



Venture Forward

CETF

November 2021



Our Vision

Radically shift the global economy toward independent entrepreneurial ventures.

Thea Monyee
THEAMONYEE.COM

Our Mission

Empower entrepreneurs everywhere, making opportunity more inclusive for all.



Venture Forward
by GoDaddy

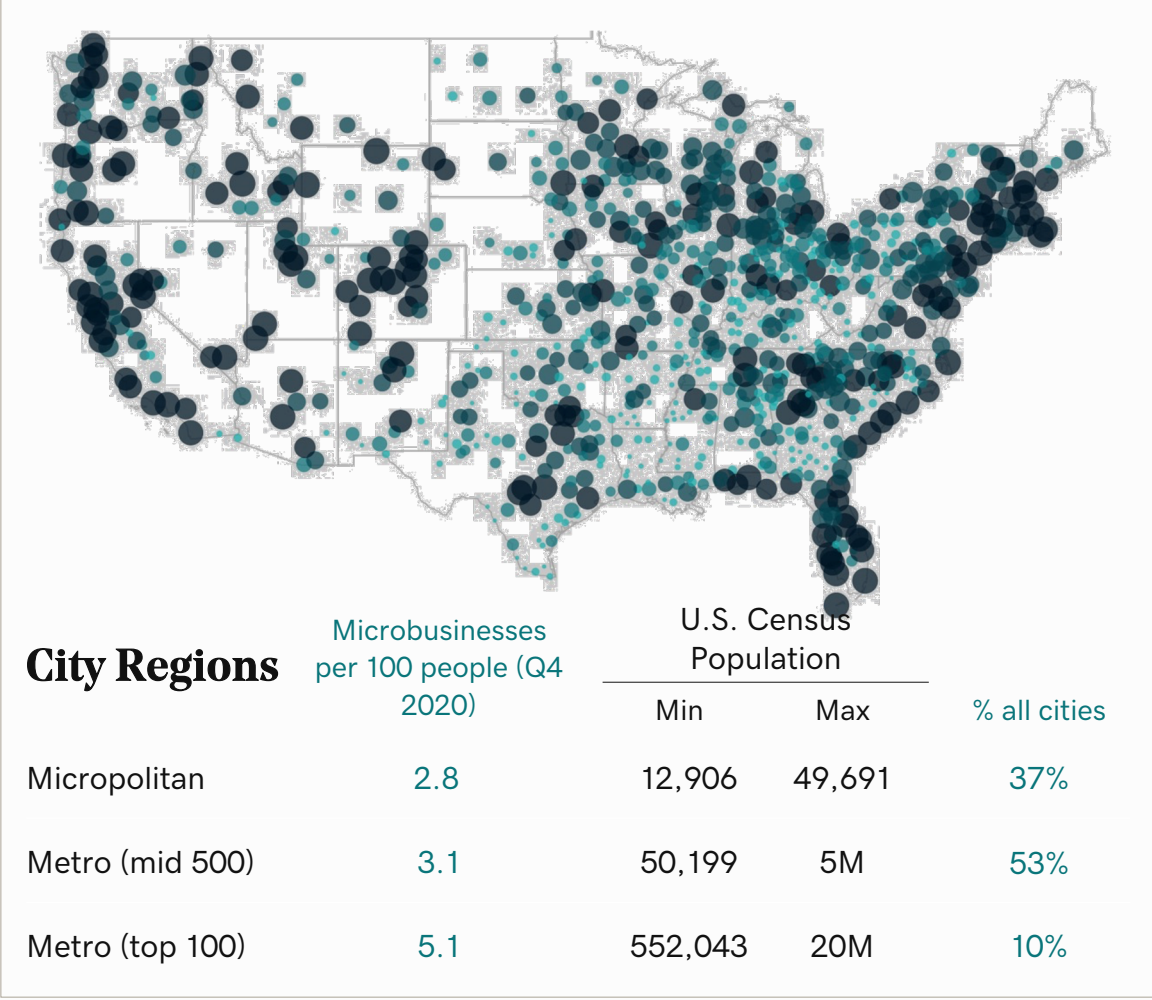
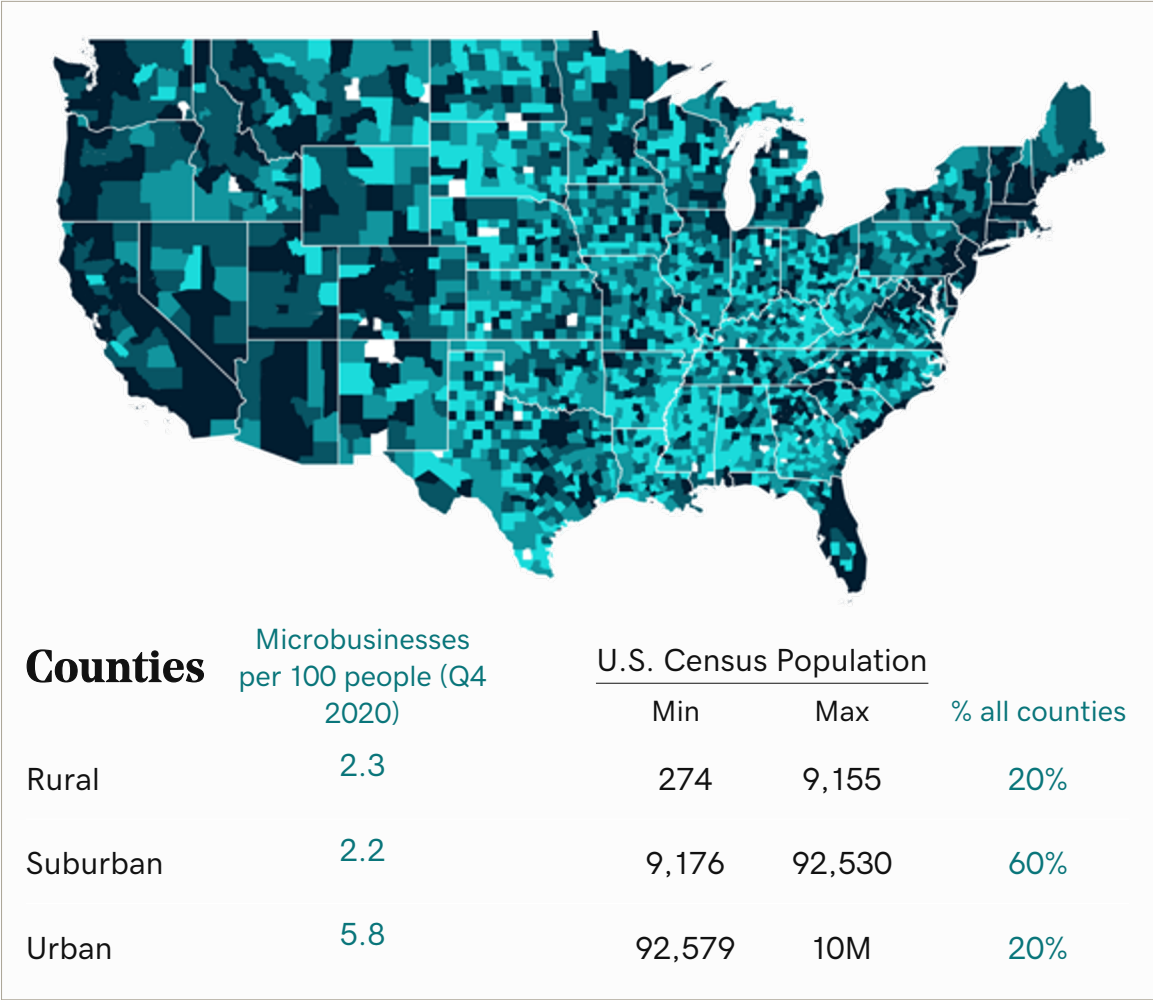
Quantifying the impact of 20
million microbusinesses on the
US economy.

