

Covid-19 & the Small Business Owner

Inside the Experience of Small Business Owners in the Time of Covid

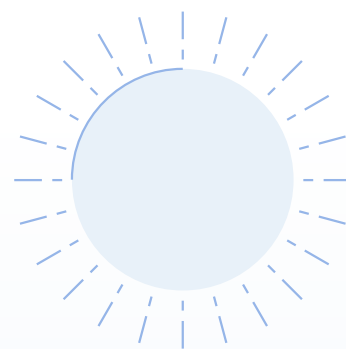


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INTRODUCTION

Finding a place in the new normal



Covid-19 has shaken our economy, our society, and our individual lives to the core. The nationwide shutdown has left millions of businesses shuttered, more than 150,000 dead and tens of millions unemployed. As states have slowly started reopening amidst the continuing spread of the virus, it has become clear that a return to a pre-pandemic sense of normalcy will not happen anytime soon, if ever. The impact will be long-lasting and far reaching. It may fundamentally change the way we live and operate, creating a “new normal,” less predictable than the one we knew, in which individuals, businesses, and the government will need to make peace with uncertainty and a continued state of flux as we grapple with what life amidst pandemic looks like.

WHEN YOUR BUSINESS IS YOUR LIFE

While the pandemic has left no group of people completely untouched, some have felt the impact more acutely than others—threatening the lives, the livelihoods, and ways of life of many. Nearly everyone has, to some extent, experienced the strain of what happens when the professional spills over into the personal. Perhaps this is no more true than for small business owners, whose businesses are their lives. In fact, small businesses have been among the hardest hit by the pandemic. More than a hundred thousand businesses (and counting) have already closed, and some predict that between 25 and 36 percent of all small businesses could close permanently, due to the disruption of the first four months of the pandemic ([Dua, Ellingrud, and Mahjan, 2020](#)).

We also know that while politicians have long paid lip service to “Main Street over Wall Street,” small businesses, which are indeed at the heart of the American economy, employing over 60 million people, often end up with the short end of the stick when it comes to government and institutional support. The

decline in bank lending after the 2008 crisis, for example, was far more severe for small businesses, decreasing by almost twice the rate of large and medium-sized businesses ([Cole, 2012](#)). It was also revealed that the Obama-Era Small Business Lending Fund money intended to shore up small businesses facing a lending crisis was used by banks, not to lend to small businesses as intended, but rather to repay bailouts (only \$4 billion of the \$30 billion carved out actually went to small businesses) ([Maltby and Loten, 2011](#)). Small businesses faced a similar fate with the CARES Act, the most recent stimulus package, when banks came under fire after the first round of loans were distributed for favoring bigger publicly-owned businesses like Shake Shack and Ruth’s Chris Steakhouse, while leaving smaller businesses in more dire need with nothing ([Biers, 2020](#)). A recent survey of small business owners found that 84 percent believe America’s leaders favor big business over small business ([Small Businesses for America’s Future, 2020](#)).

MAIN STREET VS WALL STREET

Given the tremendous impact felt by small businesses throughout this pandemic, we thought now would be a more opportune time than ever to speak with small business owners to learn firsthand about their experiences—how their businesses have been impacted, how they are thinking, feeling, and responding to this crisis, and what their outlook for the future might be. By getting inside the minds of small business owners, our research aims to unearth unique perspectives on how small business owners see themselves and their businesses that will help us and the industries we serve—namely insurance and financial services—discover new and novel ways of sustaining and supporting them as they navigate the new normal throughout this crisis and beyond.

OUR RESEARCH

Getting personal with small business owners

UNCOVERING WHAT MATTERS THROUGH RESEARCH

At Cake & Arrow, we believe in user-centered research and design methods to gain a deeper understanding of customers—to get to the heart of what matters to real people—what they want or fear, how they think, what moves them. This kind of research sets the stage for the type of meaningful transformation and innovation that tangibly improves people's lives.

Using user-centered research methods to check in with small business owners, we were able to surface latent needs, identify emerging opportunities, and articulate deeper insights—all of which can act as a launch pad for organizations, industries and institutions looking to solve for and support these people and their businesses.

OUR RESEARCH PROCESS

Find Our Target

Narrow in on who we want to interview



Speak 1:1

Conduct qualitative interviews with 10 people



Build Empathy

Mapping insights to build experience frameworks



OUR RESEARCH

Who we talked to

We recruited a representative sample of 10 small business owners to understand how Covid has impacted their bottom line and influenced their overall mindset and approach when it comes to thinking about and running their businesses in the longer term.

BY SMALL BUSINESS, WE MEAN VERY SMALL BUSINESS

While the definition of “small business” varies based on industry, small businesses comprise anywhere between 0 and 1,500 employees. As we saw the PPP loan distribution, what by some definitions can be considered a small business, to the untrained eye can appear quite large. For partly this reason, we decided to focus our research on owners of very small businesses—businesses that at no time exceed 50 employees. Furthermore, by focusing on businesses this small, it was easier to hone in on the individual people behind these businesses and their experience of Covid as opposed to simply the impact on the business themselves. For businesses this small, the professional is personal, a fact which we believe enriches our insights and helps us better understand how personal motivations influence business decisions.

Finally, rather than focusing on a specific industry, we narrowed in on size as we believed doing so gave us insight into a fuller spectrum of needs, mindsets, characteristics and experience of small business owners—still specific to a certain type of business owner but more widely applicable to others not captured in our research.



Who we talked to



Mustafa B.

GEN X

Rug Store Owner
Los Angeles, CA

"I'm doing what I can to minimize the damage."



Santiago R.

MILLENNIAL

Custom Furniture Designer and Manufacturer
San Francisco, CA

"I'm seeing how important my community of other designers and owners is. We are truly all in this together."



Kaleigh J.

GEN X

Boutique Fitness Studio Owner
Phoenix, AZ

"Going virtual helped us keep existing members—and now we reach a wider audience."



Mario S.

