

# Our Team:

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# Acknowledgments

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- Thanks to Lam Family College of Business for the Lam-Larsen Community Engagement Award that was used to fund a research assistant for this study.
- Thanks to graduate students Kelsey Brown, Justin Chau and Marco Ruffinelli for their service learning contributions.
- Thanks for a wonderful Community-based Participatory Research partnership.

# Outline

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- **Motivation**
- **Methodology**
- **Sample Description**
- **Main Findings**
- **Recommendations**

# Motivation for this Study

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- **A follow-up study** to the 2020-21 survey efforts to determine the impact of COVID-19 on small businesses
- **The current focus** is the **state of recovery of small businesses and remaining challenges**
- Projected 5 years for recovery (McKinsey study, July 2020), due to lower resiliency, has been uneven across the US due to policy complexities and disparities.

# Small Business Voices

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*“Downtown San Francisco has been one of the slowest metropolitan areas in the country to recover since the onset of the pandemic, yet one of the most expensive cities to operate a business in. The dirty streets and homeless situation is still prevalent. Business levels are still down by more than 50% at this point and no longer sustainable if the situation does not improve.”*

*“Cutting through the red tape is very difficult. We are more of a micro business and it doesn't feel like there are many programs or support for that type of business.”*

*“Between the crime and overall lack of cleanliness and safety this city is a nightmare to survive in. The cost of doing business keeps going up and support from local government and legislature is a joke.”*

# Methodology

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- **Mixed methods with Interviews & Survey**
- **Interviews: May – Aug, 2022.**
- **Internet-based sample survey: Sept - Oct 2022**
  - Modified version of the 2021 COVID Impact survey
  - Added questions of local policy interest
  - Used Qualtrics to collect data
  - Data collection period: Sept 7, 2022 - Oct 15, 2022
  - Data collected in 8 most spoken languages in SF

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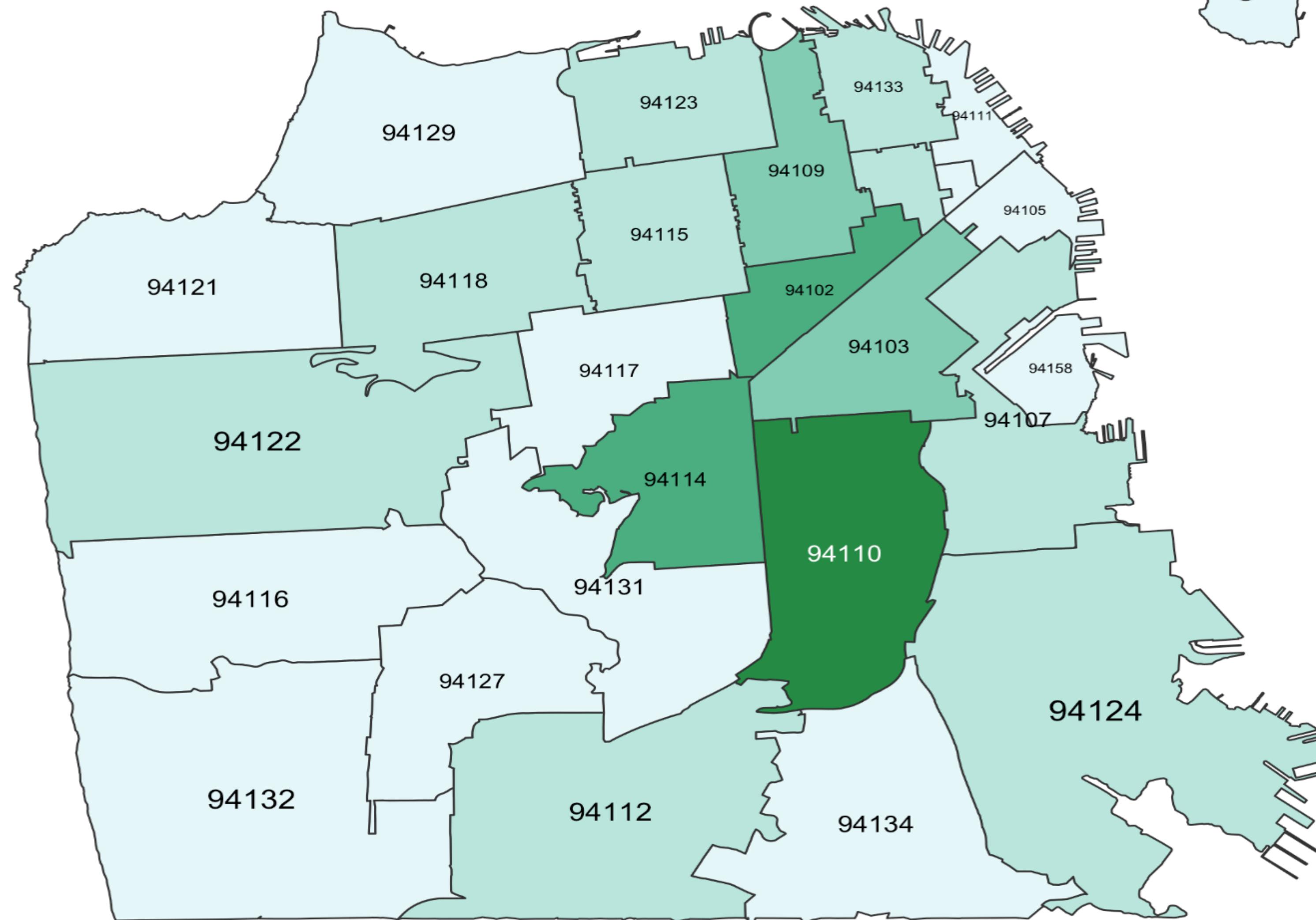
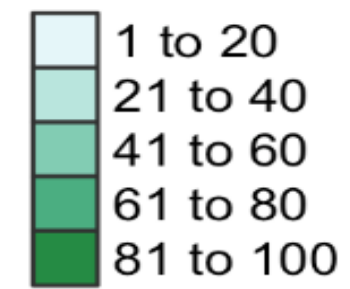


# 2022 Data

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- Number of responses: 802
- 719 English surveys
- 33 in Spanish, 26 in Chinese, 15 in Vietnamese, 4 in Japanese, 3 in Arabic and 2 in Russian
- 65% completed all questions