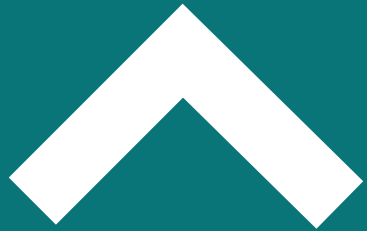
**“You can’t create policy for
what you can’t see.”**

— Jim Hock

Chief of Staff, US Department of Commerce | January 2015-2017

Microbusinesses thrive across all geographies





\$485

Adding one highly active microbusiness per 100 people could add \$485 to household income.

Microbusiness can drive household income growth. From 2016-2019, annual household median income increased nationally an average of \$5,520 across counties. Adding one highly active microbusiness per 100 people would increase that to \$6,005.



0.05%

One microbusiness per 100 people can reduce unemployment rate by 0.05 percentage points.

We looked at associations between more microbusiness and the reduction in unemployment rates in their communities. Adding one venture can reduce unemployment rate by 0.05 percentage points in a county.



2 for 1

Adding one new everyday entrepreneur in a community creates two or more jobs.

Microbusinesses directly create more employment activity in their communities. More people say they're employed. Our research with UCLA found that adding one new everyday entrepreneur in a community creates two or more jobs.

A look at everyday entrepreneurs across America

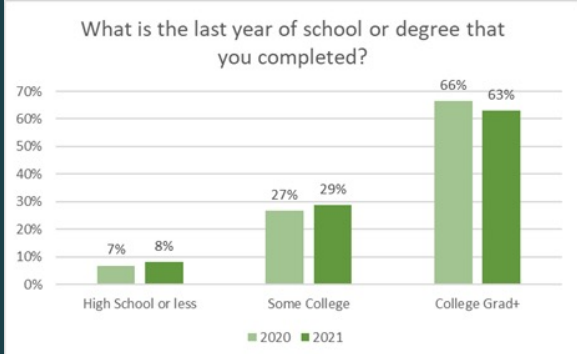
2020 & 2021 are seeing more microbusinesses among those likely most affected by the pandemic.

Employment



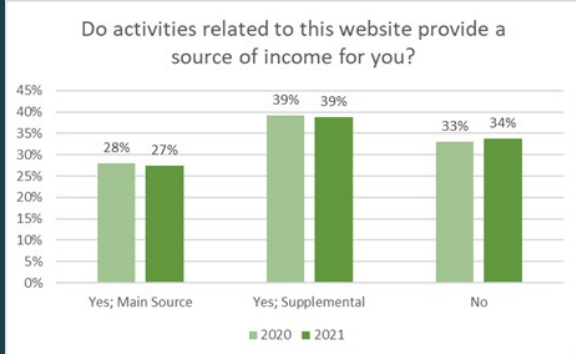
58% are solopreneurs. Of those with employees, 83% had 2-10 (89% in 2020)

Education



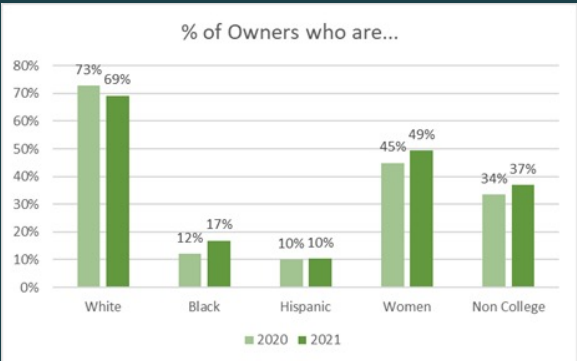
63% have a college education, slightly down from 2020. Well above national average of 42%

Source of Income



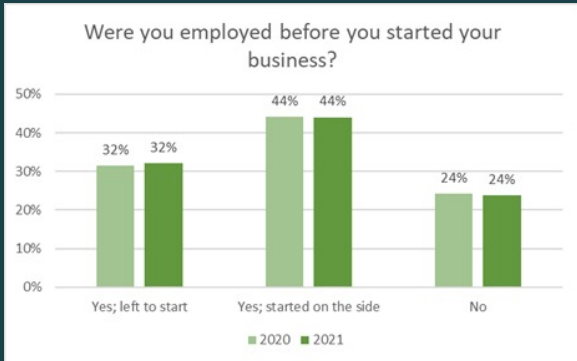
66% derive income from their business; 39% as supplemental source. 67% hope it becomes main source. Unchanged from 2020

Demographics



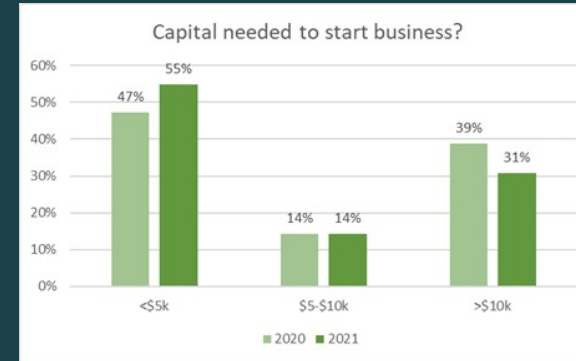
69% of owners were white, down from 73%. Black ownership was up 5 percentage points

Workforce Participation



24% were not employed when they decided to start their business, unchanged from 2020

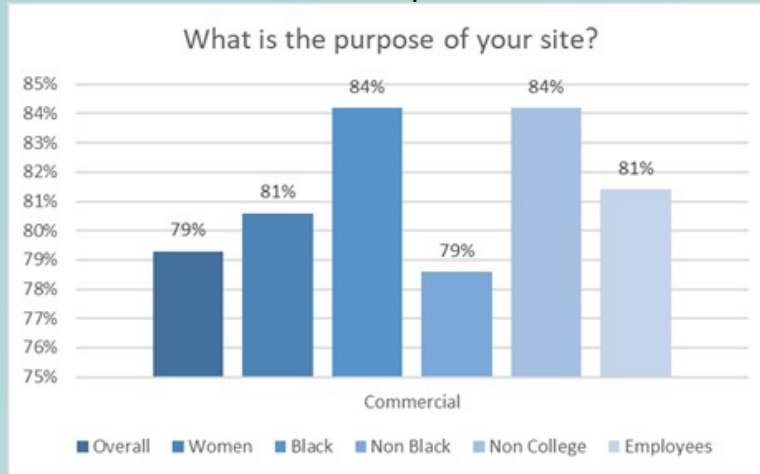
Capital Needed



55% needed under \$5k to get started, up from 47% in 2020. 73% drew on personal savings, up from 64%