MILLENNIAL

Furniture Designer and Manufacturer—Ecommerce & Wholesale
Brooklyn, NY

"I honestly don't see this having a major long-term impact on my business. We are just going to have to learn to do some things differently, and that might be a good thing."



Rachael M.

GEN X

Arts Venue and Cafe Owner & Landlord
Detroit, MI

"I'm focused on doing what I can to continue to support my people and causes."



Jay L.

GEN X

Chiropractor
Brooklyn, NY

"I moved fast to respond and my year is actually looking pretty good because of it."



Tim M.

MILLENNIAL

Textbook Store Owner
East Lansing, MI

"This business depends on the university—if they're off, our whole model is off, and it may not be worth the pain."



Ariel F.

GEN X

Dentist
Brooklyn, NY

"This is not what I signed up for—I'm going to be working a lot more and making a lot less."



Anthony & Bridget

MILLENNIAL

Restaurant Owners
Portland, ME

"This has made us really consider what values we bring to our role as employers in our community and industry."



Jason G.

GEN X

Creative Agency CEO
New York City

"What we had seen as vulnerabilities have turned out to be exactly what has made us resilient."

OUR FRAMEWORK

Understanding the experience of small business owners

BUILDING EMPATHY TO INSPIRE ACTION

Using what we learned through our conversations with small business owners, we developed a framework for understanding the varying experience and mindsets of small business owners amidst Covid and for identifying key challenges and emerging opportunities for how they can be better supported amidst this crisis and beyond. Rather than focusing on the more obvious characteristics of a business—such as size or industry—our framework is based upon the mindsets and motivations of the business owners we spoke with, revealing more nuanced and personal truths about the owners of small businesses.

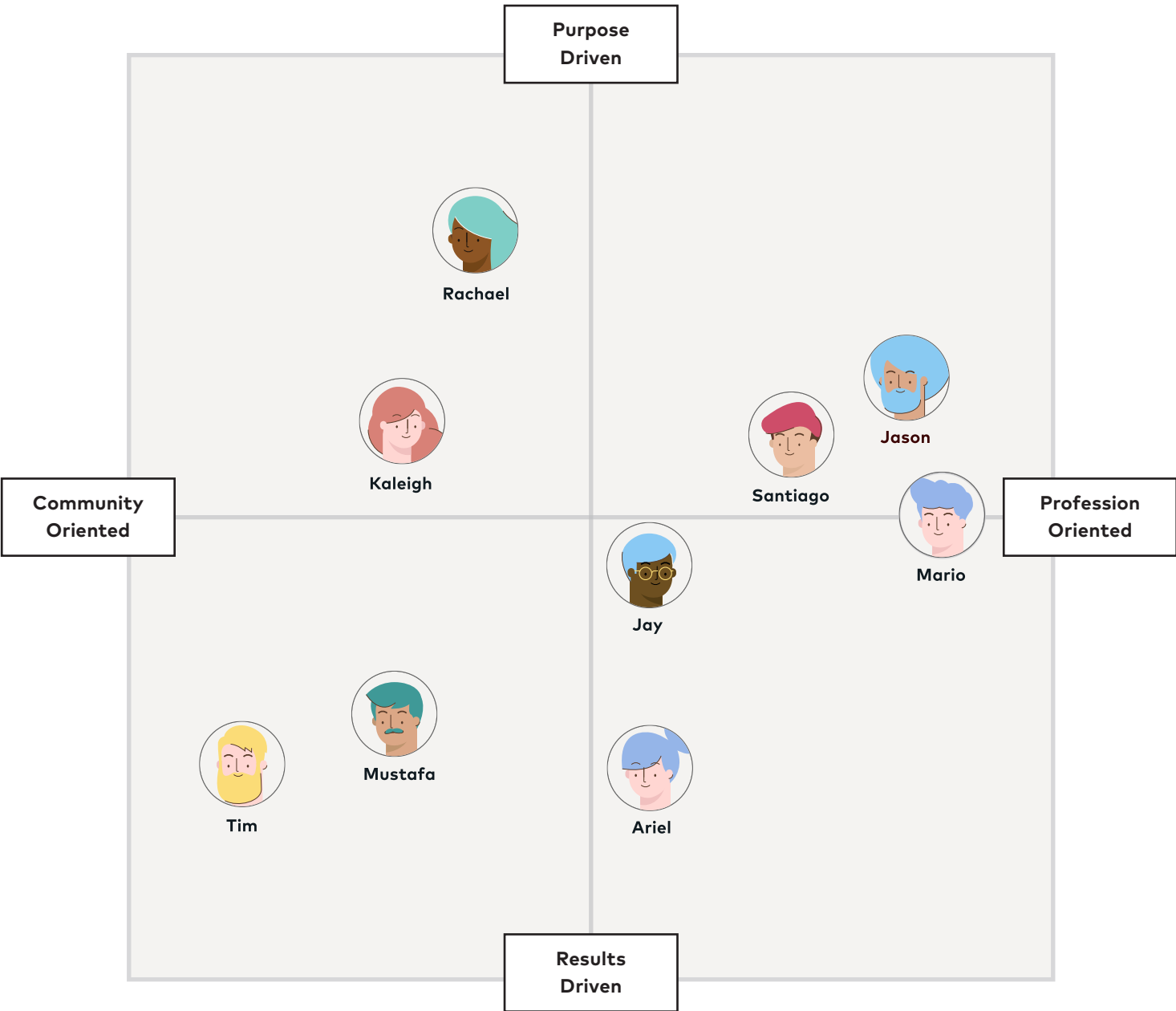


A spectrum of small business experience

Even with our focus on businesses with less than 50 employees, we found that experiences with Covid among small business owners varied. In synthesizing our research, we noticed that the small business owners we spoke to tended to fall across a spectrum of motivations and orientations, and mapping them along these axes revealed even deeper insights about them.

MAPPING EXPERIENCE

What motivates small business owners, where are they centered?