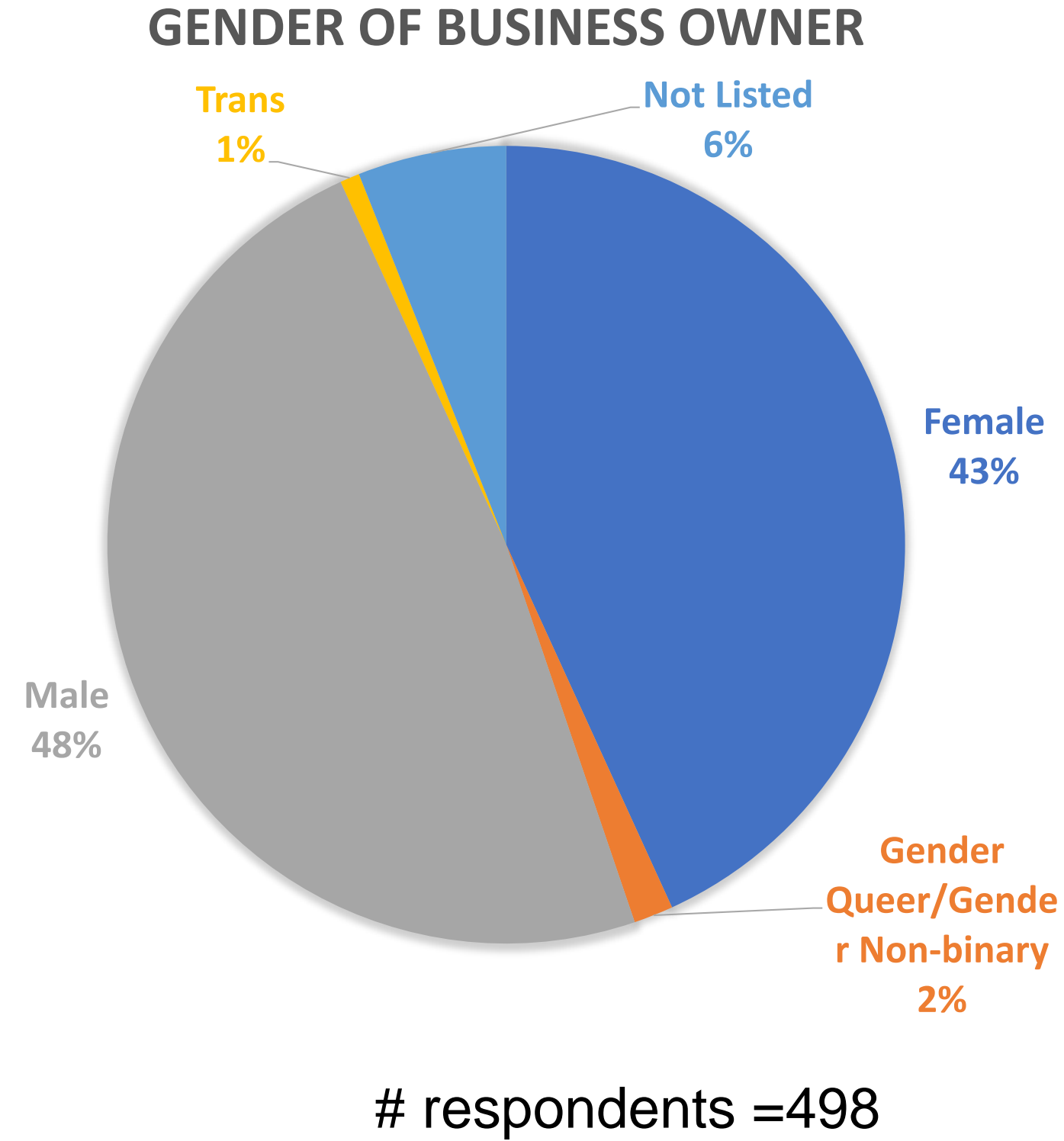
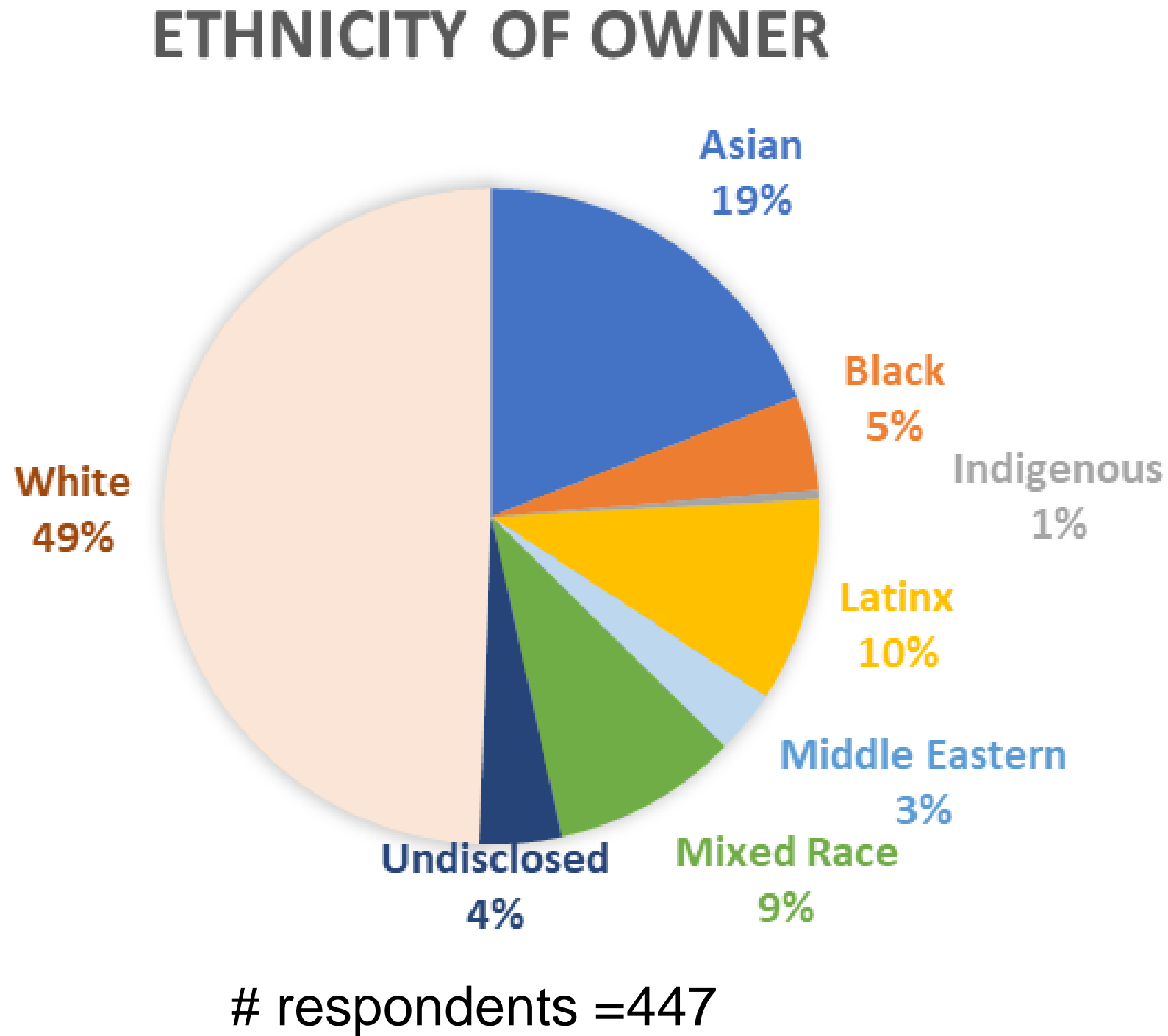
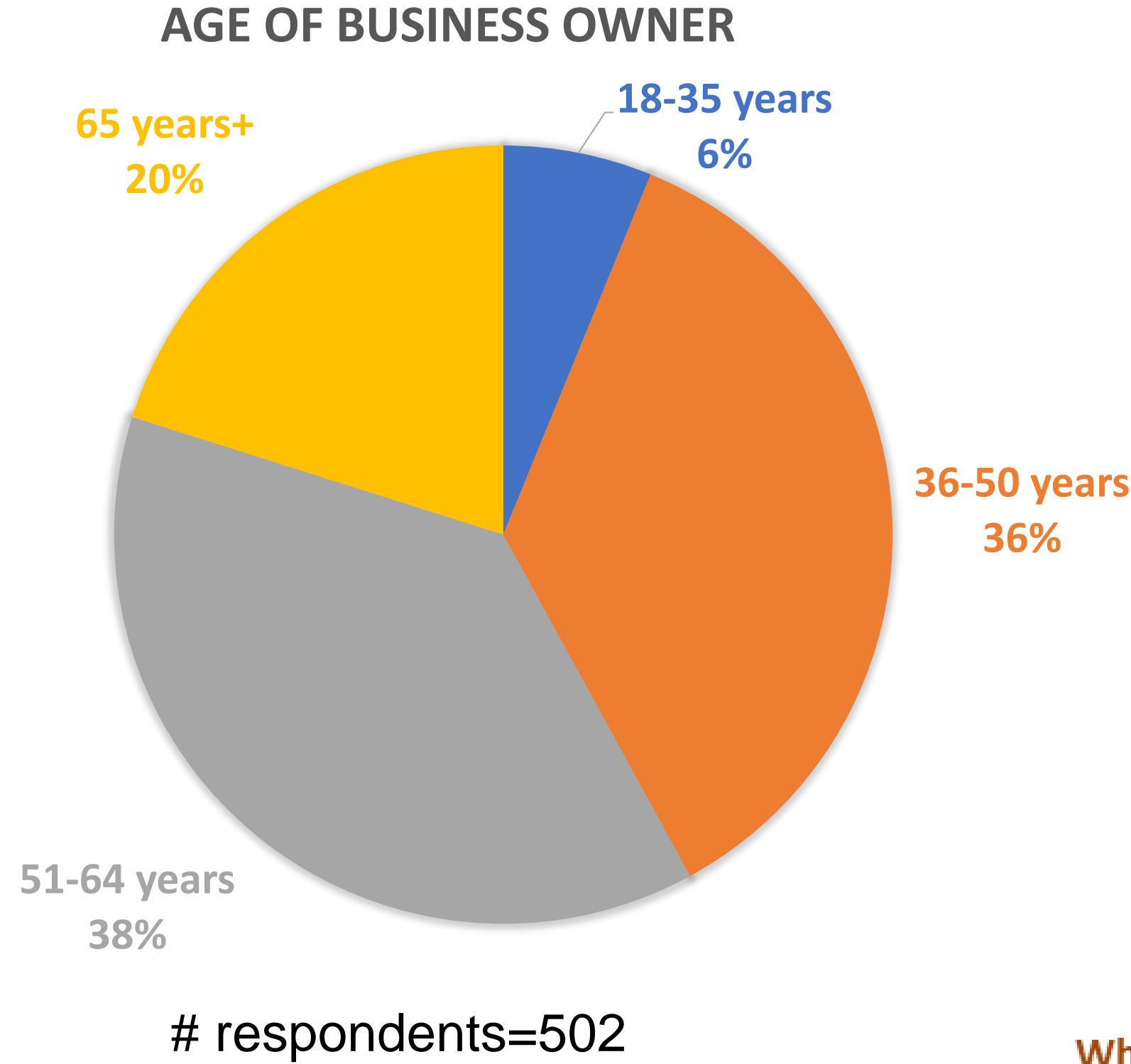
## Frequency of Responses



94110- Mission/Bernal  
94114-Noe Valley/Castro  
94102- Civic Center/Hayes Valley  
94103-SoMa  
94109- Russian Hill/Nob Hill

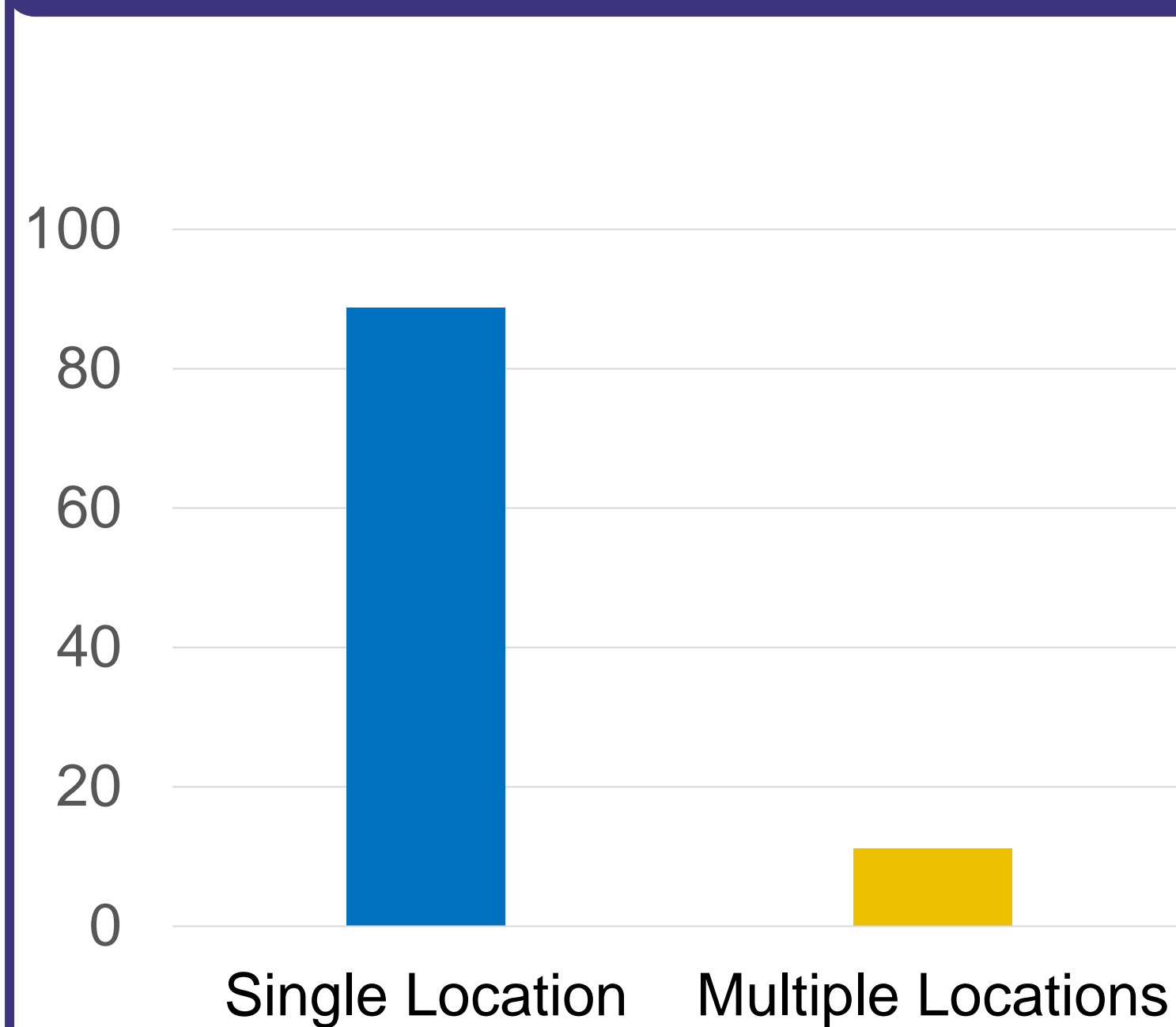
We have captured a reasonable representation from across the city and major commercial corridors.

