

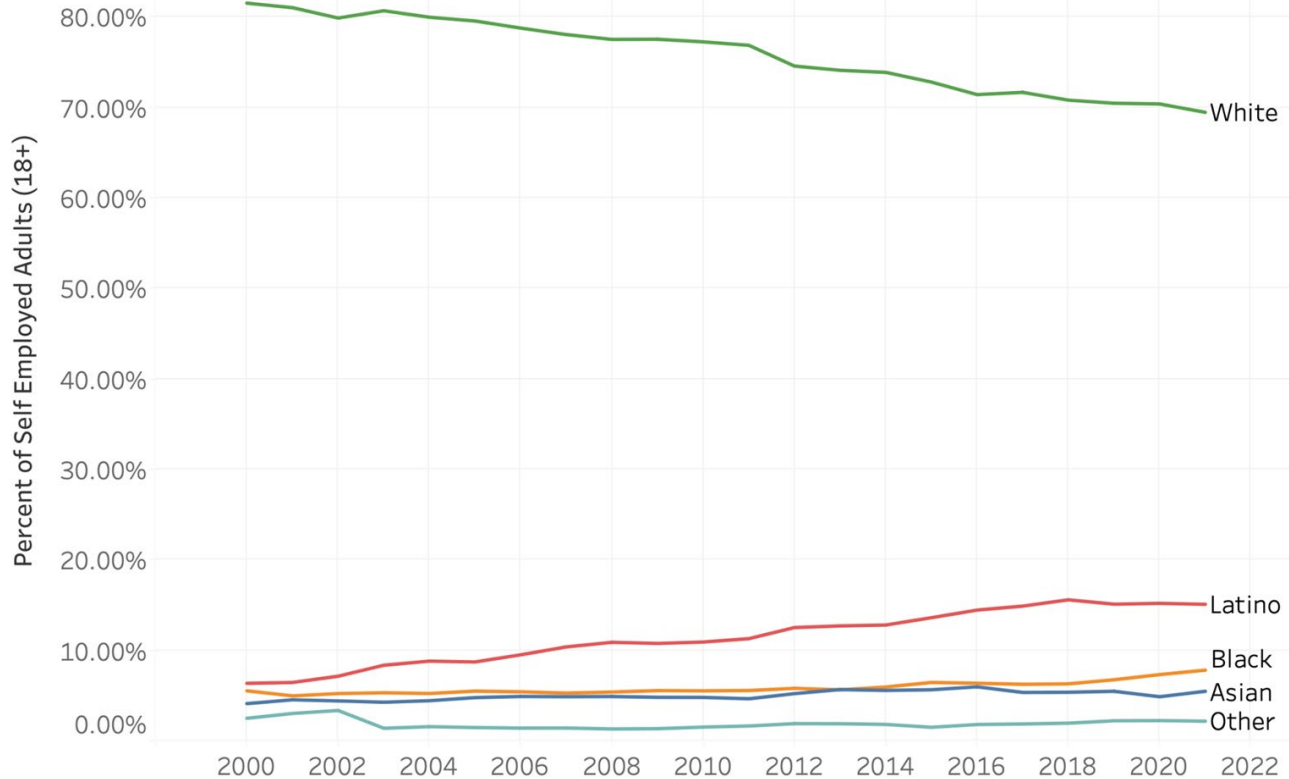
Sonoma County BIPOGOwned Businesses: Opportunities and Challenges

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Business Trends

U.S. Self-Employment Trends Across Racial / Ethnic Groups



BIPOC-Owned Businesses in Sonoma County at a Glance

BIPOC-Owned
Businesses

20%
businesses

\$224k
annual
revenue

1.4
employees

White-Owned
Businesses

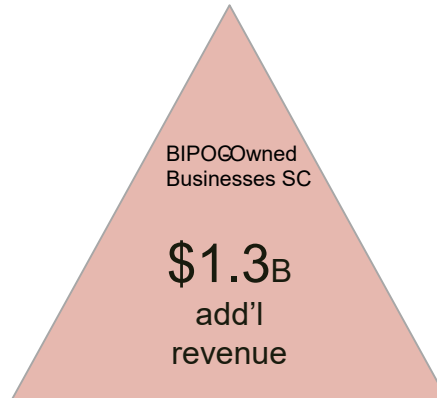
\$364k
annual
revenue

1.7
employees

The Economic Gains from Equity

Opportunity Gaps

- Closing racial inequities in health, education, and employment by 2050 would increase U.S. market GDP growth by 22%
 - This would add \$8 trillion to the U.S. economy



