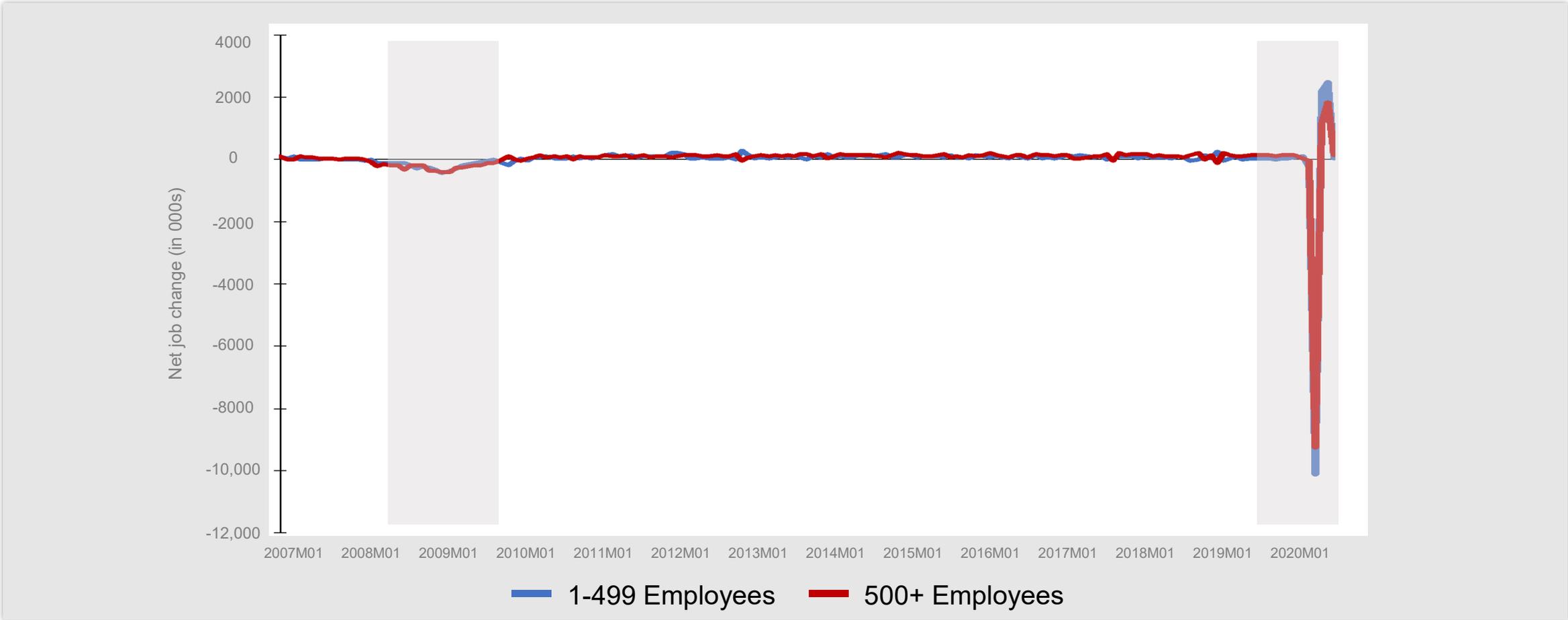
# Small Businesses Account for Half of U.S. Jobs

In the financial crisis, they accounted for 60% of total job losses



# Covid-19 Creates Even More Significant Job Losses

The smallest businesses (1-49 employees) lost over 5 million jobs in April 2020 alone