# Demographic Description (% of businesses)

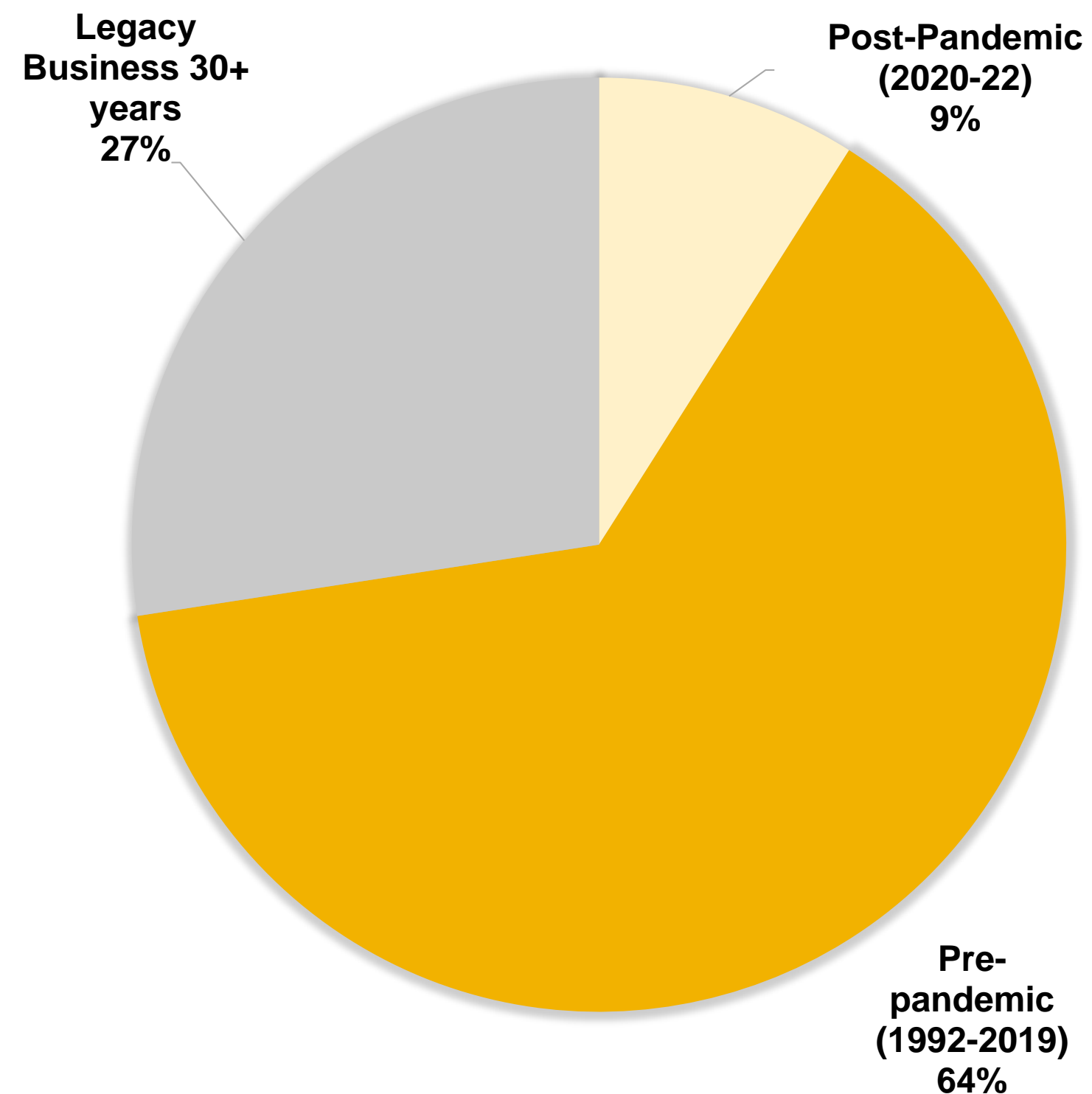


# Description of Business Operations

## Where is this business located?



## When did it start?



## Clients

- 33% depend on tourists
- 62% depend on SF residents
- 44% depend on neighborhood residents
- 25% depend on office workers



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# **Main Findings**

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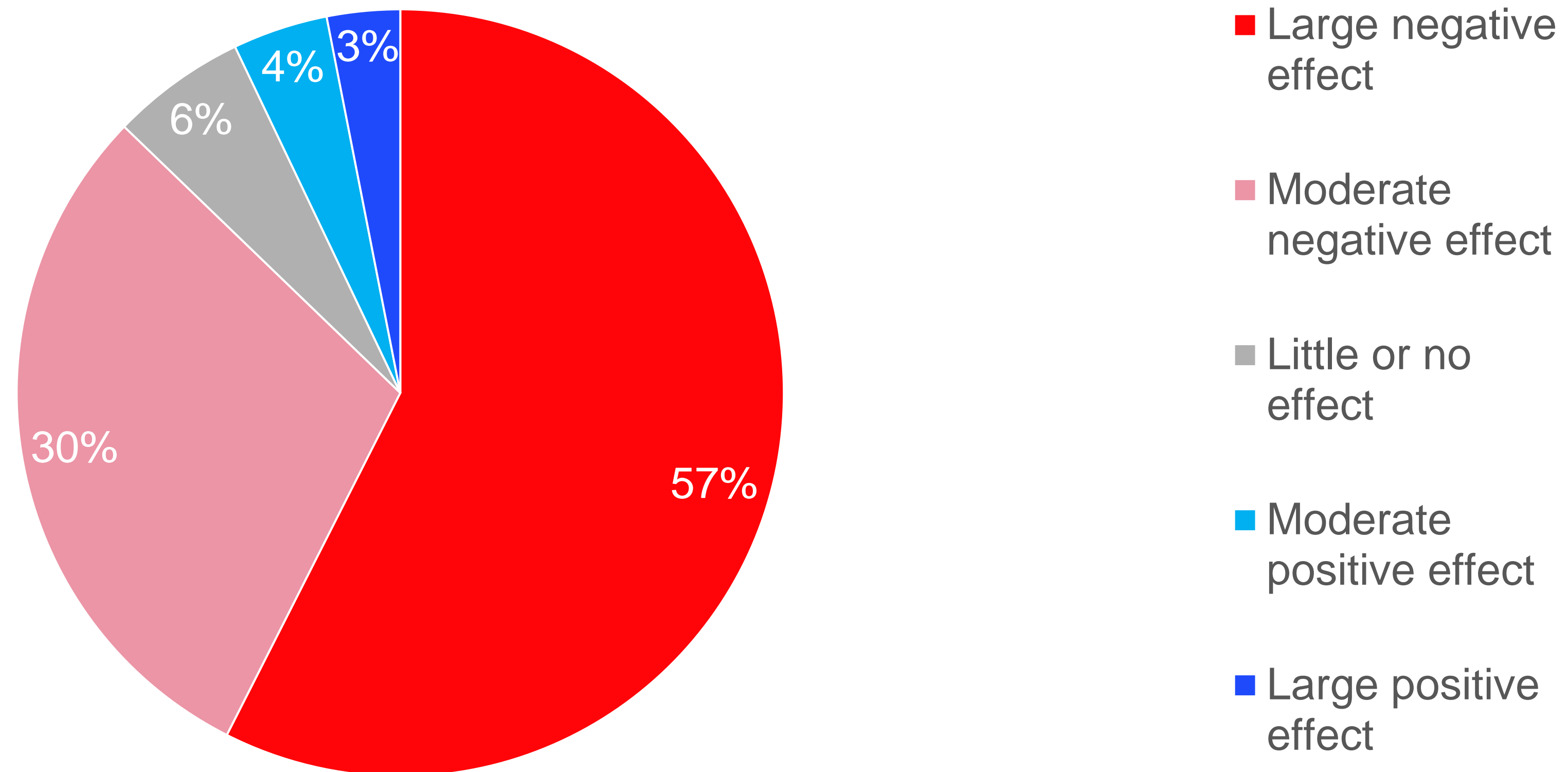
- **Current Impact of the pandemic on small business**
- **Current Assistance needed by businesses to recover**
- **Challenges faced during this recovery phase**
- **Feedback on Policy suggestions**

# **Current Impact of the pandemic on small businesses**

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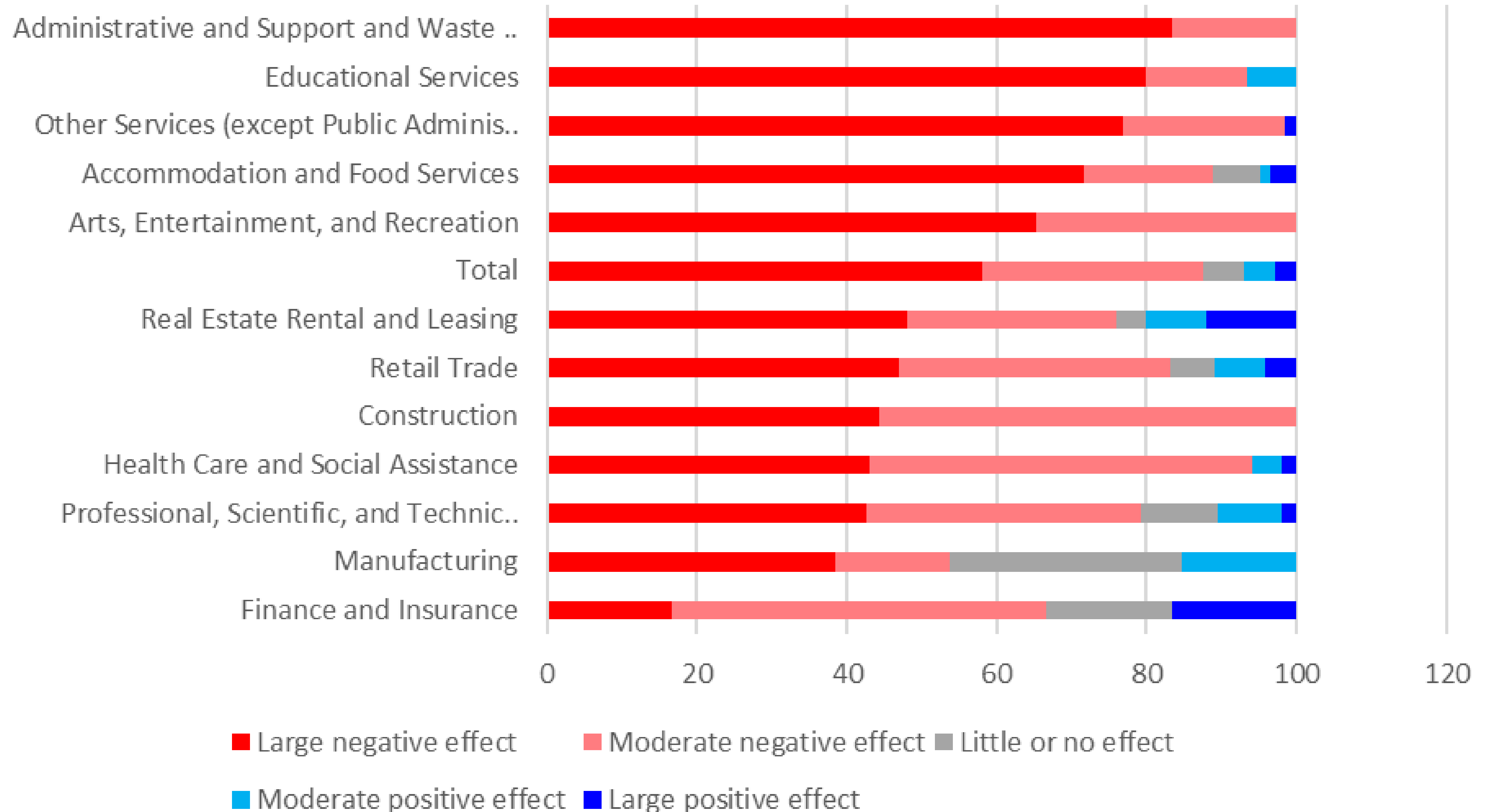
# 87% of businesses have experienced a moderate to large negative impact

Overall, how has this business been affected by the Coronavirus pandemic?