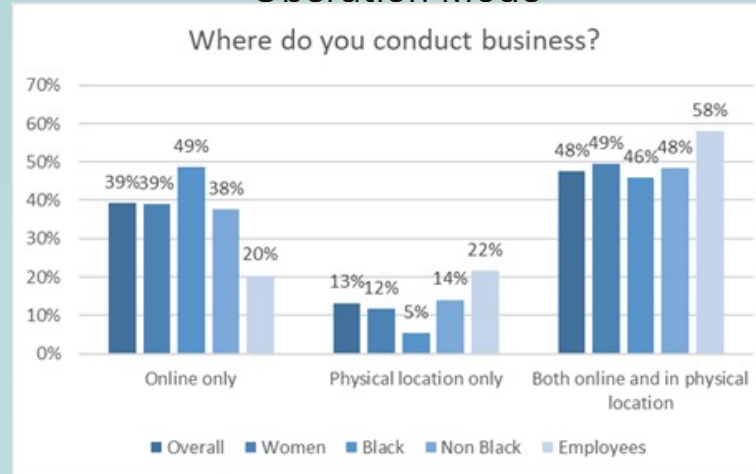
Microbusinesses in America: A Profile

Site Purpose



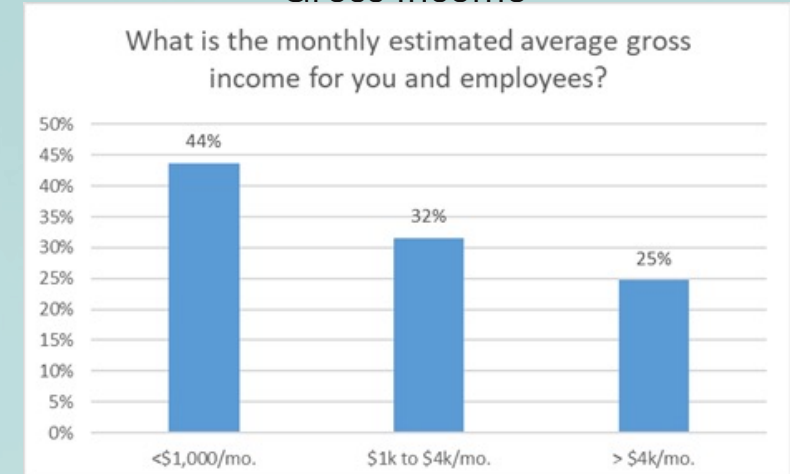
79% of microbusinesses had a commercial intent, marginally higher than 2020, with Black and Non-College owners most likely to be commercial.

Operation Mode



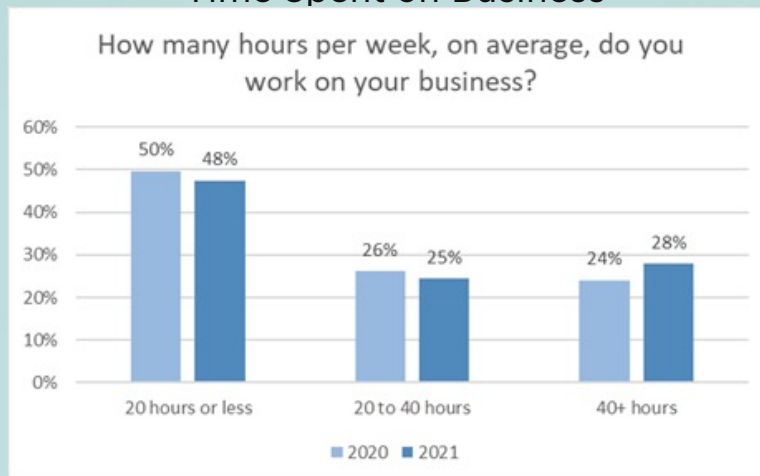
48% conduct business both online and in a physical location, unchanged from 2020. Black owners are most likely to be online only.

