



Supporting Small Businesses

June 2021

This brief is one of a four-part series examining how collaboratives funded through JPMorgan Chase's AdvancingCities and PRO Neighborhoods competitions adjusted their activities in response to COVID-19 and the racial justice movement in 2020. This brief focuses on how the collaboratives supported small businesses. Visit [this page](#) to read the other briefs on ensuring housing affordability and stability, digital adaptations, and advancing racial equity.

Many of the collaboratives funded through JPMorgan Chase's AdvancingCities and PRO Neighborhoods competitions recognized that the small businesses they worked with faced significant challenges resulting from the COVID-19 pandemic. These challenges were compounded by longstanding inequities highlighted by the racial justice movement in 2020. With existing challenges exacerbated, the collaboratives quickly altered their technical assistance services, developed new products, or reconsidered and adjusted existing strategies for supporting their target small businesses.

Key Findings

- In response to exacerbated financial and business challenges the pandemic created for small businesses, collaboratives **pivoted quickly** to adapt their technical assistance and financial support to address the changing needs.
- Collaboratives' existing **partnerships** put them in a good position to support small businesses in responding to the challenges posed by the pandemic.
- The collaboratives' partners' expertise in providing services and funds for small businesses allowed them to provide and connect businesses with **needed funding**.
- The events of 2020 reinforced the need to intentionally support **entrepreneurs of color**.



Background

Many *AdvancingCities* and PRO Neighborhoods collaboratives aim to strengthen communities by supporting small businesses. They provide funding and technical assistance to entrepreneurs and existing businesses, which supports asset building for business owners and provides needed services and employment opportunities in target communities. In October 2020, Abt interviewed representatives from sixteen *AdvancingCities* and PRO Neighborhoods collaboratives to understand how the pandemic and racial justice movement affected their communities and how the collaboratives responded. Twelve of the collaboratives work with small businesses through their grant activities. All twelve provided technical assistance services and eight provided funding in the form of grants, small business loans, and microloans.

Although the projects of and communities served by each collaborative are unique, the collaboratives share a commitment to addressing economic and racial inequity. Each targets its funding and technical assistance to underserved entrepreneurs and businesses, including those owned by women or people of color and those located in low-income, Black, or Latinx communities. When the pandemic hit in March 2020, the needs of small businesses and entrepreneurs shifted, and collaboratives quickly adapted their grant activities to meet the evolving needs.

The Need

Many small businesses faced serious challenges resulting from COVID-19. But the pandemic compounded longstanding barriers to financing and entrepreneurship for the women and entrepreneurs of color targeted by the collaboratives. Collaboratives identified the most pressing needs during this time to include:

- Identifying and procuring protective equipment (PPE) and cleaning supplies and developing strategies for operating businesses safely during the pandemic;
- Identifying technological tools and new approaches that would enable businesses to sustain operations amid social distancing protocols and reductions in in-person retail traffic; and
- Accessing federal funding and securing needed cash flow to pay employee salaries and stay afloat.

¹ A full list of the *AdvancingCities* and PRO Neighborhoods collaboratives may be found here: <https://www.abtassociates.com/files/Projects/PDFs/2021/advancingcities-and-pro-neighborhoods-collaboratives-2014-2020.pdf>

² Abt interviewed representatives from the lead grantee organization from five collaboratives that received *AdvancingCities* challenge grants in 2019, seven collaboratives that received PRO Neighborhoods grants in 2019, and four collaboratives that received PRO Neighborhoods grants in 2018. Of these sixteen collaboratives, twelve worked with small businesses as part of their JPMorgan Chase funded projects.



The Response

Collaboratives altered their work to provide technical assistance and financial support to meet the emerging and evolving needs of the small businesses and entrepreneurs in their target communities. They also worked to better understand and meet the needs of Black-owned businesses, a longstanding focus underscored by the racial justice movement. We present a few examples of the collaborative’s activities below.