# Impact across sectors still mostly negative



# Impact by sector

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**Businesses that continue to experience a moderate to large negative impact**

Arts & Entertainment

Administrative and Support

Construction

**Some Businesses (less than 10%) posting moderate to large positive impact**

Real Estate Rental and Leasing

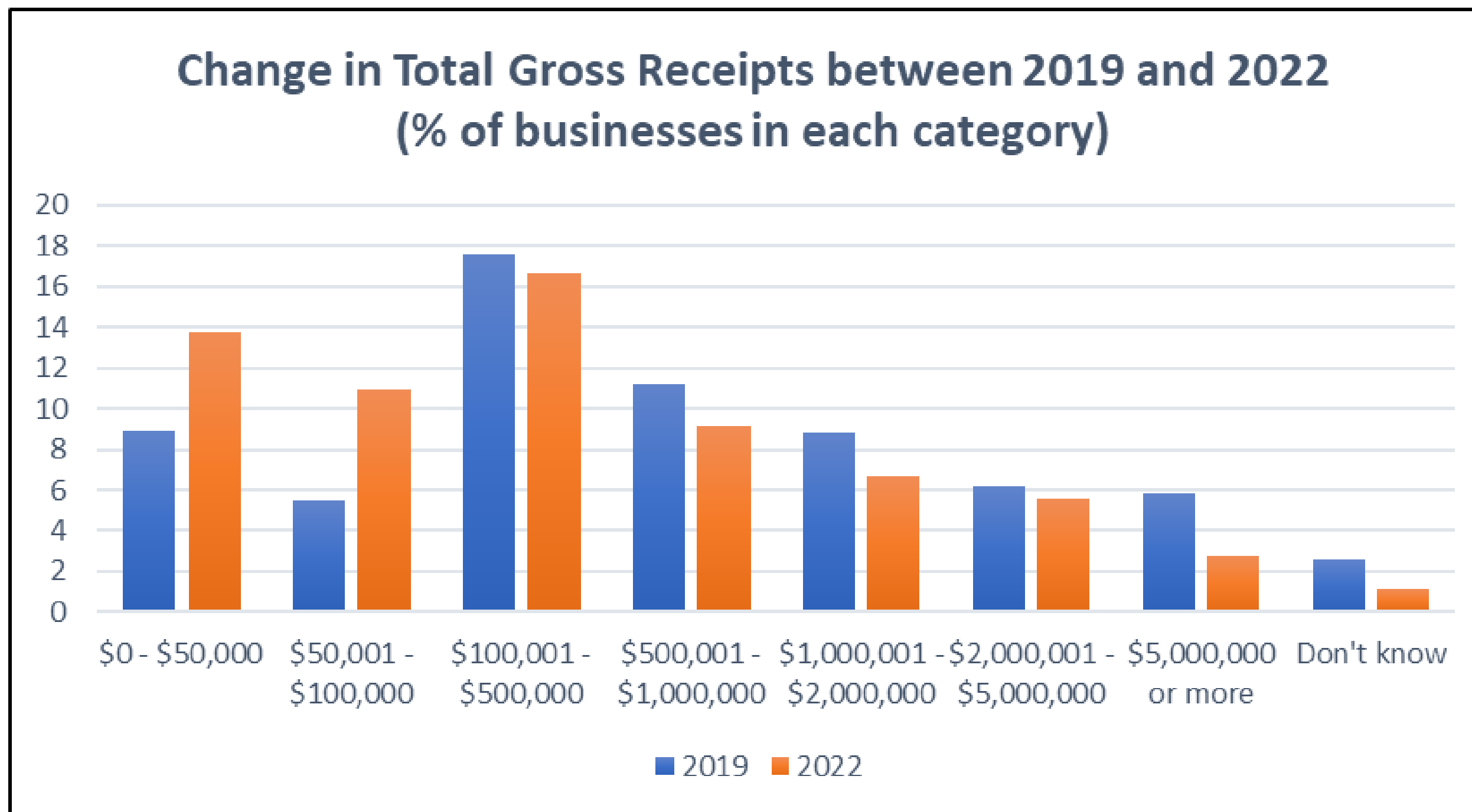
Retail

Finance and Insurance

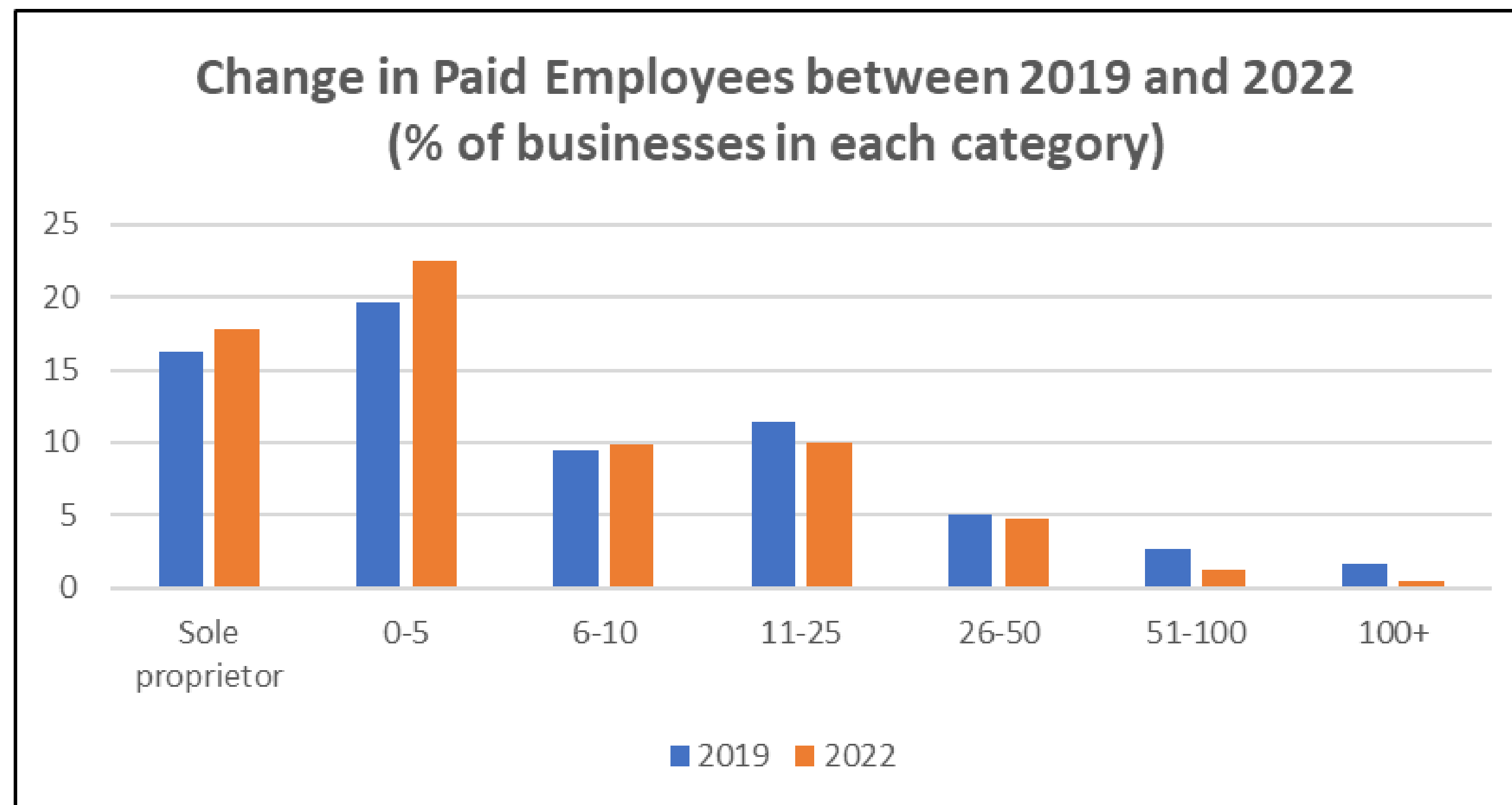
Professional, Scientific

Accommodation & Food Services

# Current Impact on Operations



- Business receipts have shrunk.
- More micro-businesses (with less than 10 employees) in 2022 compared to their status in 2019.



# Current Cash on hand (% of businesses)





# **Current Assistance needed by businesses to recover**

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# What have the businesses done to recover?

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- **Financial Assistance** from federal, local, friends and self
- **Pivoted business operations:** More than 25% resorted to curbside pick-up, online services, online sales, outdoor operations. It worked extremely well for about a third of the businesses who moved to online or outdoor operations.

# Financial Assistance

<b>Q16: Since the beginning of the pandemic, has this business requested/received financial assistance from any of the following sources?</b>	<b>Percent Requested</b>	<b>Percent Received</b>	<b>Unmet Need</b>
Federal loans (Economic injury disaster loans, SBA Loan Forgiveness, PPP)	46.65	44.42	-2.23
Local grants (SF Shines, Shared Spaces)	24.44	16.5	-7.94
Self		20.84	20.84
Business tax, registration and license fee deferrals	17.12	14.02	-3.1
Employee Retention Tax Credits (ERTC)	16.38	12.78	-3.6
Federal tax credits (Federal sick and family leave tax credits, Restaurant Revitalization Fund, etc. not including ERTC)	14.14	9.06	-5.08
Family/friends/community crowdfunding	12.16	10.05	-2.11
Bank loans	11.54	7.32	-4.22
Local loans (SF Hardship Emergency Loans, African American small business loan)	10.42	5.09	-5.33
This business did not receive financial assistance from any source		7.2	7.2

- **Gaps in funding requested and received**
- **Most popular were federal loans and local grants**
- **ERTC and Federal tax credits largely underused**
- **58 businesses (7.2%) have not received any financial assistance**

# Barriers to accessing finances

Q15: Please indicate any barriers that prevented you from applying to the financial assistance you wanted		
	Frequency	Percent
I didn't think the programs were made for businesses like mine	161	19.98
This business was not aware that many of these programs were available	133	16.5
The application process was too overwhelming	126	15.63
No time to apply	48	5.96
Technical barriers – lack of access to computers, lack of computer skills	24	2.98
Language barriers	13	1.61
Other	112	13.9