Gross Income



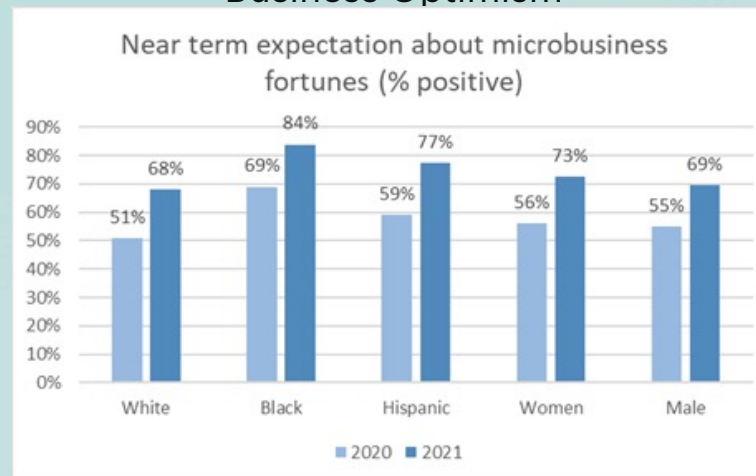
44% gross under \$1k per month in income. Among those with employees, 55% estimate average income is over \$4k per month. Not asked in 2020

Time Spent on Business



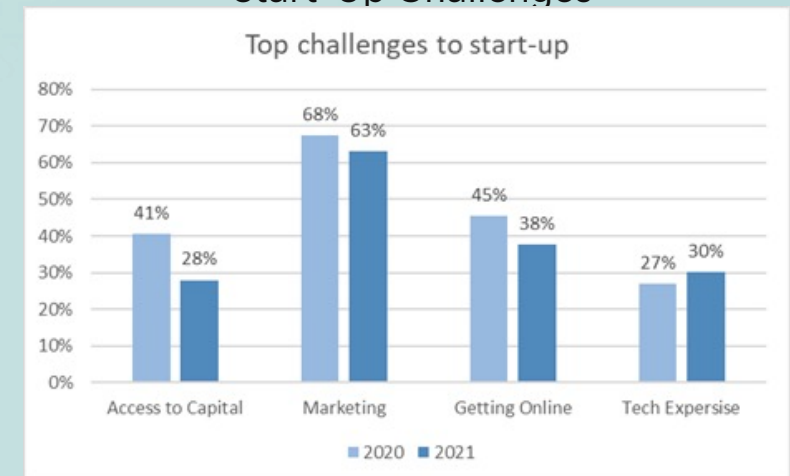
28% worked full time on their business, up from 24% in 2020. 57% of all respondents anticipate spending more time in next 3 months. Up from 55%

Business Optimism



All segments are more optimistic about their business than in 2020; Black and Hispanic respondents remain most optimistic.

Start-Up Challenges



Help with marketing remains the top challenge to starting a new microbusiness. Technical support grew from 2020 while need for capital declined

22%

said they made no change to their operations during the pandemic, up from 20% in 2020.

22%

applied for federal funding during COVID (PPP). Of those who applied, 80% said they were approved.

Among Black owners, 27% applied and 56% received assistance.

23%

shut down temporarily, down from 26% last year. 30% reported lower revenue vs 34% last year.

25%

said they received information or assistance from their state/local government.

7%

saw an increase in revenue during the pandemic, slightly higher than the 6% last year.

69%

have a positive outlook for their microbusiness in the next 3 months, significantly higher than 53% last July. While only 51% feel similarly about their state's economy this is a 24-point improvement year over year.

During COVID-19, most microbusinesses were affected by the pandemic but also found ways to adapt and even thrive.

There's been a lot of attention in the media about the effect of the pandemic on small and large businesses throughout the country.

And while some businesses are closing their doors, many microbusinesses are growing. This is especially true for people who have been disenfranchised by traditional small-business development programs in the past.

COVID-19 Impact:

Microbusinesses mitigated low-income job loss and offset unemployment

Low-Income Job Loss

Communities with higher density
of small businesses



Communities with higher density
of small businesses AND
microbusinesses



Unemployment rates

Communities with higher
broadband rates



Communities with higher
broadband rates AND
density of microbusinesses



Source: Urban Institute, and BLS April 2020 data.

California – At a Glance

1. California has over 3.4 million microbusinesses when aggregating across all zip codes according to Venture Forward as of Q3 2021.
2. California exceeds the national average with nearly **7 microbusinesses per 100 people**, compared to less than 5 per 100 people for the average state.

Ventures per 100 ppl. In CA zip codes, September 2021



How California stacks up to Pacific Northwest states (Oregon, Washington) and New York

State Name	Population (2019)	Broadband Adoption (2019)	Raw Microbusiness Counts (Sep '21)	Rank by Raw Counts
Oregon	4,217,737	89.33%	345,331	20
Washington	7,614,893	91.39%	496,864	15
New York	19,453,561	86.45%	1,453,863	4
California	39,512,223	89.96%	3,479,070	1

Black entrepreneurship during the pandemic: Higher numbers of new starts than non-Black entrepreneurs across the US and in California.

