

Resourceful and Resilient

A Study of Accion Opportunity Fund Clients during the COVID-19 Crisis

Small businesses have shouldered the brunt of the economic fallout resulting from COVID-19. According to the Federal Reserve, the number of small businesses declined 22% between February and April 2020, with firms owned by entrepreneurs of color hit the hardest. Black (-41%), Latinx (-32%), and Asian (-26%) business ownership all declined at much greater rates than white ownership (-17%).

Accion Opportunity Fund works to create an inclusive, healthy financial system that supports the nation's underserved small business owners, providing working capital, equipment finance loans, and business resources. This September, we surveyed our borrowers to ask how they've adapted their businesses in response to the pandemic and what their outlook is for the future.

As the economy continues its bumpy recovery, the findings from this survey not only act as a baseline for further research, but also inform us on how to better serve our customers through these challenging times.

Key Findings

Despite the dire state of small business, entrepreneurs remain resilient. To succeed, though, they need additional funding and support.



4 out of 5 reported the pandemic having negatively impacted their business, with most reporting reduced or zero revenue.



Two-thirds implemented changes to their business in response to the pandemic.



To get back on their feet, entrepreneurs are looking for additional financing and guidance.



8 in 10 expect their financial situation to improve, with most expecting to keep their businesses open long-term.

Methodology

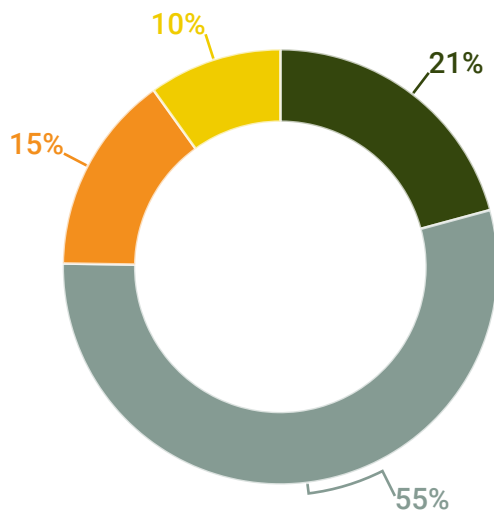
In September 2020, Accion Opportunity Fund sent a survey link to its 6,000+ active borrowers via email newsletter and SMS. The survey was available in English and Spanish.

Our 244 respondents were:

- 42% female
- 58% male
- 66% Latinx
- 14% Asian/Middle Eastern
- 11% White
- 6% Black
- 2% Other

Bleak Beginnings

● No Revenue ● Less ● Same ● More



4 out of 5 surveyed entrepreneurs reported COVID-19 negatively impacting their business.

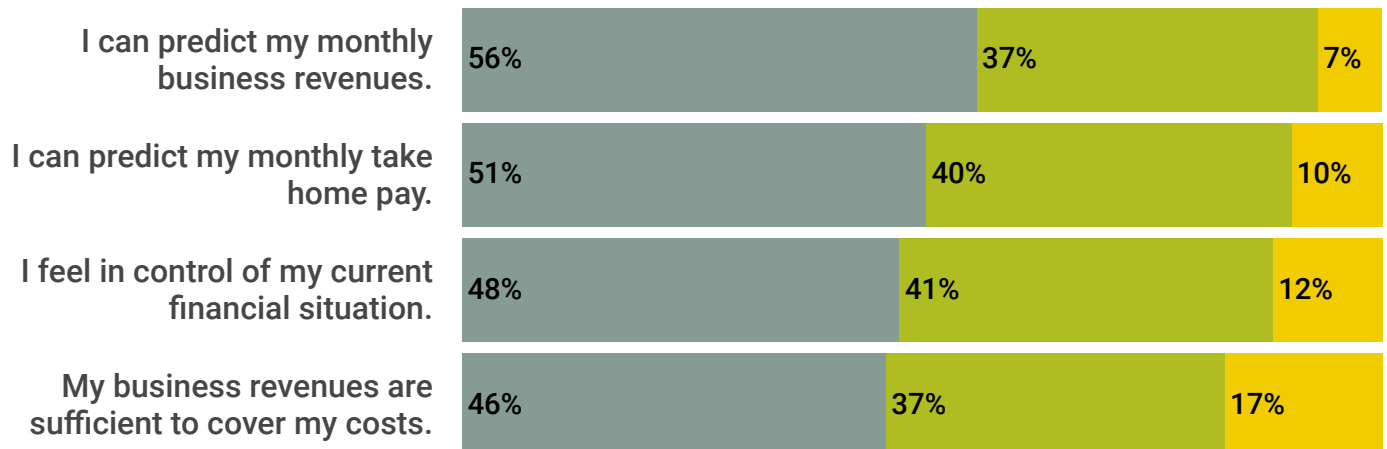
Many experienced revenue loss, with 1 in 5 reporting no revenue in the month prior to the survey.