How they relate to their business

The small business owners we spoke with all had different reasons and motivations for going into business for themselves. While some were more motivated by a sense of mission or purpose in their work, others tended to be driven more by success and results. Similarly, among those we spoke with, some were more oriented toward their profession—they were perhaps dentists or artists or practitioners of a trade, while some were more oriented toward their community—finding their identity not in their particular line of work, but within the places where they live and work.

DEFINING HEMISPHERES

Are they closer to their local communities, or their professional affiliations?



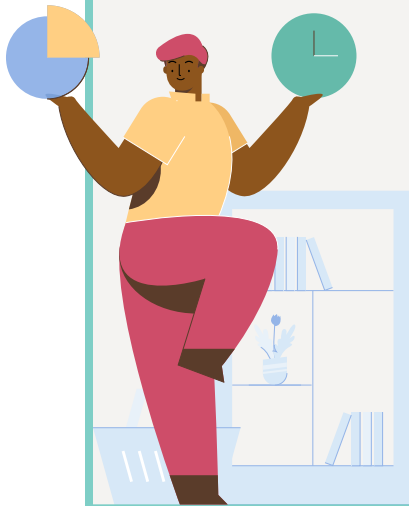
DEFINING HEMISPHERES

Is their small business a way to stand out, or fit in?

**Purpose
Driven**

Corporate Misfits

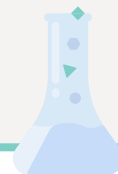
Either disillusioned or stifled by the corporate world or traditional jobs, they see themselves as unique or different and their business as means of actualizing or legitimizing their unique mode of thinking/being in the world.



Owner Operators

With a knack for business and a penchant for being in charge, they see running a business as a code they can crack. They enjoy navigating the rules of business, finding ways to work the system, and enjoy figuring things out on their own.

**Results
Driven**



Understanding through archetypes

Mapping the business owners within these hemispheres revealed four quadrants, each corresponding to a business owner archetype—The Influencer and The Creative, The Business Owner and The Professional. While there isn't always a 1:1 relationship between an individual and an archetype, the archetypes suggest certain distinctions, qualities, tendencies, and characteristics that specific groups of business owners may share, which ultimately help uncover truths about how these business owners are experiencing and responding to Covid—and how they might be better supported.

FINDING ARCHETYPES



The

Professional

WHO THEY ARE

Trained in a highly professionalized trade, possibly a medical field, these small business owners are highly educated, disciplined, confident, and self-sufficient. They tend to be high achievers who may have attended top tier universities and can sometimes be somewhat single-minded. Pragmatic and practical, they are able to make tough decisions for their businesses, and tend not to let emotions and sentimentality get in the way.

HOW THEY SEE THEMSELVES

They see themselves not only as top-tier professionals in their field, but as smart, savvy business people. This is what sets them above the rest. For them, the success or failure of their business is personal—a direct reflection of their work ethic, level of discipline, talent and intelligence.

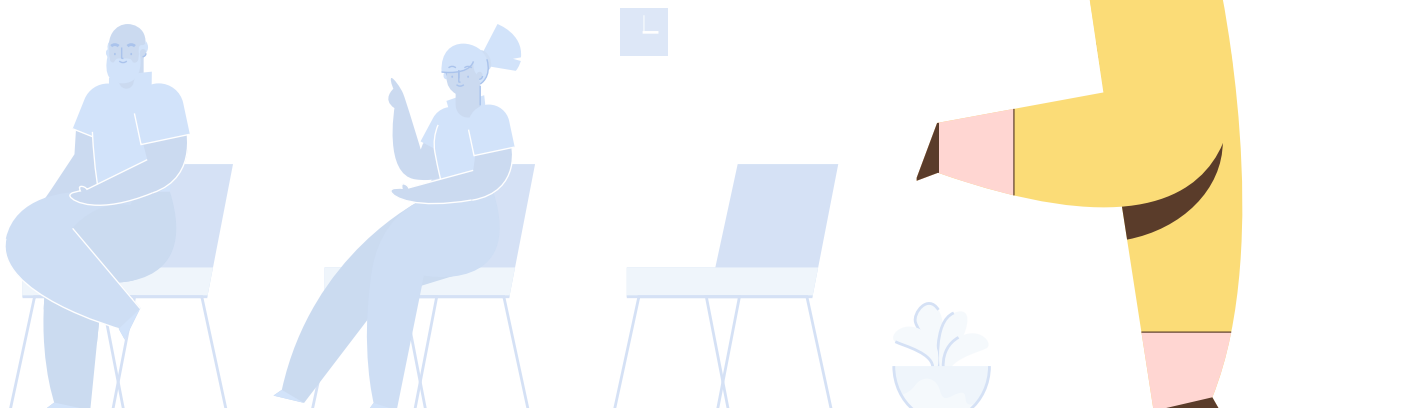
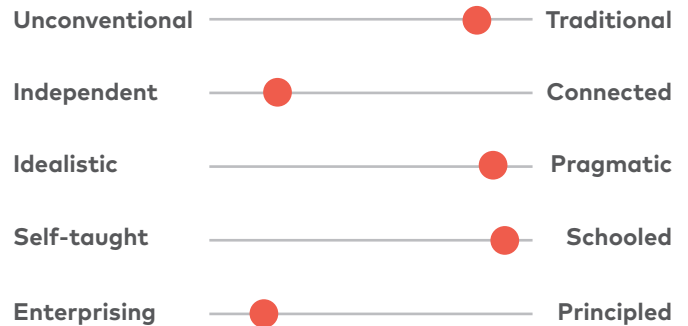
HOW THEY RELATE

While they are wary of relying on or depending on others, they see value in banding together with other professionals in their field who they feel share a similar professional and business acumen, and can see the mutual benefit of association—think prestige by association. As accomplished professionals and high-functioning business owners they have exceptionally high expectations of their employees, and may struggle with recruiting and retaining high-quality staff that meet their standards.

WHAT MATTERS MOST

As professionals and high achievers, they care deeply about their professional reputations, upon which the success of their businesses depend. They not only want to be at the top of their professional field, they also want their businesses to be seen as modern, well-run, efficient, and highly professional. They are ready and willing to make personal sacrifices to ensure the success and ongoing reputation of themselves as professionals and of their businesses.

