

## Small Business and Retail Committee

### Action Plan

#### Committee Members:

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### Pandemic Impact

**Overall:** The impact of the Coronavirus Pandemic has, depending on the market where the business operates, ranged from minor to devastating. Small retail businesses and small independently-owned restaurants have been particularly devastated, as have businesses which rely primarily on tourism. Evidence suggests that between 40% to 60% of small restaurants will probably close due to liquidity issues. In addition to these primary businesses, second and third order effects have been felt by those businesses that supply goods or services to the primary business. Supply chains have been disrupted, many forced to close or declare Chapter 11 bankruptcy. Nationally, from February to April of this year, the number of active business owners dropped by 3.3 million (22%). African-American and Latinx businesses were hit especially hard, experiencing a 41% and 32% drop, respectively.

### Current State of Industry

**Major Themes:** Since small business and retail businesses are not monolithic this is difficult to frame a response. The overarching themes across the region and the various industries are:

1. Will, when and how will customers come back to my place of business? (Customer Confidence);
2. What additional mandates, directives or burdens will be placed on my business? (Ambiguity, lack of predictability) and
3. Can I conduct business, at a minimum, at a break-even, let alone profitable level? (Business sustainability)

In addition to these sentiments the fear of a resurgence in the pandemic is always present in every business owner's mind.

**Challenges and Opportunities:** The biggest **challenge** facing most small business owners is liquidity. Cash reserves have been depleted just covering existing business costs, even when the owners were mandated by an Executive Order to cease operations. While PPP and EID Loans along with grants from private sources or CARES Act funding were made available, in many cases it was a combination of too little, too late. Concurrent with liquidity is access to capital. The tremendous amount of money lent by banks, the rise in loan loss reserve funding requirements and the tightening of underwriting criteria by the SBA all point to less available debt financing in the near to mid-term. The second challenge is determining how to restore customer confidence. The never-ending drumbeat of bad news, coupled with the laser-like focus on COVID deaths have seriously eroded consumer confidence. Small business owners need the tools and guidance to communicate and demonstrate that it is safe to once again come into their shops and offices.

In the **Opportunity** category, old business models are being tossed aside and newer, more efficient and cost-effective models are taking their place. There are opportunities to shift practices to capitalize on these new opportunities. Remote workers and third party logistics for meal and food delivery have become accepted business practices. Also, in the Opportunity category, new businesses and jobs, that heretofore did not exist, are being created due to market demand.

**Lessons-learned that can drive recovery and resilience:** Lessons-learned from this pandemic are, in many ways similar to those following any natural disaster. These include:

1. The vital importance of liquidity and cash-flow
2. The ability to react quickly to changing situations
3. The importance of business continuity planning and execution, and
4. The importance of having a proactive and focused communications strategy

## The Future

**What does resilience and recovery look like for your industry/sector:** It varies. Some businesses have seen little, if any, impact on operations and profitability while others have been severely harmed or completely wiped out. Many businesses, especially in the tourism and hospitality industry, are reliant on factors outside their control. The same can be said for small retail businesses as many of their customers may be unemployed and not purchasing as they had in the past. Service providers have been forced to adapt and be innovative in their business models. The bottom line is there really is no industry-specific road map available to guide sound business decisions and all the past standards have been swept aside.

**What might a new normal (post-COVID) for your industry/sector look like:** For some small businesses it will be business as usual, for others, their operations will be, to one degree or another, modified or changed to reflect the new conditions in the marketplace. Others, sadly,

will close or declare Chapter 11 bankruptcy. Liquidity, cash-flow, access to capital and initiating new, sustainable supply chains will be among the larger concerns facing small business owners.

**Strategic Goals:** Two goals have been agreed to by the Committee:

1. Restore the region's GDP/Economy to pre-COVID levels in one to three years and
2. Make the region's small businesses more resilient so that they will be able to better weather the next crisis.

The Committee also identified **7 key tasks** to accomplish these goals:

1. Ensure small businesses can effectively and equitably access capital and promote sustainability, growth and resilience.
2. Provide small business owners with the tools and information so that they can protect their workplaces, employees and customers against potential health and safety threats. Assist small business owners with information on how to restore customer confidence in returning to shopping.
3. Preparing small business owners for the potential effects of sudden natural or manmade disasters on supply chains, operations, finances, payrolls, distribution and sale of products.
4. Provide small business owners with the tools and information so that they can develop new businesses models/practices for hybrid operations, online sales and marketing, cybersecurity and distribution and delivery services.
5. Assist small business owners in developing and executing Continuity of Operations through planning, telework and remote management and customer service practices to sustain business activities during periods of interrupted business service.
6. Assist small business owners in developing ways to mitigate the effects of reduced travel or outside activities on their operations.
7. Work with all small business owners to ensure that all the region's businesses enjoy the same opportunities for growth and prosperity
8. Assist small business owners develop and implement relevant Diversity, Equity and Inclusion programs with the understanding DE&I is now a business imperative.