Access to Financing

- Studies also show implicit biases in small business lending practices with Black business owners experiencing unequal treatment at the point of initial loan request (Bone et al., 2019)
- The odds of loan approval from national banks for Latinx business owners are 60% lower than their White counterparts, after controlling for business performance (Orozco et al., 2020)
- Latinx-owned businesses were more likely to obtain funding from a CDFIs compared to most small, medium and large banks and among both Black and Latinx-owned businesses, fintech also played a critical role. (Howell et al., 2020)

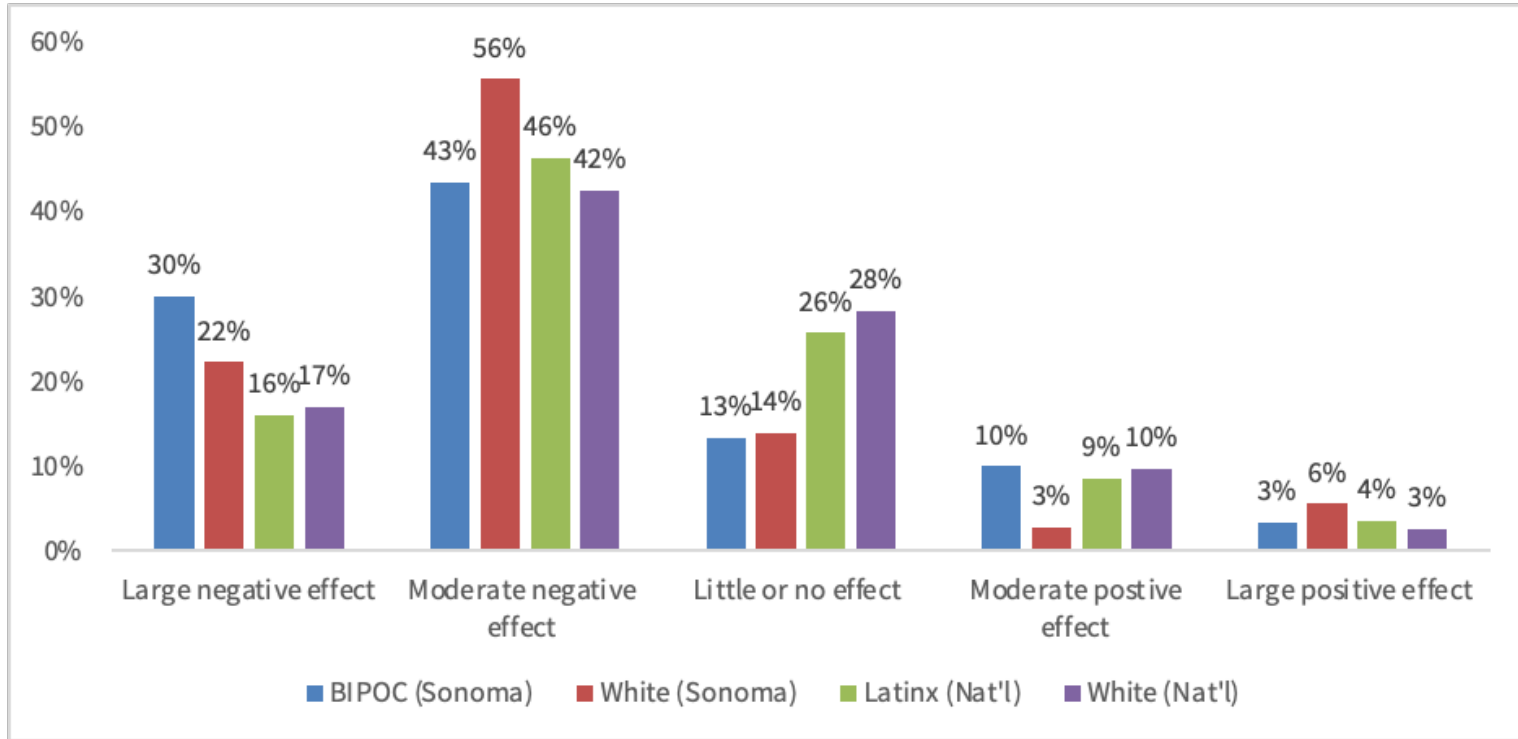
Survey of Business Owners in Sonoma County