WHEN IT COMES TO RUNNING THEIR BUSINESS THEY ARE



THE PROFESSIONAL

Covid Experience

While these business owners may have had a closer eye on how the virus was playing out compared to others, the complete economic shutdown came as a sudden shock. While some were forced to shut down their businesses entirely, others were deemed essential and were allowed to continue operating. And while many could technically stay open, they were ill-prepared to do so and needed time to adjust their operations to meet safety standards and often lacked the clientele and the staff to make staying open worthwhile or even possible. Being the driven and enterprising people they are, they were first in line to secure PPP loans and funding and they used the extra unexpected time to plan, adjust operations, and execute changes to their businesses that they had been planning or putting off.

MINDSET

"I'll do what I have to do"

These business owners are accustomed to hard work and to powering through difficult situations, and are acclimated to managing high levels of stress. In their minds, there are few problems they aren't able to solve or situations they aren't able to weather. Covid-19 shook this confidence like nothing else before it. As people used to operating by the book, many felt adrift, especially at first, sailing in uncharted waters. But at the end of the day, they were ready and willing to do what they had to do to survive, even if it meant being ruthless with expenses or making personal sacrifices. They believed if anyone could get through this, it was them and they were primed to find opportunities amidst the crisis.

PAINS

Finding clarity amidst chaos

These business owners tend to thrive in situations where there are clear rules, procedures, and guidelines to follow. Covid-19 has presented a unique challenge in that regard, especially to those working in a medical field. Many complained of issues related to:

- **Accessing essential programs and information**
- **Negotiating new standards and restrictions**
- **Dependence on low-wage staff who were making more money on unemployment**
- **Client wariness, attrition**



THE PROFESSIONAL

Looking Forward

KEY CHALLENGES

Staying safe, staying solvent

For these professionals, the biggest challenge is adjusting the business model to match the economics of the “new normal.” For many, their business model is built on protecting the credentialed person’s time, a model which relies on low-wage staff to perform lower-skilled tasks. Given that this lower-skilled work has suddenly become riskier, and that social distancing requires a less crowded workspace, the economics of this model no longer make sense. How can these business owners stay safe, compliant, sane, and solvent in the new normal?

OPPORTUNITIES

Going beyond survival mode

Once they have stabilized their businesses, these professionals will need help moving beyond survival mode and figuring out a way to level up. There are opportunities for outside industries to help them:

- Find creative uses of technology to permanently shed inefficiencies
- Right-size and outfit office space to be more efficiently and safely utilized
- Adjust procedures and protocols to align with current standards and guidelines



“Don’t tell anyone, but I’m seeing more opportunity than you’d think. This disruption has given me some space to make changes for the better.”

Jay, a NYC chiropractor, has streamlined his operations—leveraging technology to reduce reliance on staff

The

Creative

WHO THEY ARE

Both creative and entrepreneur, these business owners went into business for themselves because they didn't like working for other people. They often work within a creative industry—the arts, music, design or fashion and have non-traditional educations, holding art degrees or no degree at all. They can be defined by their idiosyncrasies: they may be workaholics, have a high tolerance for risk, and may be inclined to work at odd hours when they feel the most productive or inspired.

HOW THEY SEE THEMSELVES

Being creatives, they tend to see themselves and their businesses as unique and the way that they run their businesses as inextricable from their personalities and their creative spirit. In their minds, this creative approach to running a business is what gives them an edge and sets their business apart.

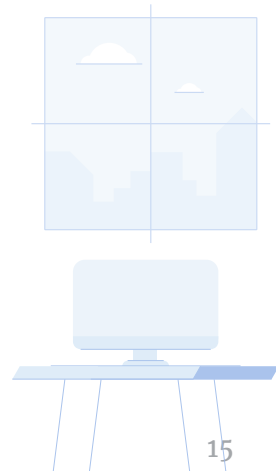
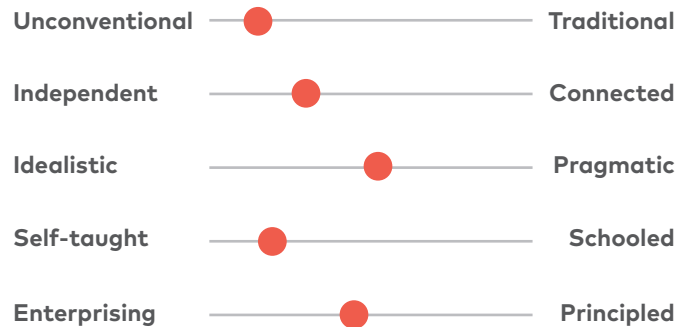
HOW THEY RELATE

While they share the common characteristic of being both creative and entrepreneurs, they may lean more one way or the other. The more artistic business owner may lean heavily upon a few key trusted advisors to help them manage the more administrative aspects of their business, while the more business-oriented creative may have difficulty relinquishing aspects of their business to others, telling themselves “it's just easier if I do it.”

WHAT MATTERS MOST

They are deeply committed to their creative practice and see the freedom to operate according to their creative instincts as a must. This is why they went into business for themselves. As such, they are wary of being too constrained and are constantly evaluating the needs of the business against their creative instincts.

WHEN IT COMES TO RUNNING THEIR BUSINESS THEY ARE



THE CREATIVE

Covid Experience

As it became apparent that Covid-19 was a real thing in the U.S. and businesses would be affected, these business owners first went through a period of denial before deciding to take definitive action. Depending on their industry, some were able to quickly and easily transition to remote work, but for those whose businesses not only designed, but produced and manufactured goods, they had to find ways to manage this aspect of the business remotely, likely having to pause production for at least some period of time. Many were forced to cancel travel plans, postpone installations or live events, put a hold on hiring, and explore new ways to collaborate remotely with colleagues and clients, although they were generally better equipped to do the latter than other types of small business owners. Many saw sharp declines in new business opportunities and saw existing client work dry up, pause, or stop indefinitely. In response, they did things like froze hiring and pay raises, cut contractors, and dug into the couch cushions to see where money was being wasted.