**What is needed to accomplish these goals?**

1. Clear, unambiguous leadership (both public and private sector)
2. Proactive stance in easing restrictions (pro-business legislation and policy decisions)
3. Coordinate, Cooperate and Collaborate by all service providers and municipalities (Regional collaboration)

## Metrics

The committee has established the following metrics to judge performance and effectiveness:

### 1. Results:

- i. Jobs Created or Saved
- ii. Number of New Business Starts (new, not moving between localities)
- iii. Number and Amount of Loans Received
- iv. Number and Amount of Equity Financing Received
- v. Number and Amount of New Local – State – Federal Contracts Approved
- vi. Increase or Decrease in Sales
- vii. Increase or Decrease in Regional GDP.
- viii. Number of new businesses relocating from outside VA
- ix. Number of new business locations (if an existing business expanded in the region)
- x. Number of local college graduates hired
- xi. Number of prior military service members hired
- xii. Number of new minority and woman-owned businesses

### 2. Throughput:

- i. Number of Clients and Counseling Hours
- ii. Number of Training Events and Attendees
- iii. Demographics of Clients and Customers

## Imagery





## Resources

### A. Regional Organizations

- a. Hampton Roads Regional Alliance (Alliance)
- b. Small Business Development Center of Hampton Roads (SBDC)
- c. The Service Corps of Retired Executives (SCORE)
- d. Retail Alliance
- e. Entrepreneur Organization
- f. Hampton Roads Workforce Council
- g. Central Business District Assoc. (CBDA)
- h. Coliseum Central BID
- i. Denbigh Warwick Business Association

### B. University Based Operations

- a. Old Dominion University
  - i. Strome Center for Entrepreneurship
  - ii. Institute for Innovation and Entrepreneurship
    - 1. Women's Business Center
    - 2. Veteran's Business Outreach Center
- b. Norfolk State University
  - i. Innovation Center
- c. William & Mary
  - i. CrimDell Small Business Network (partnership with SBDC)
  - ii. Alan B. Miller Entrepreneurship Center
  - iii. Launchpad
- d. Christopher Newport University
  - i. Small Business Institute
- e. Hampton University
  - i. Center for Applied Economics and Entrepreneurship
- f. Virginia Tech at Tech Center in Newport News

### C. Co-Working Spaces

- a. Norfolk
  - i. Gather (d/town)
  - ii. Novell (d/town)
  - iii. Colley Executive Offices (various)
  - iv. D'Art Center
  - v. Percolator
- b. Virginia Beach
  - i. 1701 (VIBE District)
  - ii. Gather (Town Center)
  - iii. Town Center Office Suites
- c. Newport News

- i. Gather (Town Center)
    - ii. Tech Center at Newport News
  - d. Williamsburg
    - i. Launchpad
    - ii. Work Nimble
    - iii. Ignition
  - e. Portsmouth
    - i. IncuHub
    - ii. BLOOM – Portsmouth Partnership
  - f. Franklin
    - i. Franklin Business Center
  - g. Suffolk
    - i. Suffolk Executive Offices
  - h. Hampton
    - i. Studio 9

**D. Incubators & Accelerators**

- a. Hampton
  - i. Reaktor
- b. Southside
  - i. 757 Accelerate
- c. Norfolk
  - i. Selden Arcade (Retail)
- d. Williamsburg
  - i. Launchpad
- e. Regional
  - i. Start Peninsula

**E. Access to Capital (equity)**

- a. 757 Angels
- b. Ferguson Venture
- c. CIT
- d. Virginia Women in Venture
- e. Virginia is for Entrepreneurs

**F. Regional Information Clearing House**

- a. StartWheel.org

**G. Information Websites**

- a. Chamber Sites
  - i. Hampton Roads Chamber
  - ii. Peninsula Chamber
  - iii. Isle of Wight, Smithfield, Windsor Chamber
  - iv. Franklin-Southampton County Chamber
  - v. Gloucester Chamber

- vi. York County Chamber
- vii. Eastern Shore Chamber
- viii. Greater Williamsburg Business Council

- b. Economic Development Sites
  - i. Each municipality maintains one
- c. SBDC Sites
  - i. Hrsbdc.org
  - ii. Hrsmallbizloans.com
- d. Financial Institutions
  - i. Each one serving the region maintains a site. They are linked to hrsmallbizloans.com
- e. Regional Small Business Training Portal
  - i. 1000four.com/hrsbdc

#### **H. City Organizations**

- a. Chesapeake Alliance
- b. Downtown Hampton Development Partnership
- c. Downtown Norfolk Council (DNC)
- d. Ghent Business Association
- e. New Town Commercial Association
- f. Olde Towne Business Association

#### **I. State Organizations**

- a. Department of Small Business and Supplier Diversity (SBSD)
- b. Virginia Economic Development Partnership (VEDP)
- c. Virginia Small Business Financing Authority (VSBFA)
- d. Procurement Technical Assistance Center (PTAC)
- e. Minority Business Commission