Data and Methods

- SLEI administered survey to small businesses in County alongside several organizations summer 2021
- Comparative macro trends using SLEI national survey of 15,000 business owners

Race/ Ethnicity	Percent (Sonoma)
White (non-Latino)	55%
Latinx	37%
Black	2%
Asian	1%
Multi-racial / Other	5%

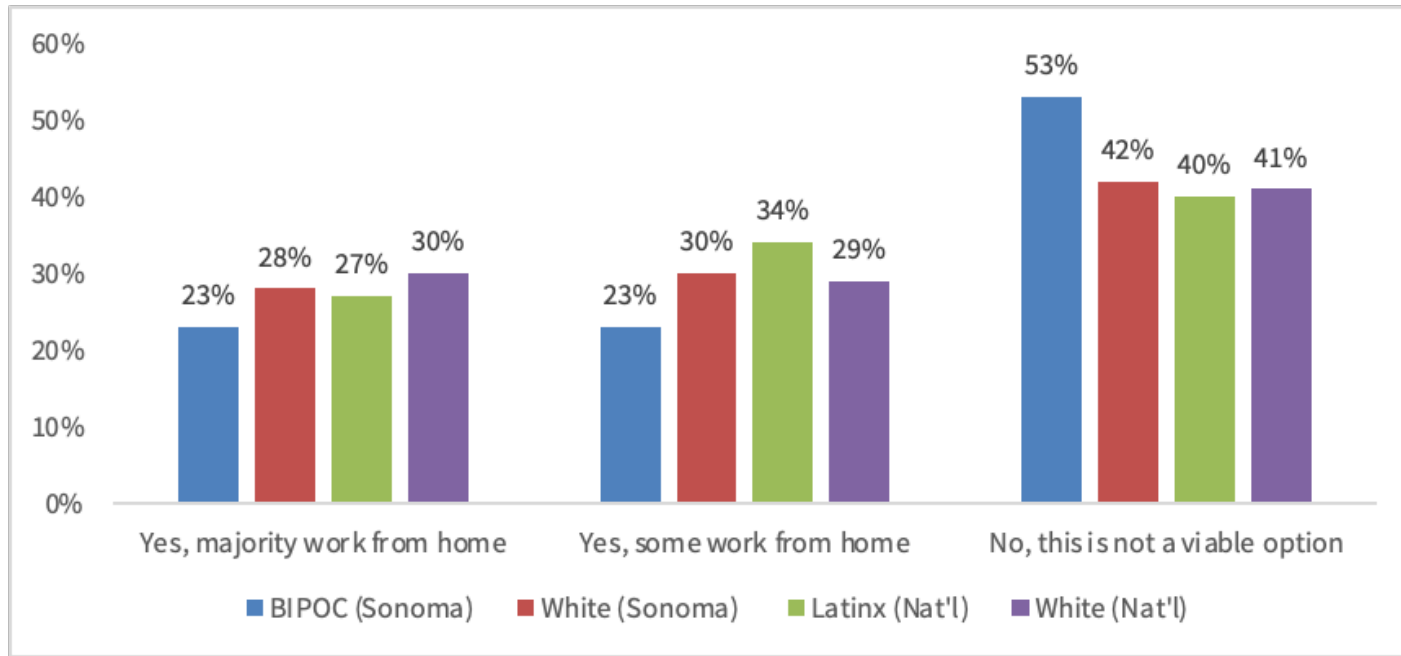
Overall Impact of COVID-19 on Businesses



