



Notes for 6/9/20

House Committee on Commerce & Community Development

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We at the Center for Women & Enterprise Vermont (CWEVT) are home to Vermont's Women's Business Center, a program partially funded through the Small Business Administration. Through no-cost business counseling throughout the life of the business and various short- and long-term training programs, we work statewide with Vermont's women business owners to help them start and grow their businesses.

In 2019, more than 900 entrepreneurs across Vermont were served by CWEVT, and with our assistance, generated more than \$13M in wages, created 517 jobs, and accessed almost \$1M in capital.

Since March/COVID 2020, we've worked with over 300 individuals, helping them scenario plan, pivot their marketing, navigate federal stimulus programs, and build strategic financial plans. Typical size of EIDL Cash Advance in those surveyed was about \$2000, PPP around \$20,500.

Average size & types of business we work with:

- 40% solo practitioners, work with an extensive network of contractors
 - 50% self-employed filers/sole proprietorships
 - Many freelancers/operating in gig economy
- 50% have 5 or fewer employees, typically first-line workers (production, front-of-house staff, etc.)
- Generating \$10k-\$750k in revenue
- A large portion of our clients have multiple business enterprises, for example a small farm and value-added product line, or entirely different business.
- 40% just started making sales; 40% in their first 5 years of operation & experience early-stage growth; 20% in growth/mature businesses
- 30% of inquiries through COVID have been from women looking to start their own business, a direct impact of COVID. We expect this number to grow over the summer months.

Industries:

- 'High-touch' – retail, service-providers, healthcare & healing arts, small food establishments
- Dominate in the industries hit hardest and earliest by mandatory shut-downs

Markets have significantly and fundamentally changed. Risen to the challenge! While about 20% of the businesses with whom we've worked have been on pause entirely, we've seen the greater majority of clients getting scrappy: they pivoted to offering online services quickly. Many of our personal training/gym/fitness/yoga studio business clients switched to offering classes online, for example, and have invested in infrastructure to allow them to continue operations.

What we're seeing:



National trends in women's business ownership are reflected here. Average loan sizes nationally tend to be about 30% less in 'regular' times.

- Funding
 - Clients who are now manifesting pretty complicated financial relief product mixes who have never had formal bank credit relationships
 - Clients asked for far less financial assistance, or none at all, because of uncertainty, risk aversion, and a reality that debt weighs heavier on women owned businesses
 - For many of those who did seek federal products, they have kept the money in their account unspent
 - When the EIDL grant was initially released, clients found \$10k as a magic number – it would have given them breathing room and ability to pivot their operations
 - Require money to pivot & build 'new' in their businesses. Current products help with status quo.
 - In many places, struggling to pay rent and make the decision to stay open/relinquish the space
 - Manifestation of long-standing discrepancies in women accessing financing – they didn't have the lending relationships that moved them to the 'front of the line' and had a difficult time accessing any funds
- Reopening
 - Require investments of PPE that prohibit their ability to maintain compliance AND operate soundly
 - For example, retailers need to put up plexiglass, staff training, limiting customer count, etc.
 - Most know their costs and are grappling with how to pay for these products in addition to the costs associated with starting up again (marketing, etc.)
 - Reopening under the new guidelines continues to be a trade-off: business owners have the same expenses but only a small percent of ability to make up revenue
 - Deep relationships with clients. Cash flow vs. client relationships/service/consistency a hard trade-off
 - Navigating employee relationships – our clients tend to wait longer to hire and keep their employees for longer once they have them.
 - Contract tracing is difficult, especially for higher-touch businesses
- Pivoting
 - About 70% of our businesses chose to pivot by moving online, needed resources to make those investments
 - Found assistance through local programs like NCIC's technical assistance sharing program
 - Reliable internet connection to get online proved challenging, both for customer/commerce purposes and for team development
- Information & Assistance
 - Navigating myriad sources of information and funding is a full time job. Streamlined information at ACCD helpful, as are recovery business navigators – trusted advisors available now, before, and for long-term
 - Need for translated guidance – cultural & language



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- Business owners distributing their information about being open or not, making sure existing and new clients know if they're open has been challenging. An app like Black Wallet may be an interesting thing to consider
- We've been having many conversations around PUA, PPP, EIDL, and what's it's uncovered is a gap in the legal foundations of the company
- Access to additional markets
 - Set-aside state contracting programs in other states have manifested greater participation and potential for expansion into new markets, thus sustaining businesses

As much of our data is still raw, I'm very happy to provide some more comprehensive data. We can connect with our partners to give you additional information about the state of Vermont's women owned businesses as well.