MINDSET

"We're doing ok, for now"

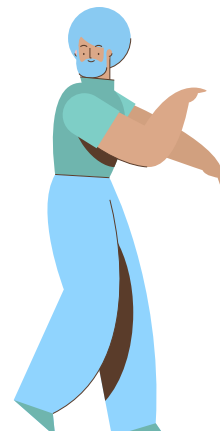
Because many of these businesses are accustomed to seeing their revenue fluctuate based on projects and clients, most were internally structured to deal with a temporary slowdown in revenue, and had tools in place to manage a crisis, at least temporarily. This helped them deter any panic when Covid first hit as they were quickly able to formulate an initial response. What felt different about Covid was that this time, the slowdown wasn't just seasonal or a part of the business, but a consequence of externalities well beyond their control. While normally they would wait out a slow period, the uncertainty created a sense of urgency around finding new streams of revenue.

PAINS

Conducting in-person work remotely

While for the most part these business owners are well set to do the bulk of their work remotely, there are aspects of their work that can be challenging to do from afar, and they have run into a spectrum of different pain points as they've attempted to run their businesses remotely:

- **Waning morale, energy, and attention of employees**
- **Networking and making in-roads with new business**
- **Managing production and supply chains from afar**



THE CREATIVE

Looking Forward

KEY CHALLENGES

Keeping up momentum amidst uncertainty

The biggest challenge faced was related to new business and keeping a healthy pipeline. When Covid struck, many were already coming off of slow months after the holidays and were expecting business to pick up as they approached Q2. As businesses around the world managed the uncertainty in their own way—many by hunkering down, tightening spending and laying off workers—getting these same companies to commit to spending, especially on longer-term projects, was not easy. As the new projects coming in waned and existing client work dried up, the uncertainty of when and if business would ever pick up began to set in. How can these business owners continue bringing in new business in the midst of uncertainty?

OPPORTUNITIES

Reconfiguring resources

These small business owners have already pulled all the levers and pushed all the buttons possible for weathering a slow period. With the business environment unlikely to return to anything resembling normalcy anytime soon, creatives will need help:

- Repackaging their services to better fit the new normal
- Redirecting resources toward emerging client needs
- Designing their businesses to be more scalable
- Keeping employees creative and engaged while working remotely
- Managing employees, vendors, and clients remotely



“This situation has forced me to focus more on the ‘business’ side of my business. I’m usually more about ideas than operations.”

Jason, the CEO at a NYC creative agency, has seen promising leads fall silent and is trying to stay afloat and plan without much visibility.

The

Influencer

WHO THEY ARE

Disillusioned by their jobs in more corporate or institutional settings, these business owners have strong convictions and are driven by higher-order values like community or equality. They believe businesses should uphold these values and desire to do work that aligns with their values. They often have a background in the arts, non-profits, or the public sector—and may have been teachers, social workers, or art therapists.

HOW THEY SEE THEMSELVES

As business owners driven by values, they see themselves as part of a larger cause and their businesses as a conduit for instilling their values in their communities. They are cognizant of themselves (and their businesses) as possessing a sphere of influence—over their employees, patrons, associates, and their communities—a role they don't take lightly.

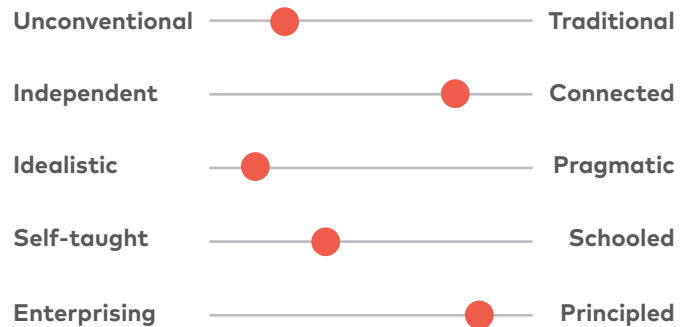
HOW THEY RELATE

Since they see their businesses as an extension of their values, how they relate to those within their sphere of influence is equally value-driven. They are the types to go to great lengths to take care of their employees, sometimes at their own personal expense, and see themselves as having an obligation to their communities. They often use their businesses as a platform for community activism and fundraising activities to support causes, people, and neighbors in need.

WHAT MATTERS MOST

These business owners go to great lengths to align their personal values with their business practices, and this internal struggle drives everything they do and every decision they make. They believe that in doing so, themselves and their businesses will influence their communities for the better.

WHEN IT COMES TO RUNNING THEIR BUSINESS THEY ARE



THE INFLUENCER

Covid Experience

Given that these small business owners tend to operate community spaces—venues, studios, and restaurants—the impact of Covid on their businesses was immediate and direct; everyone we spoke to completely shut down their business for at least some period of time. Some were able to quickly pivot their businesses online—teaching remote classes, holding Instagram live events, curating online exhibitions, and of offering take-out only options for restaurants—while others had more trouble translating their businesses into a digital context. Most of the influencers we spoke to were forced to layoff or furlough a significant number of their employees. For business owners who often consider their employees family, this was especially distressing. Many went to great lengths to ensure their employees were taken care of, starting GoFundMes, applying for grants to cover employee salaries until unemployment kicked in, or forgoing their own salaries to keep people on payroll. Given the prominent role these business owners tend to play in their communities, many saw overwhelming support from customers and patrons donating money, buying takeout, paying for online classes, and doing what they could to support these businesses.