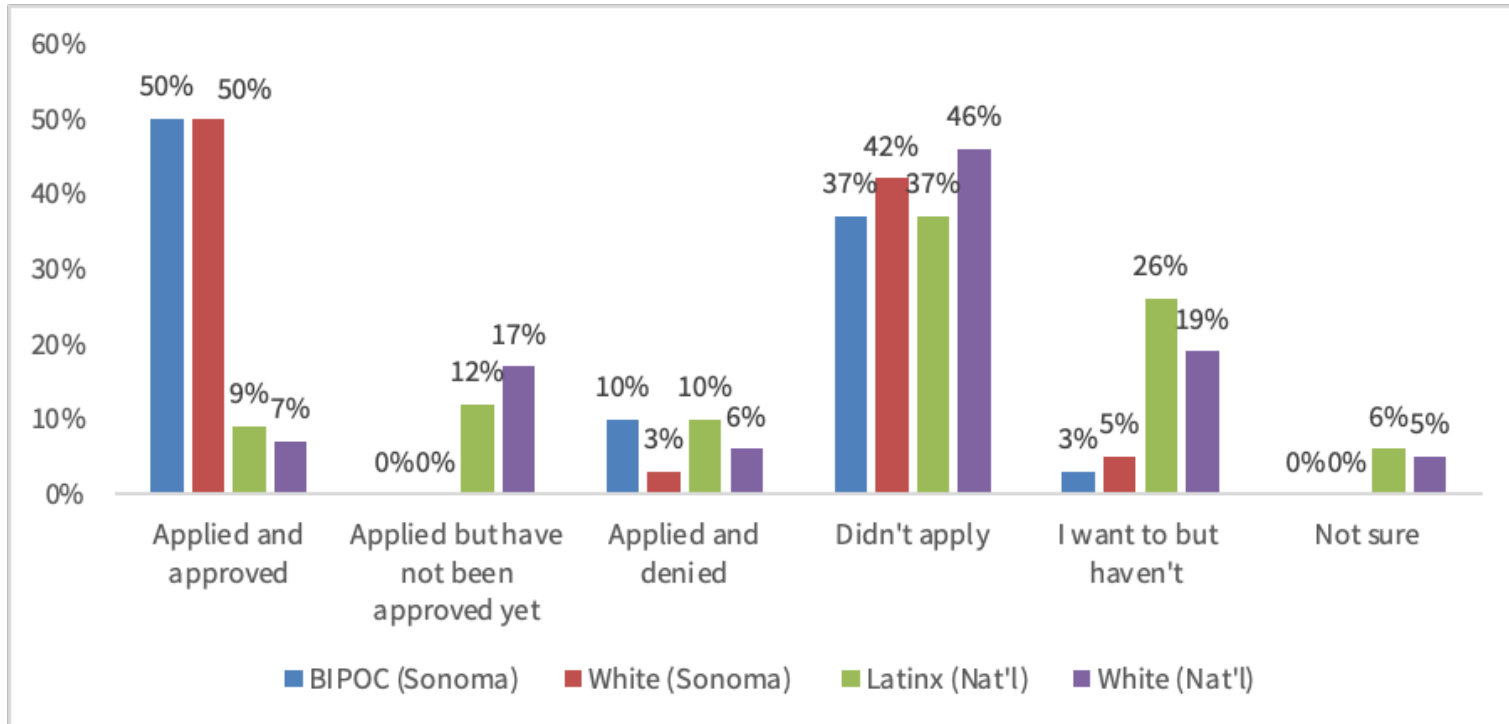
Specific Negative Impacts Due to COVID-19

	BIPOC (Sonoma)	White (Sonoma)
Revenue decline	67%	64%
Loss in networking opportunities	30%	44%
Lack of financing	20%	3%
Layoffs	13%	8%