# The State of Small Business

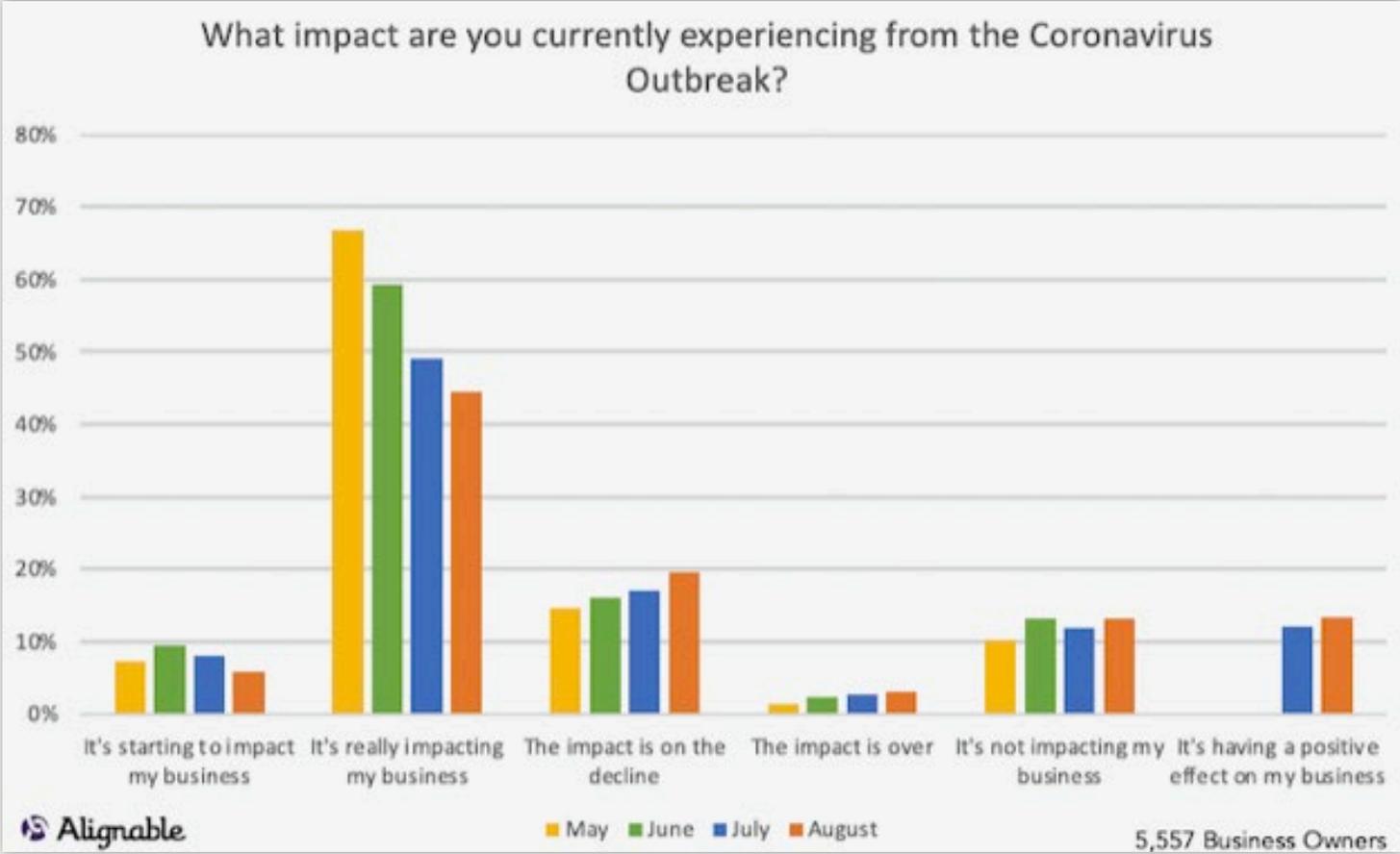


*September 2020 Survey*

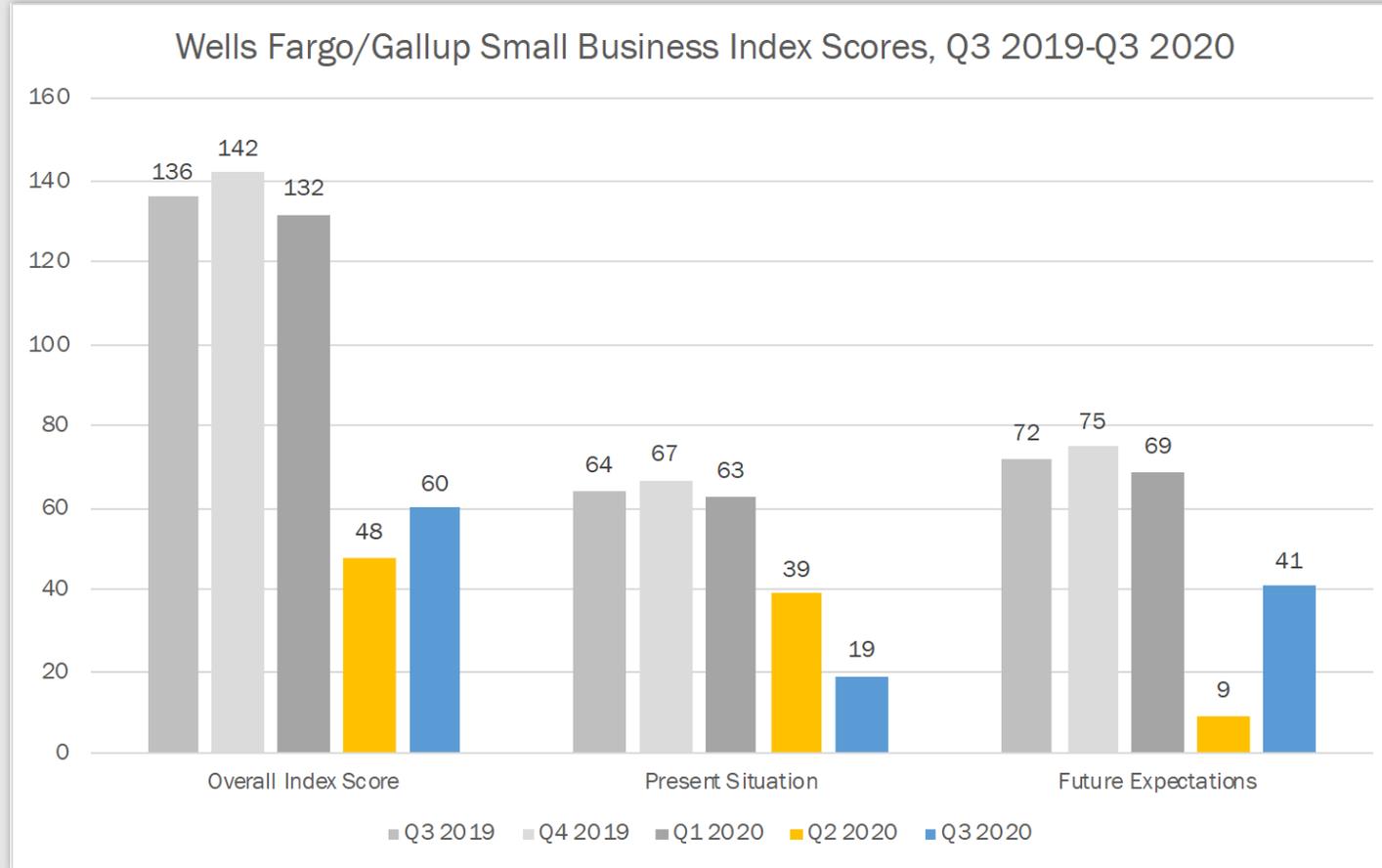
- For the first time since May, survey respondents anticipate a **decline in the number of employees over the next 30 days**
- Inventory & sales outlook signal a **weak Q4**
- **35%** of Main St. shops on the **brink of closure in Q4**
- Customer counts increasing, **revenue improvement lags behind**
- **#1 small business concern: Cash reserves running out**