Among business owners with employees, 6 in 10 were forced to lay off staff.

“ I cater weddings. Almost all of my weddings have either canceled or rescheduled. ”

And as of September 2020, financial stability remains elusive for many.

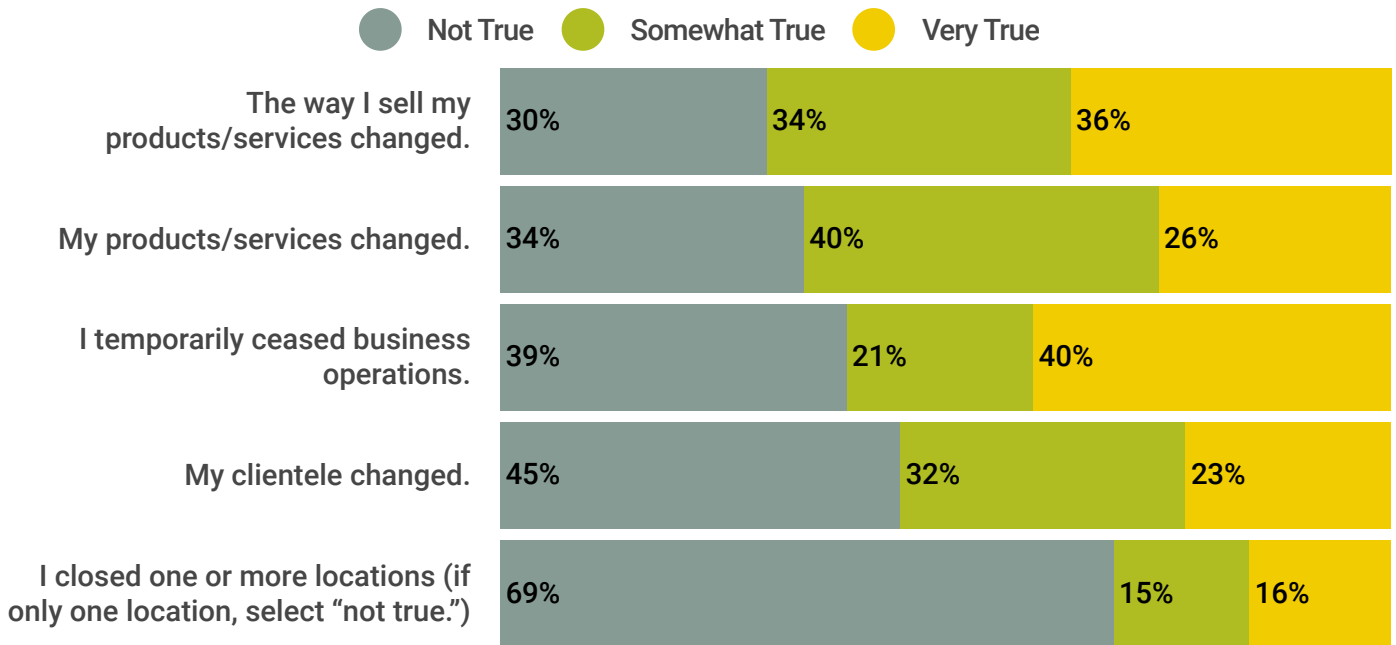
● Not True ● Somewhat True ● Very True





Pivoting Forward

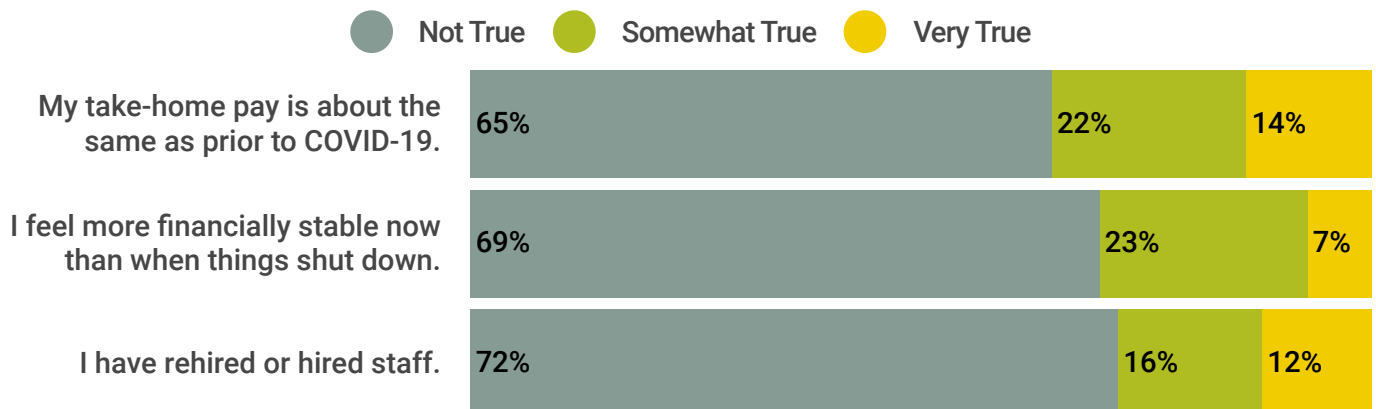
65% of entrepreneurs have made changes to their businesses in response to the crisis.



Adaptation at Its Finest

To keep their businesses afloat, our clients got scrappy. They pivoted to online sales, updated their supply chains, and even moved operations outdoors.

Given inconsistent and uneven reopenings, recovery is still a work in progress.





Help is Here

Like our borrowers, the last several months have compelled us to pivot and adapt to this ever-changing landscape. To ensure we were available to our clients, Accion Opportunity Fund extended our normal channels of communication to include SMS outreach, as well as expanding our hours of operation.



This summer, our customer service team fielded 2.5x our usual call volume.

To aid in their recovery, small business owners asked for **additional financing, personal and business financial advice, and help improving business operations.**

8,000+ webinar attendees

Since the onset of the pandemic, Accion Opportunity Fund has hosted 20+ educational webinars covering topics like personal finance, cash flow management, and small business marketing.

\$4.7M in deferred payments

We've also provided much-needed financial relief to our customers, including Paycheck Protection Program (PPP) loans. Signaling our commitment to the smallest and most underserved businesses, our average PPP loan size was \$14,829 compared to the national average of \$101,000. 90% of our recipients were people of color.

\$1.4M in payment forgiveness

\$14M in 932 PPP loans

In conjunction with our community and governmental partners, Accion Opportunity Fund has offered grants and innovative, low-cost products like our new RESTART loan.

Pivoting for Success: Chef Shannen

I think my saving grace was that I didn't panic. I kept asking, "Where can I fill the void?" We started a cloud kitchen that was all delivery-based. I started doing a meal prep service, cooking meals for people on a fitness kick, who were working from home and maybe educating their kids from home. I knew I also needed to create revenue beyond selling burgers, so I started doing branding opportunities with other companies.