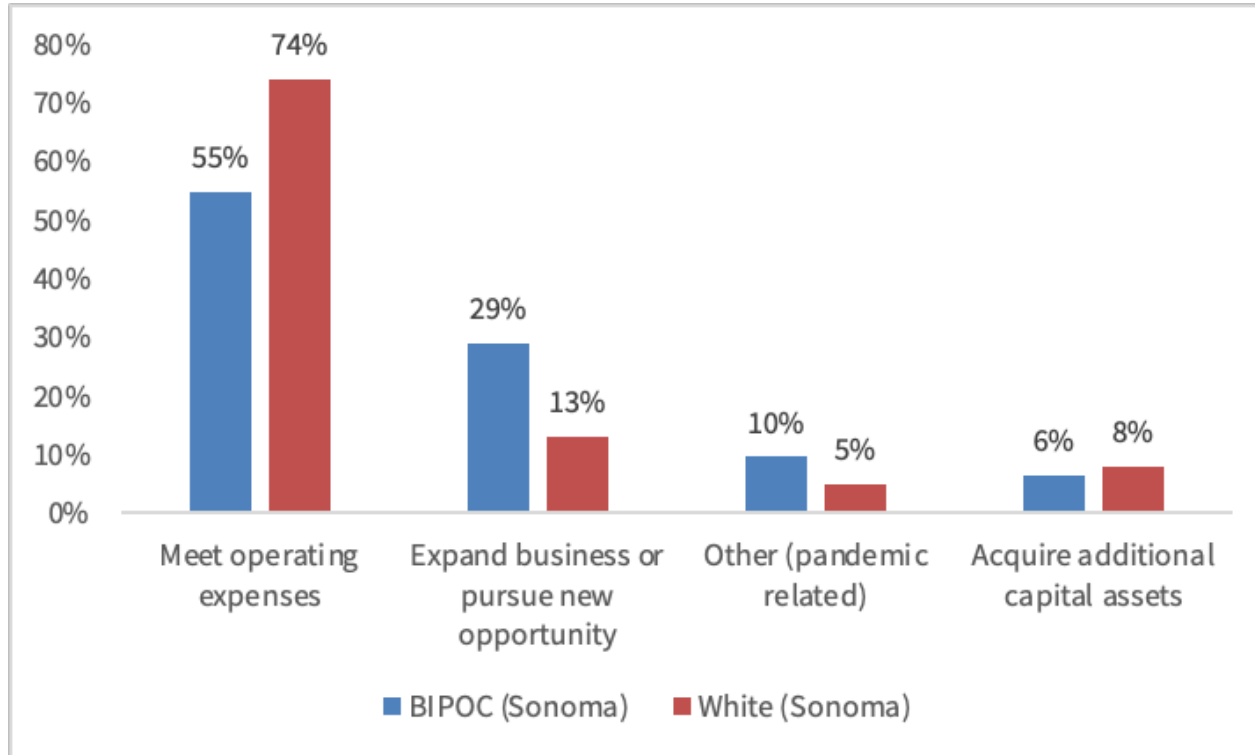
Remote Options for Employees



Paycheck Protection Program



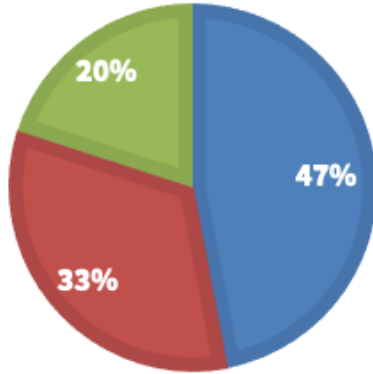
Reasons for Applying for Funding



Business Profitability

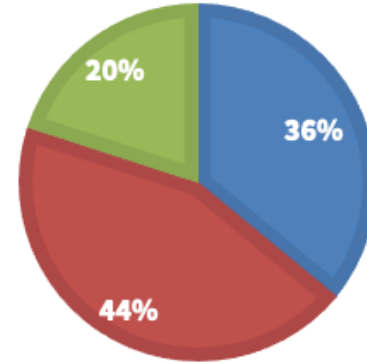
BIPOC (SONOMA)

■ Profits ■ Losses ■ Break even



WHITE (SONOMA)

■ Profits ■ Losses ■ Break even



Top Challenges Facing Businesses in Sonoma County

	BIPOC (Sonoma)	White (Sonoma)
COVID-19 pandemic	43%	25%
General economy	37%	39%
Clients / customers	27%	28%
Taxes / government regulations	23%	31%
Getting needed financing	20%	11%