	<u>CA Zips</u>		<u>US Zips</u>		
	<i>Bottom 80%</i>	<i>Top 20%</i>	<i>Bottom 80%</i>	<i>Top 20%</i>	<i>All Zips</i>
% Black Population	0%-12% (avg. 2.69%)	12.1%-81.1% (avg. 20.93%)	0%-12% (avg. 2.18%)	12.1%-100% (avg. 34.2%)	0%-100% (avg. 8.56%)
Microbusiness Density (Jun '21)	11.59	7.77	5.64	5.23	5.56
New Starts (Mar '20-May '21)	1012.6	965.5	312.84	497.1	350.03
% Change New Starts (Mar '20 - Mar '21)	99.88%	122.55%	114.84%	128.11%	118.13%
Average # Microbusinesses (Jun '21)	2109.6	1697.5	660.37	904.5	709.14
Median Household Income (2019)	\$79,319.81	\$59,170.04	\$65,175.27	\$51,056.43	\$61,366.62
Change in Median Household Income (2018-2019)	\$4,005.83	\$3,292.35	\$2,672.22	\$2,126.84	\$2,563.58
Prosperity (2018)	47.7	42.9	49.0	41.0	47.4
% in Poverty	13.49%	19.6%	12.1%	19.3%	13.82%
% Broadband Subscription (2019)	74.2%	69.5%	67.86%	60.7%	66.44%

It's not just access to broadband, but the digital literacy and participation that maximizes how to use it.



Spotlight: Black Entrepreneurs

Charly Pierre is a Haitian-American who started Fritai restaurant in New Orleans. They serve Haitian street-food favorites with a Creole twist.

Summer is usually the busiest time of the year for Fritai. COVID-19 changed that. He had to pivoting find new ways to build revenue. He's partnered with other groups to feed front-line medical workers, the elderly, and the homeless.

"We've got to constantly be connecting so we can all stay sane," says Charly.

We found this kind of optimism from Black venture owners across the country.

Optimism about the future

They are more optimistic about their future than any other population we surveyed (84% vs an average of 68%).

Getting Online

Black entrepreneurs are the most likely to have an online-only business (49%).

They reported that a website helped them during COVID-19 more than other groups (72% vs. an average of 60%),

Supplemental vs. main income

Respondents who are Black are 27% more likely to have their venture be their supplemental income, and they're 2.5 times more likely to want to convert that income to their main income.

PPP Loans

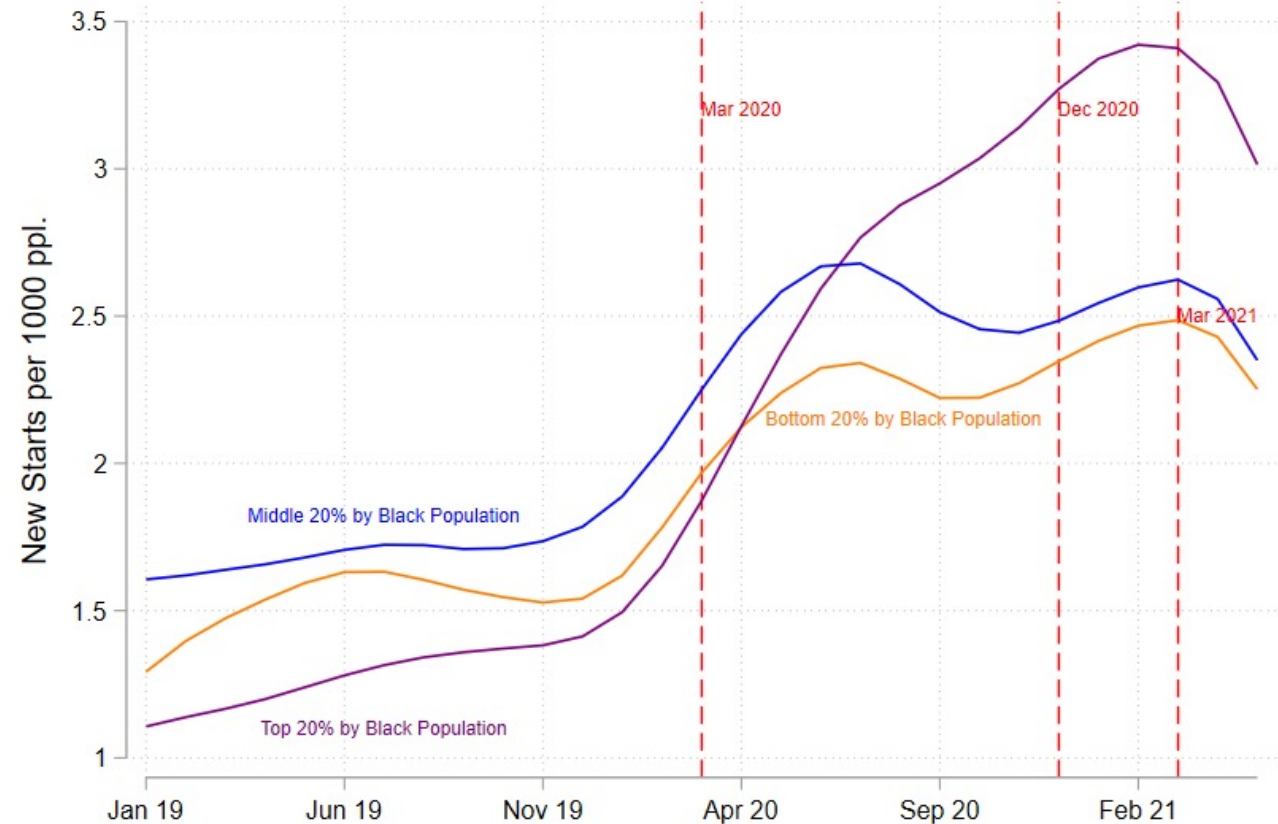
Black entrepreneurs had the lowest rates of receiving PPP loans, despite applying for them (56% compared to average of 80%).