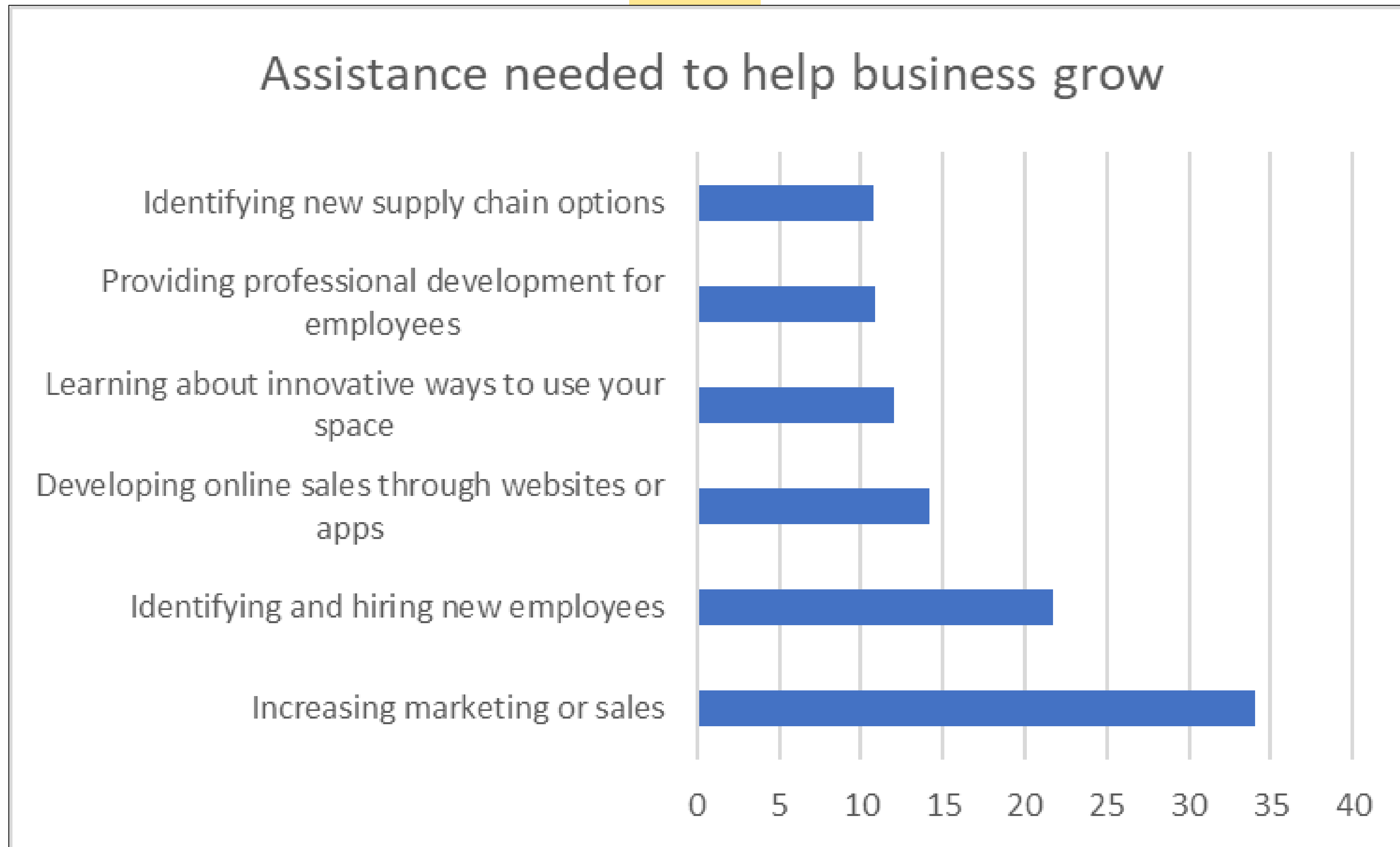


# Assistance Needed with Lease

What, if any, kind of assistance do you need related to leases?	Frequency	%
None currently	81	35%
Financial assistance/grants/loans	52	22%
Reduce rent/lease payments	40	17%
Lease negotiations (and negotiations with landlord)	31	13%
Communication with landlord	12	5%
Legal advice/Legal assistance	12	5%
No rent increase	4	2%
Total	232	



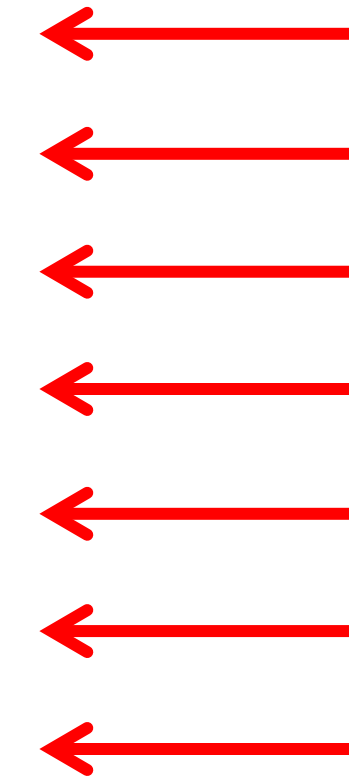
# Assistance Needed for business operations



# Challenges faced during this recovery phase

# Businesses identified their Top 3, out of a range of Challenges

Q11: What are the biggest challenges you're facing currently?		
	Frequency	Percent
Increase in cost of goods sold	294	36.48
Dirty and smelly streets	257	31.89
Not enough customers in San Francisco	248	30.77
Ability to hire new employees	236	29.28
Staffing challenges	220	27.3
Supply chain disruptions	217	26.92
Lack of parking and increased cost of parking	177	21.96
Other	139	17.25
Competition from online/chain businesses	126	15.63
Commuting challenges facing employees (long commute times, unreliable transit, discomfort using public transportation)	114	14.14
Staff not being able to commute in safely	110	13.65
Closed or Slow Streets	72	8.93
Competition from similar businesses outside your county	68	8.44
Delivery challenges (i.e.: loss of loading zones)	64	7.94
Construction projects that impact foot traffic	56	6.95
Availability of employees to work due to caring for a child	35	4.34



# Top 3 Challenges by sector

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## Accommodation & Food Service

Supply chain disruptions

Staffing challenges

Increase in cost of goods sold

## Retail

Lack of Parking

Supply chain disruptions

Increase in cost of goods sold

## Arts & Entertainment

Staffing Challenges

Not enough customers

Dirty Streets

## Health, Education & Others

Parking

Hire new employees

Dirty streets



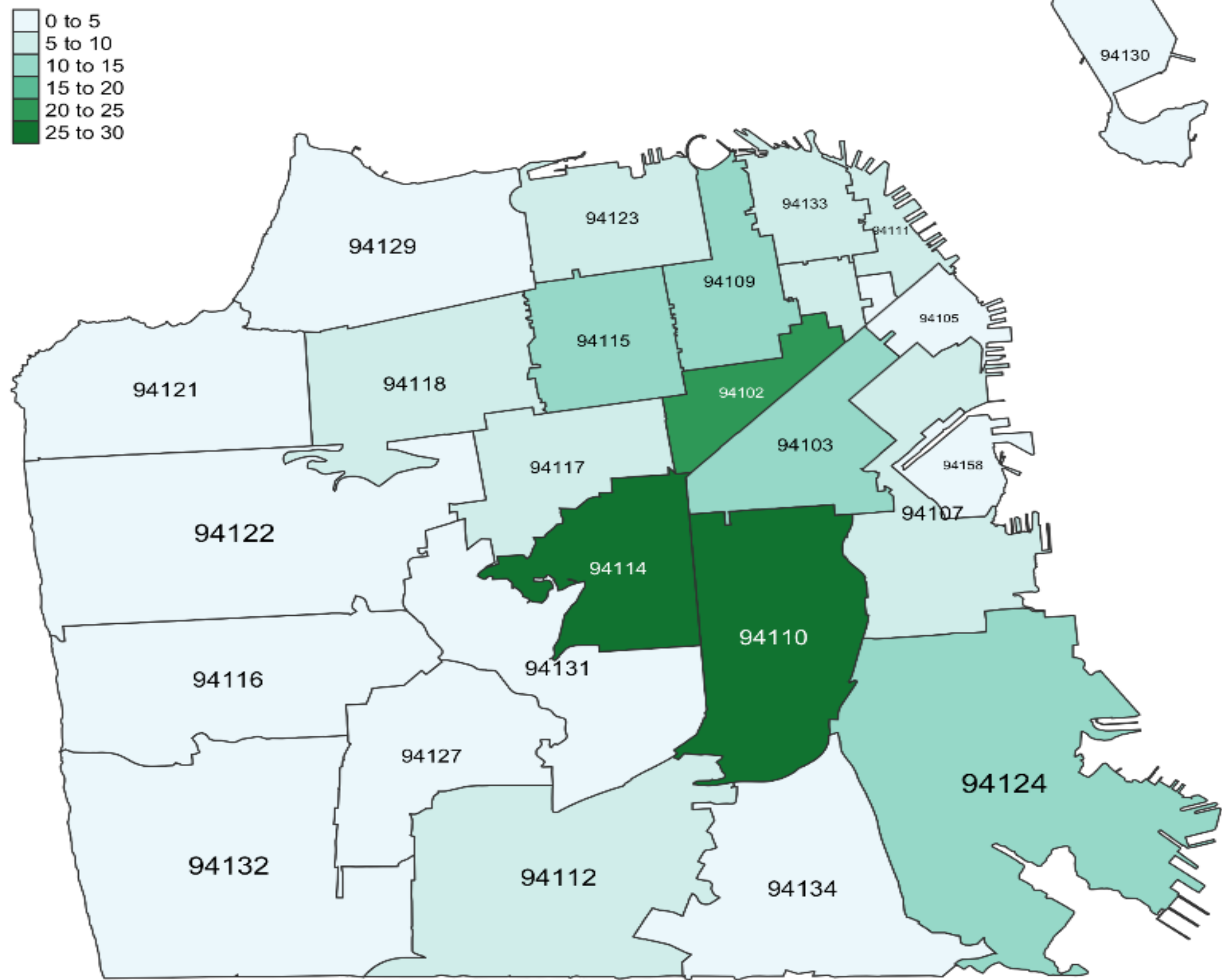
# Challenges with safety, crime, legal

Q20: In the past year, please indicate if this business experienced any of the following:		
	Frequency	Percent
Increased Public safety concerns as a result of disruptive street behavior	315	39.08
Graffiti/vandalism	274	34
Shoplifting/retail crime	161	19.98
None of the above	109	13.52
Regulatory or licensing/permitting challenges – Compliance with Office of Labor Standards Enforcement, Health Department violations, etc.	81	10.05
Legal challenges/lawsuits related to American Disabilities Act	49	6.08