# Some Good News

Significant negative impacts are on the decline

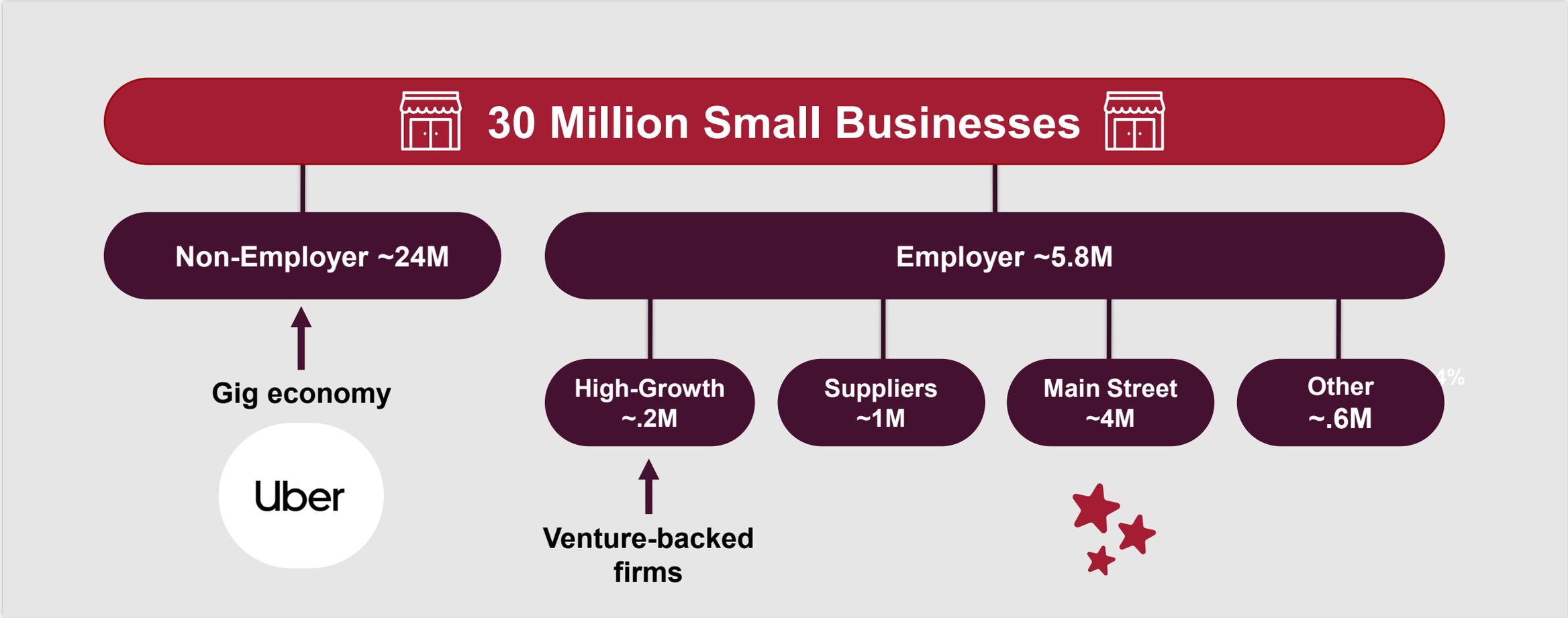


# How Optimistic Are Small Business Owners?

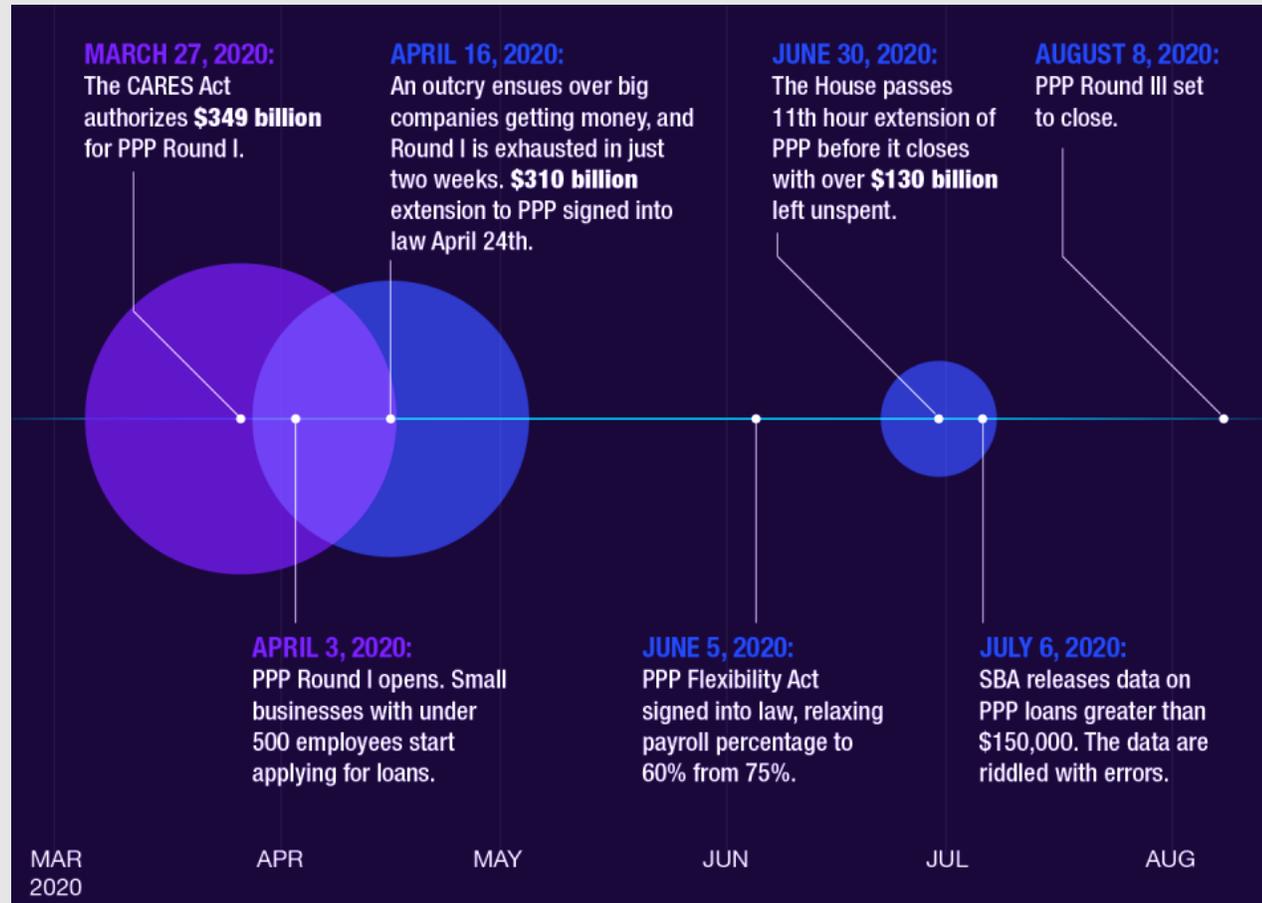


# Small Businesses Account For Half Of U.S. Jobs

But not all small businesses are the same



# Federal Government Assistance: PPP



- 70% of small businesses report receiving PPP assistance\*
- A new HBS study suggests PPP participation boosted businesses' self-reported survival odds by 14 to 30 percentage points
- Stimulus talks have stalled



**What's your biggest worry for  
small businesses in your  
community today?**



## CHAT QUESTION:

**What has been most challenging in working with your commercial sector on economic recovery?**

*“It has been difficult treating them as a whole. Industries are different and face different challenges, i.e. restaurants vs. manufacturing vs. distribution and warehousing.”*