84% of Black venture owners
are optimistic about their future
while in the middle of COVID-19.
This is significantly higher than
any other population.

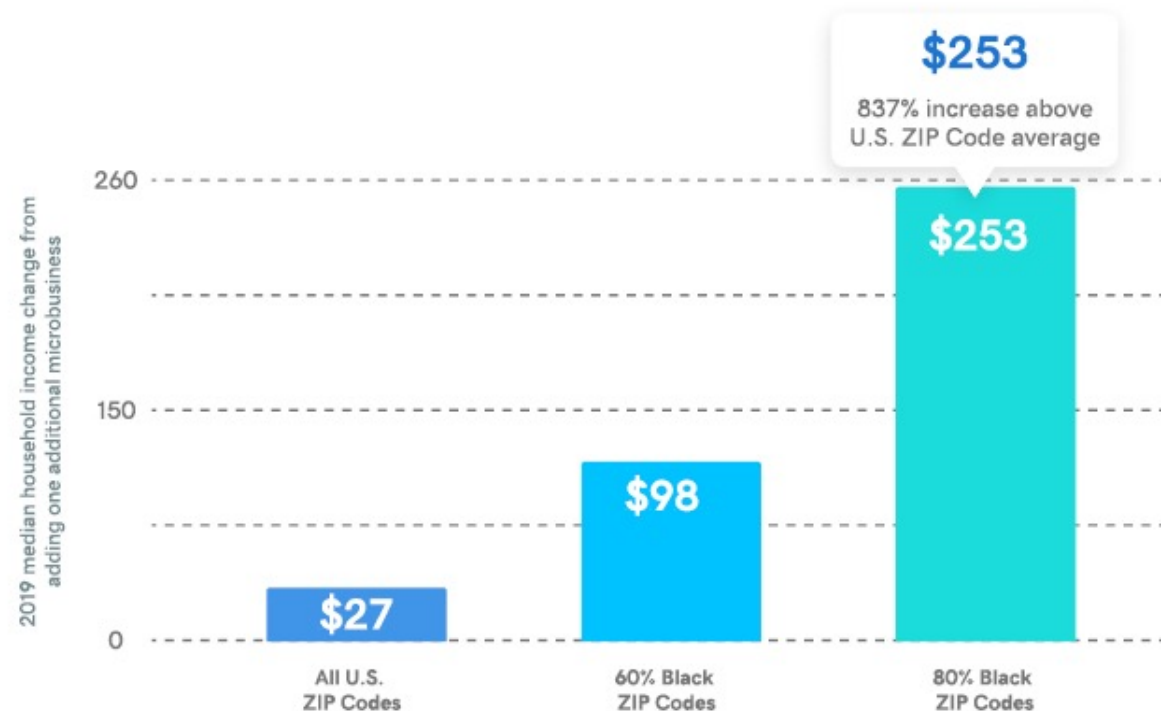
New starts line graph against dates of stimulus packages:

Research methodology and insights:

We broke CA zips down into quintiles by the Black percent of population, with roughly 138 zip codes falling into each category. We then compared the top 20% of zip codes with Black population ranging from 12-81% to the other 80% of zips that have Black population ranging from 0-12%. We did the same across all of the US, with 5,205 zips nationwide included in the top 20% that have Black populations from 12-100%.