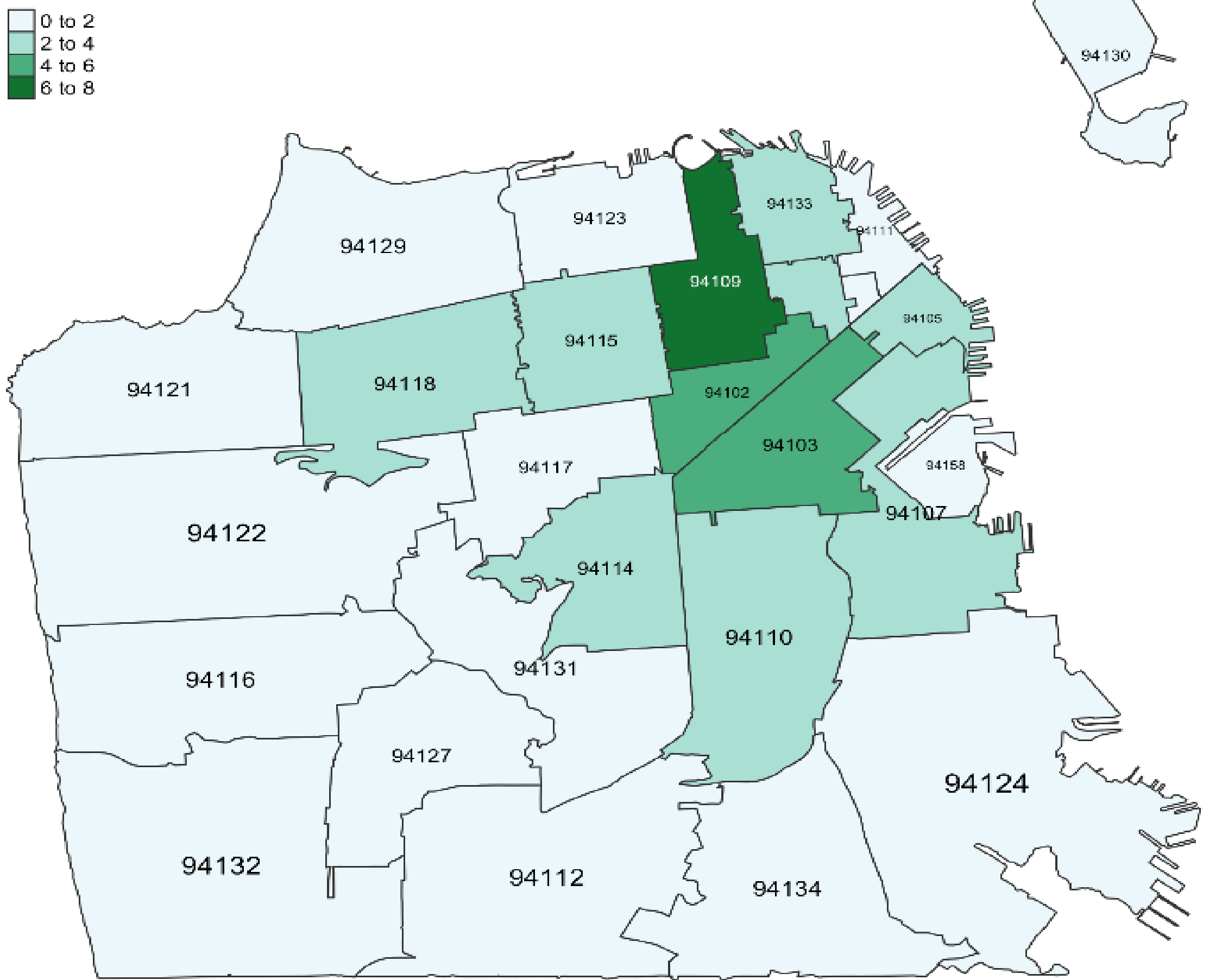
# Crime, break-in, vandalism

- 94110- Mission/Bernal
- 94114-Noe Valley/Castro
- 94102- Civic Center/Hayes Valley
- 94103-SoMa
- 94109- Russian Hill/Nob Hill

Crime(s) occurred 2-10 times in the past year

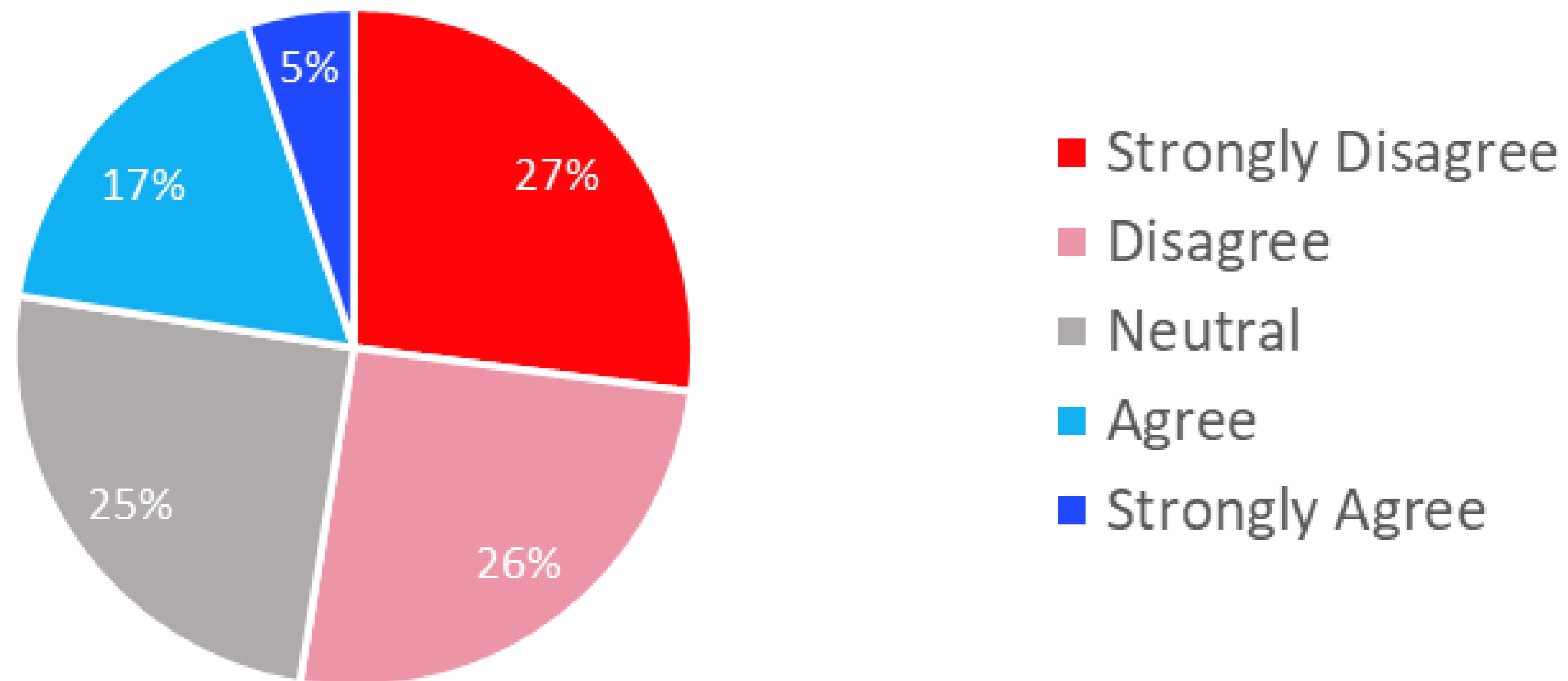


Crime(s) occurred more than 10 times in the past year

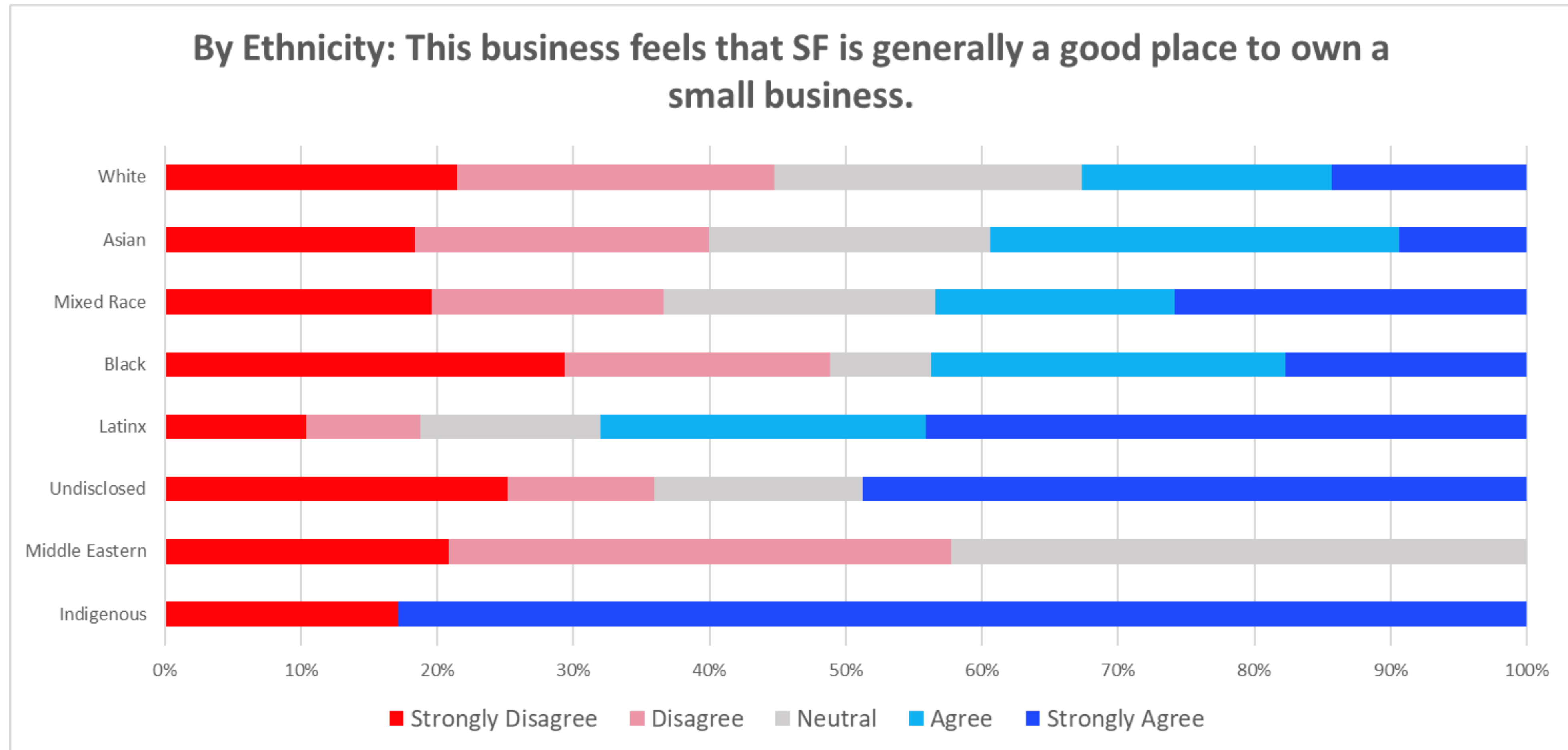


# Only 22% agree that San Francisco is generally a good place to own a small business.

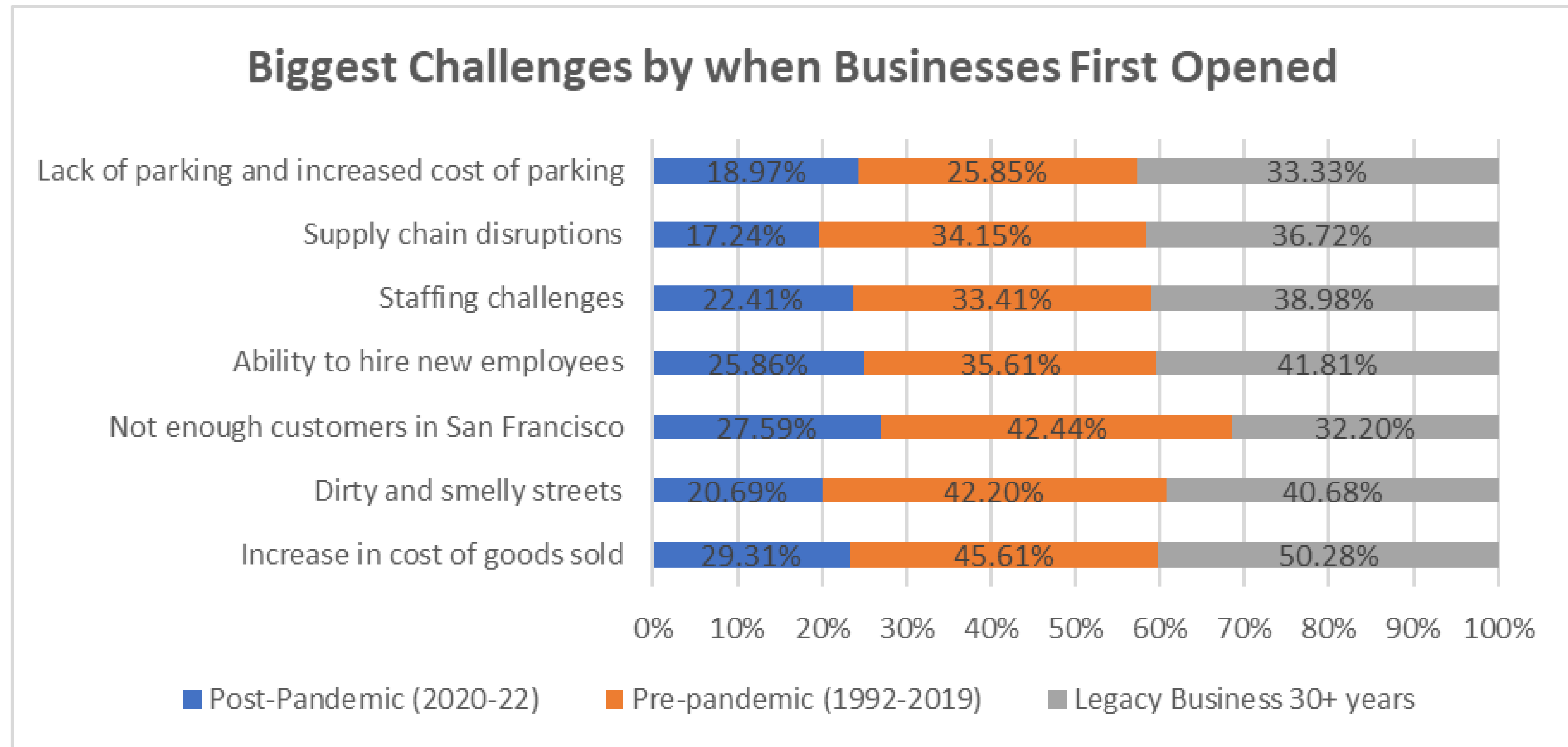
This business feels that San Francisco is generally a good place to own a small business.