MINDSET

"Reassessing my priorities"

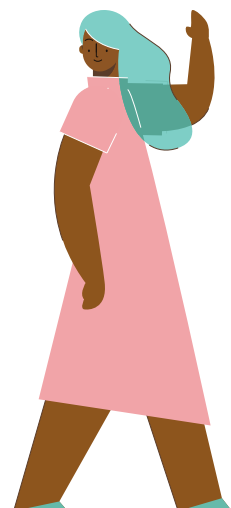
Because the boundaries between their businesses and their personal lives tend to be porous, many influencers found themselves overwhelmed and burnt out long before the pandemic started. Several of the people we talked to spoke of the pandemic and ensuing shutdown as a much needed break from the chaos of running a small business and a chance to reassess their priorities. They were evaluating whether the lifestyle they had taken on as a business owner—with all of the stress, uncertainty, and anxiety it entailed—was actually worth it. Some were considering closing down their businesses entirely and starting fresh while others were exploring alternative models for how they might operate going forward to relieve some of the pressure—becoming a non-profit, pursuing donors etc.

PAINS

Staying connected

Because the success of these businesses is so dependent on relationships they have built within their local communities—with their customers, their neighbors, their employees etc.—shutting down their businesses or even conducting their businesses digitally tended to weaken these ties, putting their businesses in jeopardy.

- **Taking care of furloughed or laid off staff, especially more vulnerable staff who may not be eligible for unemployment**
- **Maintaining a meaningful connection with the community, customers, members, and patrons without the use of their physical space**
- **Retaining customers when the “experience” of what they are selling or offering is diminished when consumed digitally**



THE INFLUENCER

Looking Forward

KEY CHALLENGES

Staying true

The biggest challenge faced was figuring out how to stay solvent without compromising their values. Because mission and values tend to take precedence over profits, these businesses often run on very thin margins and are willing to sacrifice success for the business if it means staying true to their values. For some, this meant not accepting donations, while for others it meant paying their employees a living wage. Still for others, this meant providing classes or services on a sliding scale to accommodate a diverse base of clients, customers, or members. The pandemic really tested the limits of this philosophy toward running a business and many of these business owners are faced with tough choices between compromising their values or keeping their businesses alive.

OPPORTUNITIES

Deepening and diversifying relationships

If these businesses are to survive, they will need to uncover creative ways of deepening relationships within their communities without the full-capacity use of their physical space. While their relationships within their communities already run deep, they will increasingly need to further rely upon developing these relationships to make themselves even more integral to their communities.

- Repurposing physical space to be utilized in alternative ways
- Forging deep and intimate connections remotely
- Discovering alternative forms of funding, outside of revenue streams
- Creating avenues for giving and receiving support



“I’m concerned about my own livelihood, of course, but my business can’t thrive if the communities and causes we serve suffer.”

Rachael is fighting to keep the spirit of her beloved Detroit-area performance space alive—steering into a future where survival may ask more of the community.

The

Business Owner

WHO THEY ARE

As natural-born business owners, these individuals tend to be more passionate about owning a business than they are about the particular business that they happen to be in. They see owning a business as a way of life and almost as a profession in and of itself. Their businesses tend to be less of a passion project and more of a means to an end they tend to have deep roots within their communities.

HOW THEY SEE THEMSELVES

These business owners see themselves as distinct from their businesses. While they tend to be principled in how they run their businesses, they do not see their businesses as a reflection of their personalities or values, and in fact make an effort to create clear boundaries between the personal and the professional.

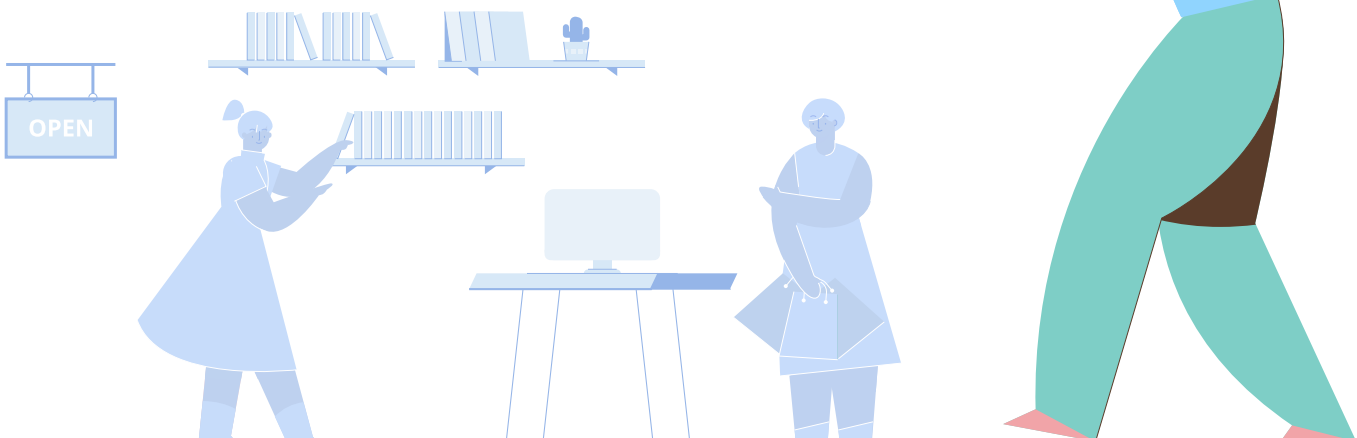
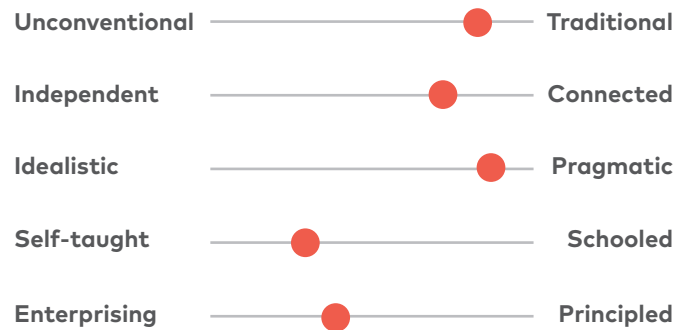
HOW THEY RELATE

Because they are deeply invested in their own future as a business owner, they often get involved in community advocacy that might protect and advance small businesses like their own. For this reason, they may be members of or involved in city government, the local chamber of commerce, or other community business organizations.