- Mayor Whitfield | Elyria, OH

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*“Toughest part: like herding cats. Various business communities seeking different things. Also lack of tools at the local level, and different interest/needs for funding and recovery at the state level.”*

- Mayor McLean | Boise, ID

# What's your biggest worry for small businesses in your community today?

- Lack of resources for small businesses
- Lack of federal funds to help small businesses
- Communicating with small businesses
- Heterogeneity of small businesses (different needs across sectors)
- Getting customers back through the door
- Fears of reclosure
- Balancing public health and economic concerns
- Uncertainty around time horizons
- Disproportionate impact in low-income communities
- Tightening of local bank credit
- Vacant shops on Main Street



**What steps can you take to support your local small businesses?**



## CHAT QUESTION:

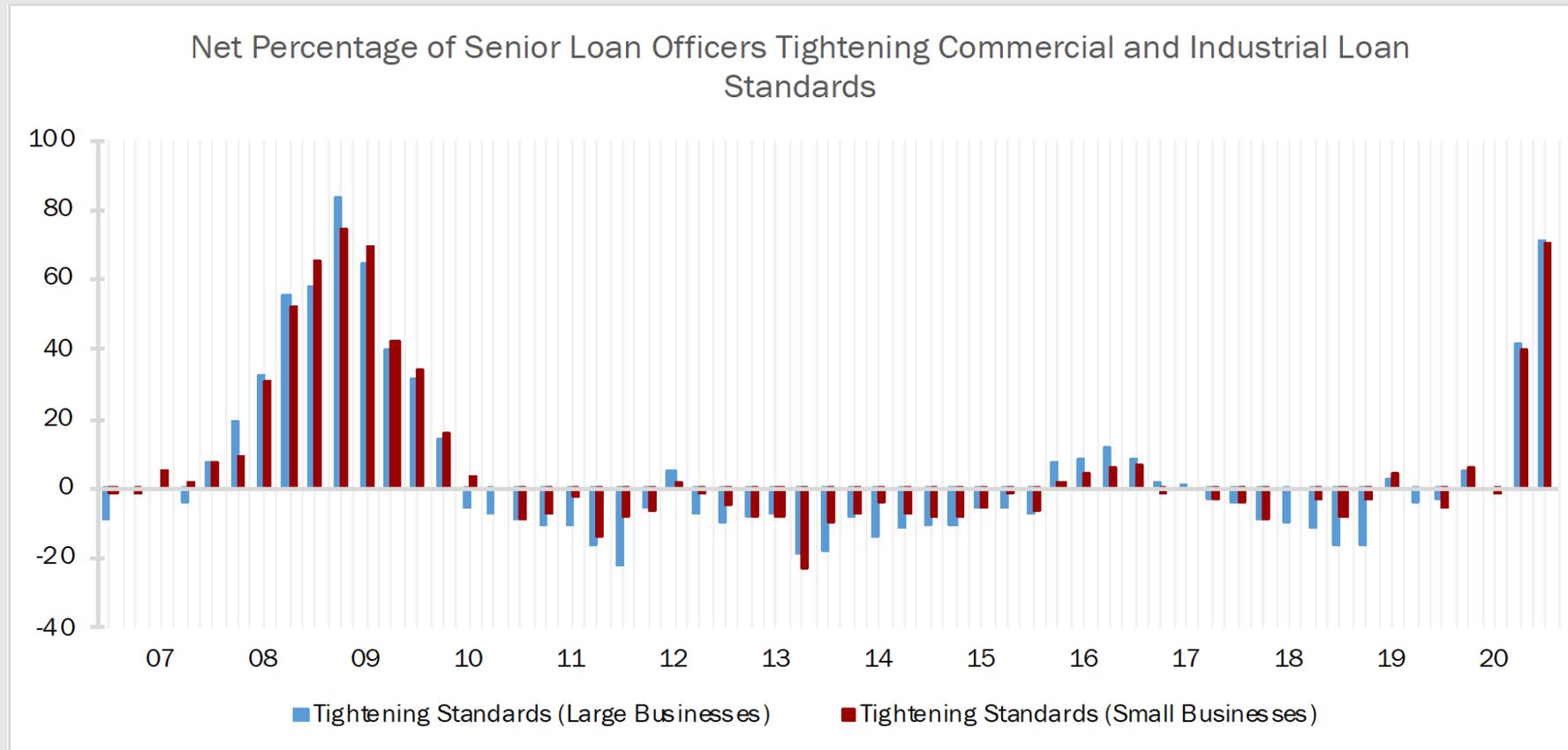
**What has been most challenging in working with your commercial sector on economic recovery?**