# Majority (68%) of Latinx businesses find SF a good place to own a small business



# Challenges by when business started



Legacy businesses were disproportionately challenged. Pre-pandemic businesses most effected by unclean streets and not enough customers.



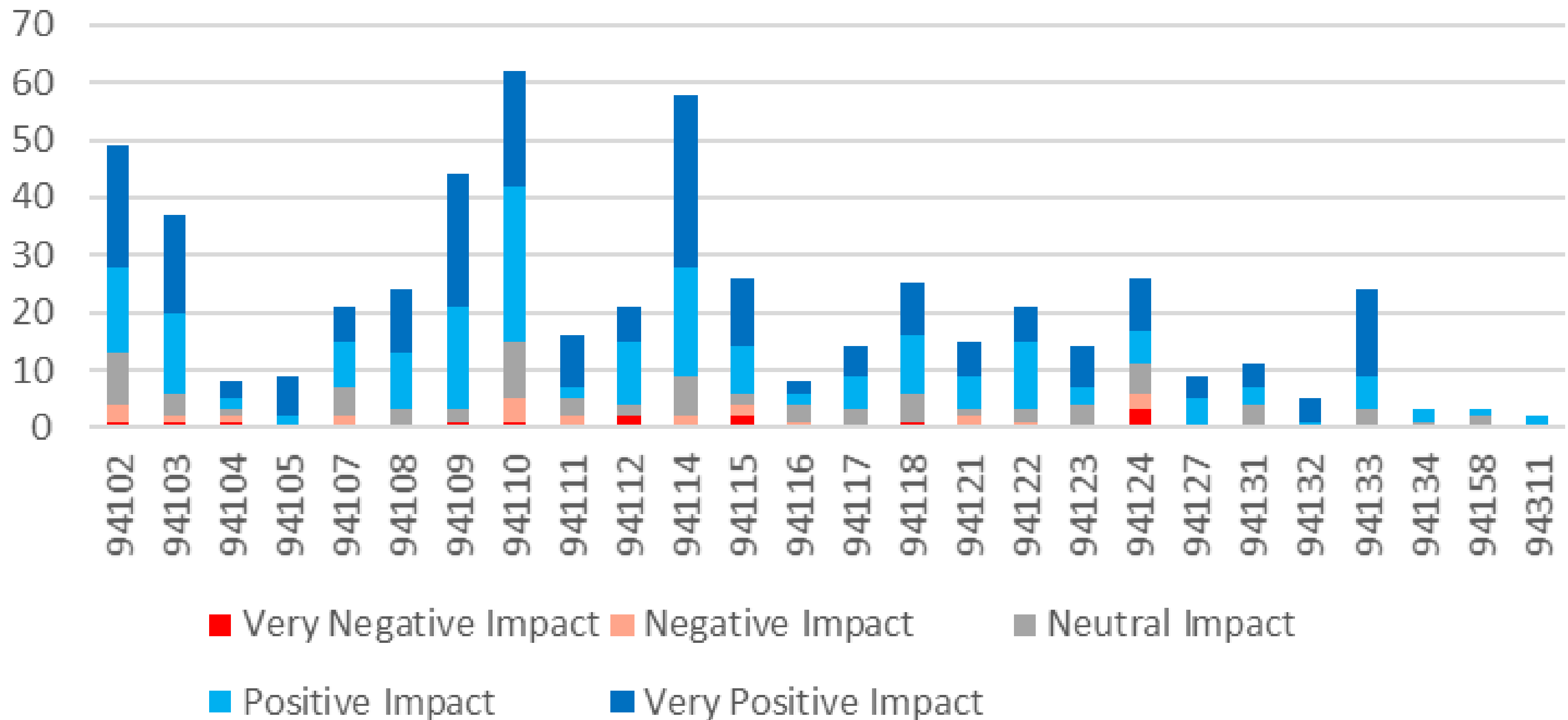
# Feedback on Policy suggestions



# More Police patrols in commercial corridors

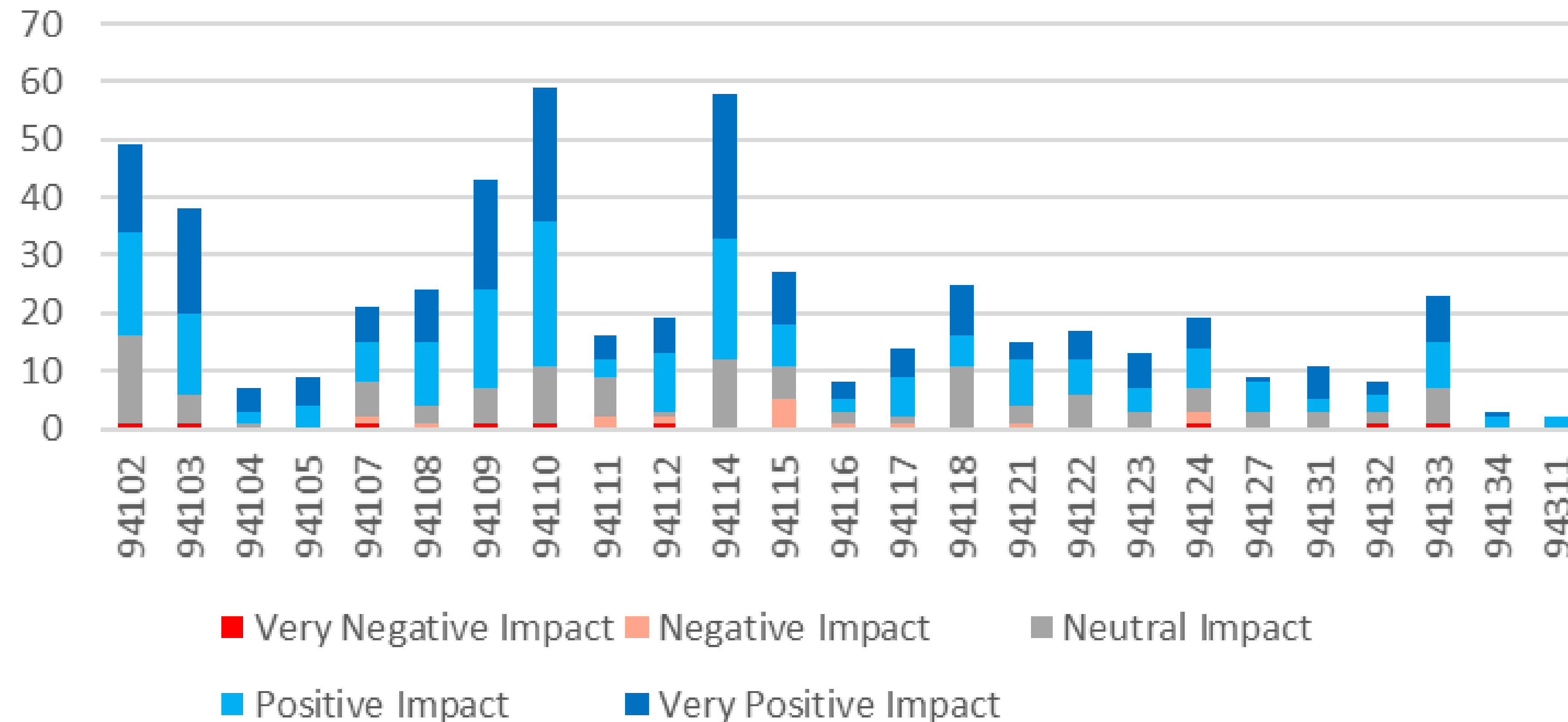
Impact of more police foot/bike patrols will have  
in commercial corridors (number of businesses)

94110- Mission/Bernal  
94114-Noe Valley/Castro  
94102- Civic Center/Hayes Valley  
94103-SoMa  
94109- Russian Hill/Nob Hill  
94124- Bayview  
94115- Pac Heights/Western Add.



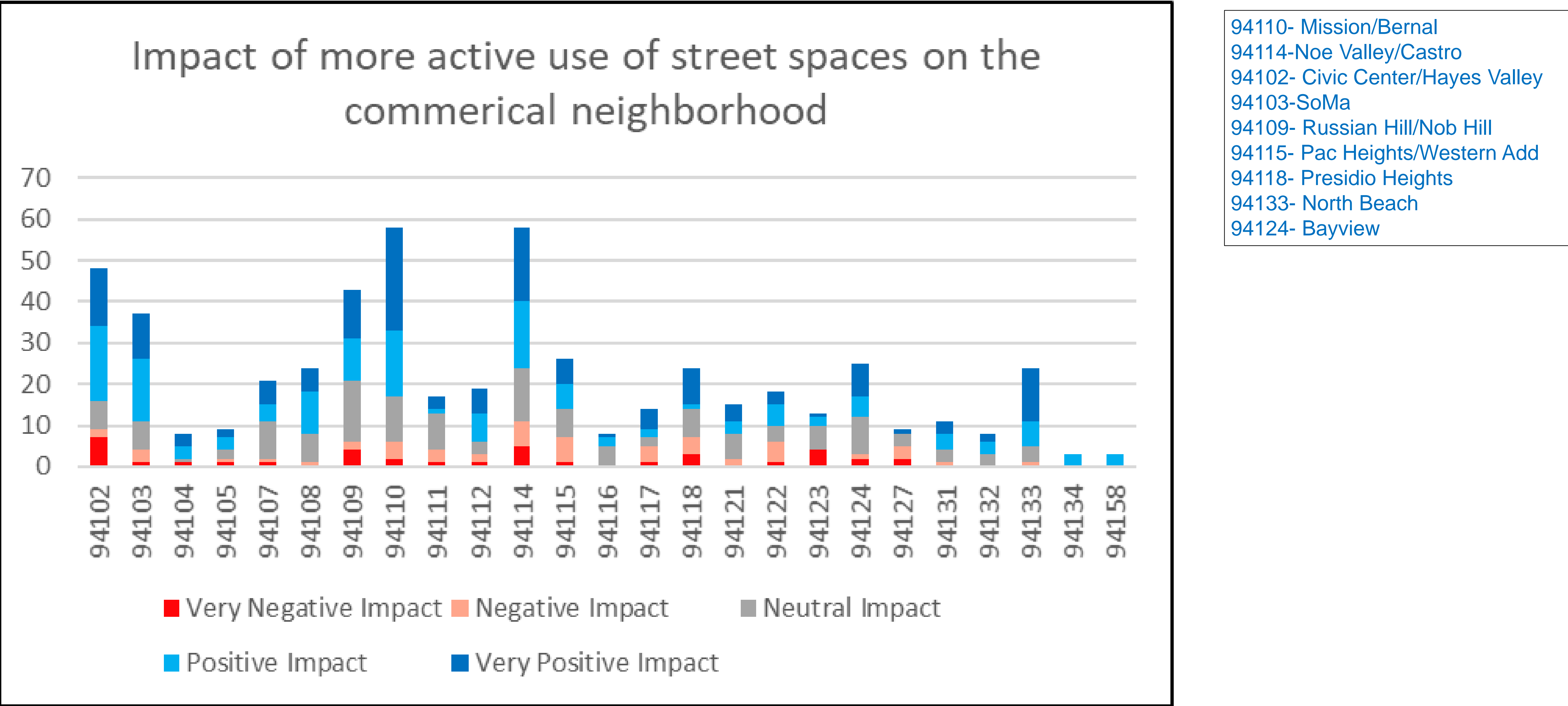
# More Community-led monitoring of street behavior in commercial corridors