WHAT MATTERS MOST

These business owners are deeply committed to ensuring a thriving small business environment within their local communities. As such, professional business owners tend to have more affinity with others (often neighbors, community members, and local business owners) who are interested in promoting a small-business-friendly environment than with other business owners who own businesses like theirs.

WHEN IT COMES TO RUNNING THEIR BUSINESS THEY ARE



THE BUSINESS OWNER

Covid Experience

Owners of small local businesses, many of them retailers or restaurants, these business owners were forced to shutter their businesses for some period of time and scrambled to figure out how to conduct their operations according to state and local guidelines without too much disruption. Not always leading the most technically advanced operations before the pandemic, some spun up their first ecommerce store or learned new tech tools to help them offer their services digitally; advancements they could have long benefited from but were hesitant to invest in before the pandemic. Being practical and competent, however, most were able to do so relatively quickly and make relatively seamless transitions—keeping their businesses going, at least for a time. Being well connected in their communities and having strong personal relationships with accountants, insurance agents, and other local business owners, they knew who to turn to for help, and were quick to get in line for PPP loans and other types of funding. While the future is unknown for many of these business owners, they aren't afraid to make tough decisions if they need to. Many have laid off their entire staff, shut down one or more of their business locations, or are considering liquidating and starting something new entirely.

MINDSET

"We'll do what we need to do"

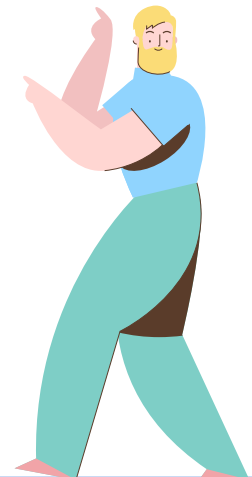
Although these business owners were deeply impacted by the pandemic, they benefit from their pragmatism and general attitude that “business is business”—their business isn't their life, being a business owner is. In this sense, they are ready and willing to do what they need to do to get through this and are confident in their ability to do so, whether this means pivoting their business to sell furniture instead of shoes (for example) or liquidating their assets and moving on to the next opportunity. For these business owners, closing their doors doesn't mean giving up or accepting failure, it means the end of one chapter and the beginning of a new one.

PAINS

Turning on a dime

Lacking the resources, the capital, and the institutional support of larger businesses and competitors like them, these small business owners had to turn on a dime to stay in business, doing more with significantly less. In doing so they struggled with:

- **Transitioning to running their businesses digitally without the technology and systems already in place**
- **Securing PPP loans and funding, with larger businesses given preferential treatment by banks**
- **Interpreting and adhering to convoluted government guidelines for safety and social distancing**



THE BUSINESS OWNER

Looking Forward

KEY CHALLENGES

Competing with giants

While small local businesses have been threatened by retail giants like Amazon and Walmart for years, the pandemic has only intensified the threat; with these large retailers being deemed essential businesses and having the resources and infrastructure already established to meet the soaring demand for online shopping, many of these small business owners struggled to refit their operations quickly enough to meet demand and comply with new health and safety requirements, and continue to lose business to large corporations.

OPPORTUNITIES

Exploring all options

Even if these business owners are able to stabilize their businesses, the future is uncertain. Whether they decide to continue on with their business or start something new, they will need help:

- Differentiating their businesses to compete with larger corporations and businesses
- Identifying new business opportunities and revenue streams—within their own businesses or within their communities
- Integrating into their local business communities to advocate for a better business environment



“There's a path through this, and we're doing our best to find it. My business might look different next year, but I'll do what I need to do to make it work.”

Tim, the owner of an independent bookstore, has laid off staff and has started selling books online. And while his business is okay for now, he's exploring all of his options and knows his business may never be the same.

WHAT WE LEARNED

The Covid-19 Gut Check

Owning a small business is not for the faint of heart. Most of the small business owners we spoke with were owner-operators, who not only owned their businesses, but oversaw operations and performed at least one other key role in their businesses—whether that be designing, instructing, dentistry, sales etc. For this reason, many were overworked and burnt out; for almost every small business owner we spoke with, Covid represented a kind of reckoning—forcing them to take stock of what really mattered, to reassess their values and priorities, and revisit whether running their business is facilitating the kind of life they want to lead. Within this context, several truths about being a small business owner were laid bare, which themselves expose opportunities for insurance and other outside industries to help these businesses carry on.



The unexpected gift of time

While Covid-19 has been disastrous for many of the business owners we spoke with, nearly all agreed that the shut-down also gave them a much-needed reprieve from the relentless day-to-day of running a business, which for many had prevented them from making long overdue changes to and investments in their businesses. Before Covid, many reported feeling like they were always playing catch up; looking back instead of looking forward. Some used the unexpected time to do repairs or renovations on their spaces, others were finally able to implement expensive technology they bought but never found time to figure out, and others were able to use the time to learn new skills that helped them push their businesses forward.



“I’ve made great strides in my professional and personal development. Not traveling all the time, not commuting—it’s given me time to learn new skills I needed to really push my business forward.”

Furniture Manufacturer and E-Commerce Retailer, Brooklyn, New York

HOW MIGHT WE...

Give owners back time?

Facilitate reflection?

Make the business case for taking time off?

What tools and resources might allow business owners to build in time to reflect on and reassess the state of their businesses throughout the year?



“The time off [due to Covid] has got us thinking more about how we can focus on the work that we love.”

Arts Venue Owner, Detroit

A kick in the pants

The unexpected time off also forced many of the small business owners we spoke with to come to terms with the operational inefficiencies that had been plaguing their businesses for some time. The business emergency created by Covid pushed many to take a close hard look at spending and operations to find where they can save money and operate more efficiently. For some this meant going over spending with a fine-toothed comb to find where money was being wasted, others looked to see how technology they already had might be more efficiently utilized to help them save money on payroll, while Covid forced others to make technology investments they had been reticent to in the past. A bookstore owner we spoke with, for instance, finally bit the bullet and started doing ecommerce sales for the first time and is not looking back.