*“Our very small businesses and those without strong banking relationships”*

-Mayor Kathy Sheehan | Albany, NY

# Bank Credit is Going to Freeze

Lending has historically been curtailed during economic crises



# Gearing Up To Fill The Credit Gap

Work with your local financial institutions to prevent small business lending from drying up

## Actions for mayors

- Meet with your local bankers
- Form a committee with public, private, and nonprofit actors
- Partner with local organizations like CDFIs and SBDCs to maintain open communication channels

## Successful program characteristics

- Ensure that credit continues flowing in the local market
- Monitor how tight credit is getting at any given time
- City takes the first loss on support given to certain businesses (like those that are women- and minority-owned)



**What can you do if many small businesses close, and your downtown is filled with vacant storefronts?**



**Win \$10,000!**



# RESTART AMERICA Local Business Plan Competition!

## Who's Eligible?

All local community-based small businesses

## How Can I Apply?

Submit a business plan for your dream business

## Why Apply?

- Support your community
- No fees or payback
- ***Start the next business on Main Street!***

# Options For Economic Program Focus

Needs of Commercial Sector by Firm Size

	Current	Recovery
Small (1-49)	<ul style="list-style-type: none"><li>• Clear communication</li><li>• Cash/bridge funding</li></ul>	<ul style="list-style-type: none"><li>• Access to bank capital</li><li>• New startups</li></ul>
Medium (50-499)	<ul style="list-style-type: none"><li>• Access to testing</li><li>• Cash/bridge funding</li></ul>	<ul style="list-style-type: none"><li>• Contracts</li><li>• Renewed workforce/skills training</li></ul>
Large (500+)	<ul style="list-style-type: none"><li>• Community service and engagement</li></ul>	<ul style="list-style-type: none"><li>• Renewed workforce/skills training and incentives</li></ul>

# Focus On Access to Capital, Advice, and Ecosystems

High-growth businesses have different needs from Main Street

	High-Growth Firms	Main Street Business
Access to Capital	<ul style="list-style-type: none"><li>• Angel and R&amp;D Tax Credits</li><li>• Regional VC Support (SBIC)</li><li>• SBIR/STTR</li><li>• Scale Up Capital</li><li>• Grants / Business Plan Competitions</li></ul>	<ul style="list-style-type: none"><li>• Bank Loan Guarantees (SBA)</li><li>• Fintech/Challenger Banks</li><li>• Tax Policy</li></ul>
Advice / Education	<ul style="list-style-type: none"><li>• Entrepreneurship, Education, and mentorship programs</li><li>• Startup Academies</li></ul>	<ul style="list-style-type: none"><li>• Small Business Development Centers / SCORE Advisors</li></ul>
Ecosystems	<ul style="list-style-type: none"><li>• Accelerators/Incubators</li><li>• Clusters</li></ul>	<ul style="list-style-type: none"><li>• Main Street Associations</li><li>• Small Business Saturday</li></ul>

# Champion Support For Local Businesses



**WHAT'S YOUR NUMBER?**

**44%**

Of What I Spent Last Month Was at  
Locally Owned Businesses in  
Falmouth, MA

*Recovery Happens Where YOU  
Spend YOUR Money*

**#MyMoneyStaysLocal**



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