Impact of Community groups monitoring street behavior



94110- Mission/Bernal  
94114-Noe Valley/Castro  
94102- Civic Center/Hayes Valley  
94103-SoMa  
94109- Russian Hill/Nob Hill  
94115- Pac Heights/Western Add  
94118- Presidio Heights  
94133- North Beach

# More active use of street spaces in commercial neighborhoods



# Top 4 Needs Identified by small businesses

Q31: What would be of greatest support to your business right now?		
	Frequency	Percent
Access to grants or 0% loans	266	33
Improved street conditions	241	30
Greater marketing and messaging to encourage re	171	21
Increased security systems/cameras	122	15



# Top 4 needs by Business type

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- Accommodation and Food Services and Real Estate asked for **improved street conditions**
- Arts & Entertainment and Retail asked for more **marketing and messaging to increase customers**
- Education, Health Care and Manufacturing asked for **increased security**
- Professional, technical and other services asked for more **grants and loans**

# Top 4 needs by ethnicity

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- **Asian and Middle-Eastern owners** asked for increased security
- **Black, Latinx, Mixed Race owners** asked for more loans and grants
- **White owners** asked for improved street conditions

# Summary of Findings

## State of Recovery

1. Businesses are making less money and employing fewer people since 2019
2. 25% businesses have no cash or less than 2 weeks of cash
3. 20% businesses used their own savings, federal tax credits underused
4. More than a third of businesses did not know or did not think programs were made for them

*“I have refinanced my personal home and sold some assets to generate cash to pay landlords but still this was not enough for some”*

*“Taxes and the HCSO ordinance really hurt our ability to offer higher levels of compensation and recruit and retain staff.”*

*“Our landlord never gave our business a break, even though we were closed for fifteen months. How are we supposed to pay rent, insurance, utilities, etc...when we could not make a sale??????”*

# Summary of Findings

## Current Challenges

1. Increased cost of goods sold
2. Deteriorating street conditions
3. Shrinking customer base
4. Inability to hire new employees, staffing challenges
5. Supply chain issues
6. Lack of parking, higher cost of parking
7. Public safety concerns, retail crime

*“The cost of operating a business in this city is endangering small business.”*

*“Availability of qualified employees willing to commute into, or living within SF VERY limited. Combination of time and commute costs into SF is a major deterrent to obtain needed staff.”*

*“We are profitable, but the mental illness on the streets has hurt our ability to keep staff, we don't get prompt response from police, and we are consistently boldly shoplifted which hurts morale.”*

# Summary of Findings

## Top Needs Identified

1. Access to grants and 0% loans
2. Improved Street conditions
3. Greater messaging to support local small businesses.
4. Increased security systems/cameras

*“Programs barred my ethnicity from applying OR were not for a single sole prop business”*

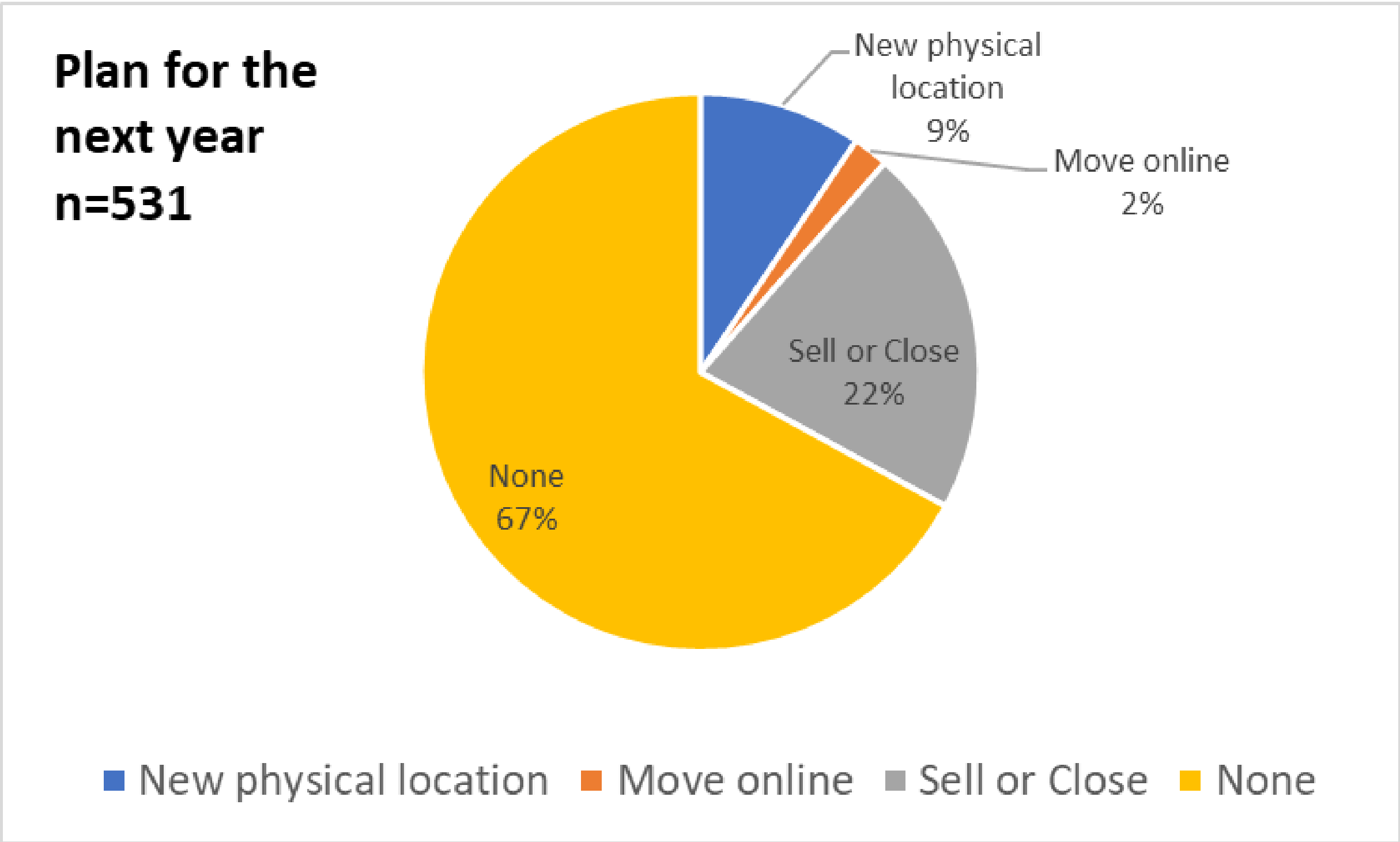
*“All of the advantages of being in San Francisco (tourists, conventions, lots of residents who like going out) virtually disappeared during the pandemic and are slow to return. Out of control drug use and violence on our streets is hurting all of the above, with the city seeming to encourage drug use and the rights of people to be on the street over the concerns of the safety of its other citizens.”*

*“We been broken into 3 times. One time cost us almost \$20k. We've had numerous windows broken.”*



# Future Plans

*“As a small business owner, I'm broken hearted by San Francisco. Rents are high, we are paying pre-covid rent and I have lost over 50% of my clients, clients that lived in surrounding areas were scared to come into the city due to crime, homeless(ness), dirty (streets). I think about closing up and moving everyday.”*



Q24: Where will you move to?		
	Freq.	Percent
Another location in SF	23	46
Outside SF	27	54
Total	50	100

# Recommendations

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- **Invest in Safer streets**
  - **Most businesses across zip codes think police patrols or community groups will bring a positive impact**
- **Provide Technical Assistance around sources of financial help and business operations**
  - **Businesses need assistance in applying for tax credits, setting up websites and apps for online sales, workforce recruitment and development**
- **Messaging to increase sales, being Open is not enough**
  - **Shop and Dine Local, Increased parking, Cleaner streets**
- **Necessary Reforms**
  - **HCSO Reform, Taxes & Fees Relief, Faster Licensing and permits**

# 2022 Sample compared to 2021 Sample

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## Data 2022

- Number of responses: 802
- 719 English surveys
- 33 in Spanish, 26 in Chinese, 15 in Vietnamese, 4 in Japanese, 3 in Arabic and 2 in Russian
- 65% completed all questions

## Data 2021

- Number of responses: 579
- 547 English surveys
- 27 in Spanish, 3 in Chinese, 2 in Korean, 2 in Vietnamese, 1 in Japanese
- 83% completed all questions

# Business Description 2021 vs 2022

## Sample Description 2021

- Sectors most responded: Accommodation and Food Services, Other services such as salons, massage and Retail
- 14% legacy
- English is primary language for 87%
- 46% female owners
- 13% owners older than 65 years
- 53% White, 22% Asian, 12% Latinx, 3% Black
- 61% under \$1 million in annual receipt, 23% in \$1-\$5 million
- 32% more than 10 employees
- 25% less than 2 weeks cash, 5% with 6 months

## Sample Description 2022

- Sectors most responded: Accommodation and Food Services, Retail, Other services such as salons, massage and Professional/Technical
- 27% legacy
- English is primary language for 88%
- 43% female owners
- 20% owners older than 65 years
- 49% White, 19% Asian, 10% Latinx, 5% Black
- 74% under \$1 million in annual receipts, 18% in \$1-5 million
- 25% more than 10 employees
- 25% less than 2 weeks cash, 24% with 6 months

# Findings 2021 vs 2022

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- Businesses still need access to grants and loans, greater messaging and marketing to bring in customers. In 2022, Businesses have expanded their needs from cleaner streets to safer streets and more cameras and security
- Businesses continue to need technical assistance in finding appropriate grants and loans and other business operation support and training
- Most businesses prefer consistent communication through the sf.gov website and emails from the Commission and OEWD

# Q&A

## Contact Us

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