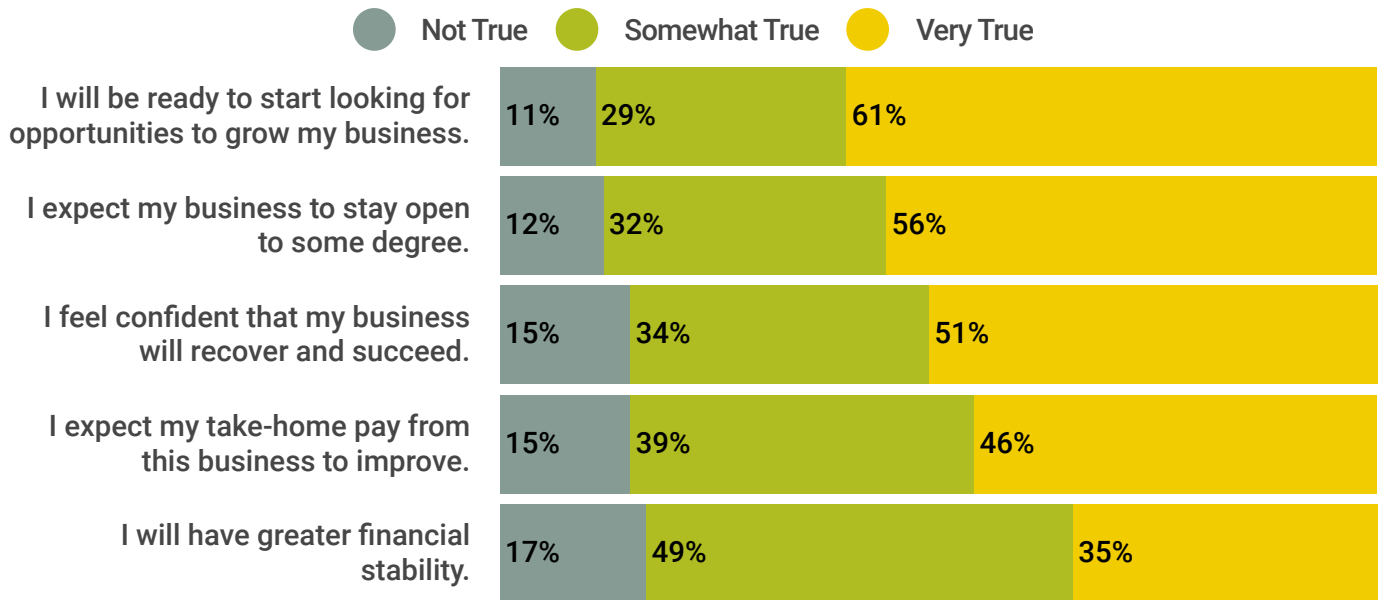




On the Horizon

Despite challenges, many entrepreneurs are looking ahead.

In the next 6-12 months...



Even with the challenges of this year, the survey revealed an optimistic spirit: while many small businesses are expected to close permanently as a result of the pandemic, a majority of our respondents are confident that their businesses will survive, with 8 in 10 expecting their finances to improve in the coming year.

Small businesses propel our nation’s economic engine. They make up 99.9% of all firms in the US and employ 47.5% of the workforce. They sustain healthy families and communities, especially in low-income and rural areas.

Thanks to our supporters, Accion Opportunity Fund can provide the critical resources and responsible financing necessary for small businesses to succeed. Your support enables

Accion Opportunity Fund to offer affordable loans to underserved entrepreneurs across the country; provide payment relief for those who are struggling to repay; create innovative, inclusive financial products; and offer educational resources and programming.

Accion Opportunity Fund supplements our work by advocating for strong federal and state policies in support of small businesses. We champion the funding of programs that expand access to capital and resources; responsible lending standards for the marketplace that allow entrepreneurs to make straightforward financing decisions for their businesses; and provisions to ensure historically-marginalized entrepreneurs receive their fair share in policymaking.