Recommendations

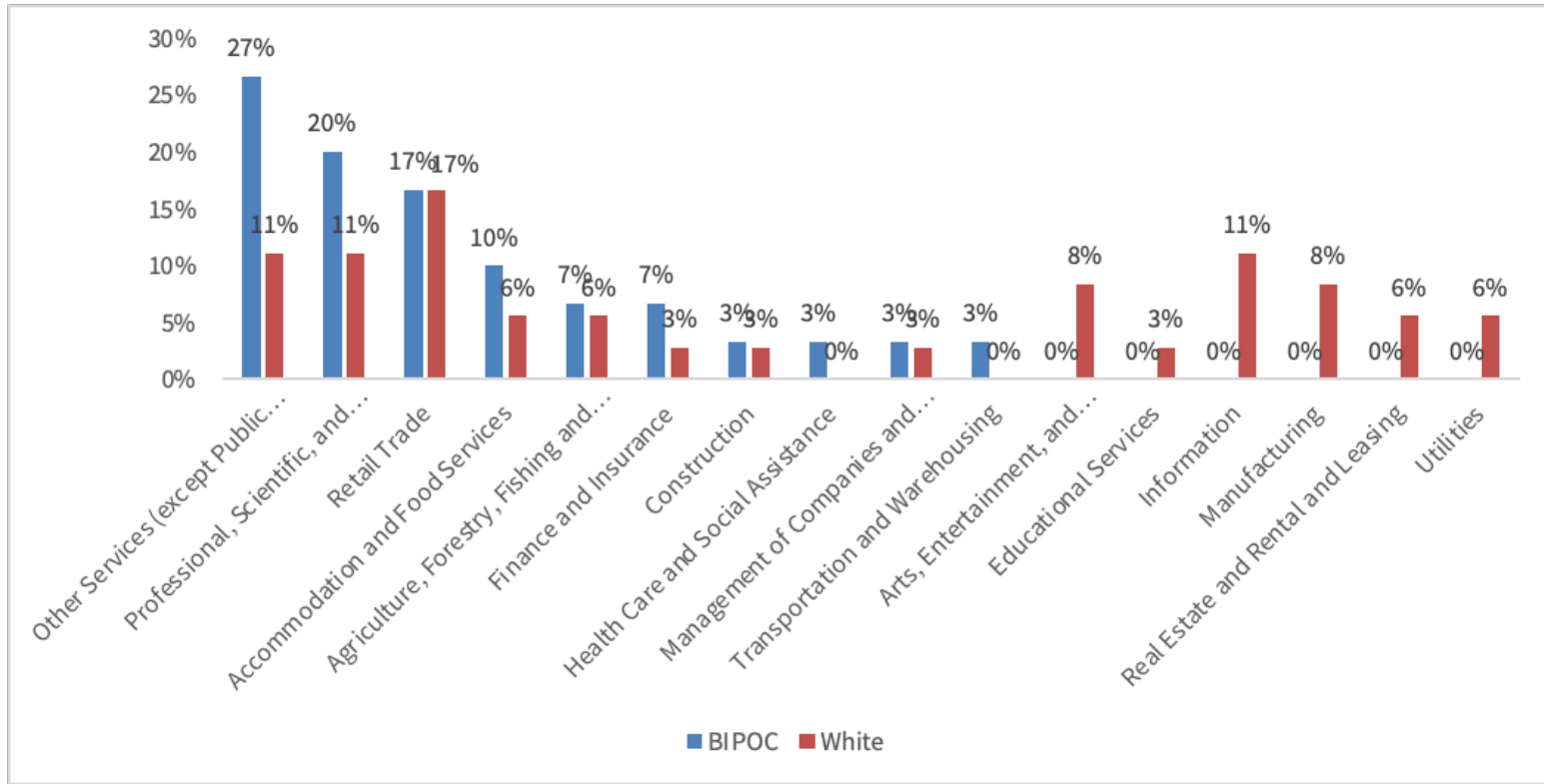
1. **Support local and community financial institutions.** Local and community banks were most responsive to the needs of small businesses in Sonoma County throughout the pandemic.
2. **Support small businesses with continual pandemic relief aid.** The effect of the pandemic on small businesses will linger. An infusion of creative financing including grant and stimulus opportunities will encourage new entrepreneurship and make up for revenue losses.
3. **Support business serving organizations.** Business serving organizations are critical to the business ecosystem and will continue to provide training and support programming. These are also places where small business owners convene for networking opportunities.
4. **Enhance supplier diversity and procurement programs.** Business that have opportunities to enhance their product market access by providing goods and services to government have a greater likelihood of continual growth.
5. **Provide affordable and accessible safety net.** Financing safety net options can encourage entrepreneurship alongside technical assistance on existing safety net options.

Questions?

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Appendix

Industry Distribution



Revenue Distribution