When communities are 60-80% Black,
they benefit **3.5 to 9.4 times more**
from each new microbusiness.



*Source: 2019 US Census Income; 2018 Venture Forward microbusiness density data

In 2020, we saw everyday entrepreneurs increasing the number of new starts by 60%, compared to 2019. **In majority-Black communities, that number was 125%.**

SMALL BUSINESS AND MICROBUSINESS GROWTH, 2019-2020

21%

Growth in small business registrations, 2019 to 2020

60%

Growth of new microbusinesses in minority-Black zip codes

125%

Growth of new microbusinesses in majority-Black zip codes

Source: National Bureau of Economic Research and Venture Forward

At the start of 2020, these majority-Black ZIP Codes produced 44% fewer new microbusinesses than other zip codes. By December, that gap had reversed, with mostly Black ZIP Codes producing about 2.3 new microbusinesses per 1,000 people, compared to 2.1 for zip codes where Black residents are in the minority.

Black microbusiness owners' answers to survey questions in mid-2020 help explain this reversal. As a group, 80% of Black entrepreneurs had a positive view of the business outlook, compared to 62% of all those surveyed were more optimistic. Yet according to the McKinsey report, "More than 50 percent of the owners of surviving Black businesses surveyed in May reported being very or extremely concerned about the viability of their businesses."

That's the difference between brick and mortar respondents tied to the economic performance of their immediate neighborhood, and those that serve customers outside of the local area (about 3 in 4).

To read more see **"The evidence is mounting: Stimulus checks contributed to a new microbusiness upsurge in 2020".**

Access to Capital

1/3 of the sample

said "**access to capital** was a top priority".

1 in 2 Black-owned microbusinesses

said "Access to Capital" was one of the three biggest challenges.

This is **15 percentage points** more compared to the overall sample.

Woman, Black, and Latino-owned business needed less capital to start their business compared to the overall sample.

Needing **less than \$5K** in start-up capital

7 pts
Black

7 pts
Woman

4 pts
Latino

more likely than overall average.

Needing **less than \$25K** in start-up capital

12 pts
Black

9 pts
Woman

9 pts
Latino

more likely than overall average.

Only **5%** of microbusinesses in the sample got their start up capital from a bank and **4%** from friends or family.

66% of microbusinesses owners

used their **personal savings** as their primary source of capital to start their business (this is assumed to include home equity in a home).

Woman, Black, Latino, and Veteran owned microbusinesses **were more likely** to use personal savings compared to the overall sample.

5 pts
Woman

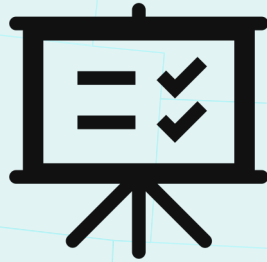
9 pts
Black

8 pts
Latino

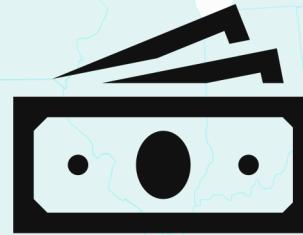
5 pts
Veteran



Affordable
broadband access



Skills
training



Access
to capital



Portability
of benefits

**We are
dedicated to
partnering with
mayors and
economic
development
experts to
support
everyday
entrepreneurs.**

Gilbert, AZ

Supported \$18m business recovery fund.

Denison, TX

Justified microbusiness investment and setting up e-commerce accelerator

Chicago, IL

Helping businesses get online in advance of COVID-19 winter.

Boise, Idaho

Informed Governor's Economic Rebound Advisory Committee.



Advocacy in action

Gilbert, AZ

Support Offered: Gilbert's task force worked with GoDaddy to survey Gilbert's microbusinesses pre and post beginning of Covid.

Outcome: The data helped Gilbert's task force assess the city's business needs and develop a 3-phase program that used the Federal CARES Act dollars for highly targeted solutions.

Denison, TX

Support Offered: Denison's Business Development Alliance ran across Venture Forward when searching for data sets to learn how increasing online business activity could help the city cope with their statewide shutdown from Covid.

Outcome: The team created and was approved to provide grants to help local entrepreneurs succeed online.

“Venture Forward opened our eyes to just how big of a microbusiness market we have in Gilbert. We were able to take that information and parlay that into business decision making, that ultimately led to the funding of \$18 million worth of business recovery funds.”

—Dan Henderson,
Director of Economic Development
Gilbert, AZ
Home to 35,000+ microbusinesses

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