“Covid forced us to do things we had never considered before—like figure out a way to buy back and sell textbooks to students remotely. I don’t know if we ever would have done this otherwise, but it’s definitely something we’ll keep doing once this is all over.”

Independent Bookstore Owner,
Lansing Michigan

HOW MIGHT WE...

Replicate the motivation?

Provide the same clarity, without the emergency?

Systematize the “fine eye” on operations?

What systems or processes could help business owners incrementally optimize operations on an ongoing, even daily basis?



“Going through the Covid situation made us realize how much money we were wasting as a business. It took a situation like this for us to dig into the couch cushions and put a fine eye on our spending. I wish we had done it years ago.”

Design Agency Owner, NYC

A cry for help

While most of the small business owners we spoke with were eventually able to secure PPP loans, many struggled to figure out how and where to apply for these loans, understand how they worked, and initially found that larger businesses received preferential treatment when it came to securing funding. Many also expressed frustration that industries like airlines and hotels received billions of dollars in bailout money, while businesses like theirs floundered. They were also dismayed to see behemoths like Amazon and Walmart, who were able to stay open and continue operating, further decimate small businesses that were forced to close. Furthermore, many found guidance from local, state, and federal government to be lacking and most struggled to get accurate information and access to guidelines about how to go about reopening their businesses safely. For the business owners we spoke with, this amounted to an institutional breakdown that left them feeling like they were fending for themselves, motivating them to look outside of their usual purview for alternative sources of guidance, information, and support.



“It was impossible to get a straight answer from anyone, so I spent a lot of time doing the research myself and interpreting. I know a lot of people didn’t have that kind of time.”

Chiropractor, NYC

HOW MIGHT WE...

Be the Sherpa, on the fly?

Connect businesses and resources in a mutually beneficial way?

Leverage community knowledge?

What programs or networks might allow business owners to access credible and dependable support and information and take positive action?



“It kills me to see the out-of-state companies like Amazon getting a free pass while the local businesses aren’t allowed to do anything. Major failing on the government’s part if you ask me.”

Independent Bookstore Owner,
Lansing, Michigan

A newfound openness

Even as institutional support for small businesses has waned, some of the business owners we spoke with reported feeling more supported than ever by their local and professional communities, while others acknowledged coming to terms with their own personal limitations, recognizing the need for more connected, interdependent local and professional communities. Generally speaking, the pandemic has created a sense of solidarity amongst small business owners and their communities and has made small business owners more receptive to community-funded support, more benevolent, and more open to exploring creative ways of banding together with other business owners and community members in mutually beneficial ways.



“The support from small businesses has been very encouraging- knowing that there are alot ALOT of people in my same predicament, that has been such a comfort. Us being there for each other. It’s been one of the most important things in getting through all of this.”

Furniture Manufacturer and Designer, San Francisco

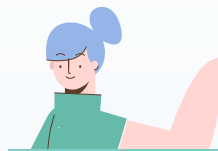
HOW MIGHT WE...

Harness the spirit of mutual aid?

Give communities tools to help themselves?

Facilitate connection?

What platforms and alliances could strengthen community bonds and underpin new micro-economies and coalitions?



“Personally, before this happened, I was always pretty reluctant to ask for help. But maybe this has given me some new kind of perspective that I would not have had otherwise.”

Dentist, NYC

CONCLUSION

Imagining a New World

The archetypes we developed through our research, while by no means exhaustive, give us a window into the wide range of experiences, attitudes, and reactions small business owners have had to Covid, helping to better understand how their individual needs might be met and their businesses better supported. Even while these business owners vary widely, Covid itself has been, if nothing else, a shared experience. As such, it has surfaced common truths among them—the need for more time, persistent operational inefficiencies, a lack of institutional support for business owners like themselves, and a forced coming-to-terms with their own personal limitations. In short, it has given them a new perspective on their businesses and on their roles as business owners. This has caused some to re-evaluate if owning a business is something they are committed to in the long term. The experience has made others more committed than ever. Surviving the pandemic and its economic restructuring, however, will require more than the talent and determination of small business owners and more than the good will of government and private industry. It will require that we imagine a world that looks different than the one that existed before Covid.

A NEW WORLD in which small businesses are no longer simply placated, but are valued and have access to the kind of financial tools, resources, and other institutional support available to large businesses and corporations.

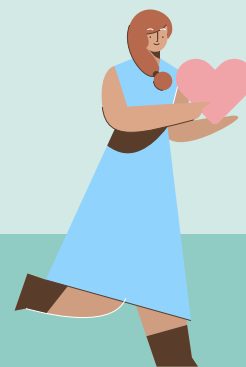
A NEW WORLD in which small business owners have the space and time they need to do more than stay afloat, but to optimize their business operations and use their skills, talents, and creativity to push their businesses forward.

A NEW WORLD in which small business owners

band together, leveraging the resources, knowledge, expertise, and the strength that comes through numbers; not just to survive but to thrive.

This new world presents us a society—including our government, our cities, and the private industries that drive our economy—with both opportunities and imperatives. There are opportunities for private industry to support small businesses and their owners in their efforts to band together, to share resources and expertise, to negotiate. There are opportunities to provide them with easier access to capital, trusted financial advice, and accurate regulatory guidance and support. But if these businesses are to survive, there are also imperatives. Imperatives to restructure our economy in ways that provide equal opportunity to small and large businesses alike. Imperatives to continue to support small businesses as they reorient themselves to life amidst the pandemic and beyond.

If we learned anything from this research, it is that small business owners are impassioned, industrious, creative, out-of-the-box thinkers, who are, despite all the cards that are stacked against them, resilient. Businesses that don't survive may re-emerge in some new incarnation; those that do may bear little resemblance to the businesses they were before the pandemic. Either way, small businesses and their owners will likely require the support and assistance of private industry and government as they undergo these transformations.



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Covid-19 & The Small Business Owner
Inside the Experience of Small Business Owners
in the Time of Covid

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