Collaboratives adjusted, expanded, and provided new kinds of technical assistance to small businesses. Some collaboratives launched new or adjusted previously planned technical assistance services to help businesses obtain Payroll Protection Program (PPP) funds, access other financial relief, and implement safety protocols. Many of the collaboratives drew on their partnerships within the collaborative and with other community organizations to deliver needed services.



- Partners in the **Kensington Lending Partnership** (Philadelphia, PA, 2018 grantee) provided technical assistance to connect economically strained Latinx-owned businesses with financial relief funds. As businesses along the Kensington commercial corridor began closing their doors when the pandemic started, many business owners looked to the federally supported PPP for financial assistance. However, the collaborative found that many of the Latinx business owners they worked with struggled to access these relief funds due to language barriers, digital literacy, and technology access issues. The collaborative worked closely with their community partners to make sure businesses in the Kensington neighborhood could access the relief funds they needed. Some of the collaborative partners delivered PPP

“Our partners are so heavily involved and invested in this community that they were really able to bring missing services to the community during this time.”

– Collaborative Representative

loans and statewide relief funds. Others expanded their technical assistance services to help businesses identify funding options and meet program requirements. The partners also adapted their method of providing technical assistance, which had been heavily dependent on face-to-face interactions. They offered online webinars and communicated with business owners one-on-one to help them identify funding options and meet regulatory and tax compliance requirements needed to access funding. Their combined efforts resulted in businesses accessing relief they qualified for that they otherwise would not have been able to access. The pre-existing relationship of organizations within the collaboratives, and their established relationships with community partners, helped the collaboratives meet the businesses' needs quickly and efficiently.

- Prompted by the economic consequences of the pandemic, partners in the **Purple Line Equitable Transit Oriented Development collaborative** (Prince George's and Montgomery Counties, MD, 2019 grantee) provided technical assistance to Latinx and Black-owned businesses located in the path of a light rail expansion in Maryland. The collaborative planned to provide loans and technical assistance to help area businesses benefit from the development associated with light rail expansion. They found that area businesses were cautious about taking on new debt during the pandemic, but the partners saw heightened demand for technical assistance.



In response, they delayed lending activities and focused on providing technical assistance. In 2020, the collaborative provided 528 hours of bi-lingual technical assistance services to 74 businesses along the Purple Line corridor. In addition to the standard types of technical assistance services they provide (such as helping with business planning, financial projections, and marketing support), the collaborative helped businesses overcome barriers to accessing PPP loans and adjust their operations to remain open during the pandemic. For example, they helped restaurants secure outdoor dining permits and accept and manage online orders. They also adjusted to provide their technical assistance remotely by recording and posting webinars to YouTube and developing an application. The collaborative partners also advocated for allocations and appropriations for small businesses with local and state leaders. As part of their advocacy activities, the collaborative held six advocacy events with county council members to encourage local leaders to provide additional financial support for small businesses in the corridor and sent letters and met one-on-one with County and state-government officials to explain the challenges facing small businesses.

- The **Syracuse Surge** collaborative (Syracuse, NY, 2019 grantee) helped women-, immigrant-, and Black-owned businesses secure \$150,000 of emergency support grants when they couldn't access PPP funds. The collaborative works to attract, expand, and incubate technology businesses in the city. When PPP loans became available to help small businesses stay afloat, the collaborative recognized that many of the small businesses they worked with were unable to access the funds. Some lacked a business relationship with a bank that provided PPP loans, others found the paperwork requirements overwhelming. A national bank reached out to the collaborative and offered to provide grants to support struggling businesses. The collaborative worked with the bank to quickly design and conduct an application and selection process in late April and early May of 2020. The partners concentrated outreach about the grants in two neighborhoods—a predominantly immigrant and refugee community in North Syracuse and a predominantly Black community in South Syracuse. Over 200 businesses applied and 31 received grants of \$5,000 each. The grants went to women-, immigrant- and Black-owned businesses that were not receiving PPP loans. The partners also worked one-on-one with the businesses (those that got grants as well as those that did not) to understand their evolving needs and provide support. The technical assistance provided helped businesses apply for PPP loans and overcome supply chain issues to procure PPE, cleaning supplies, and hand sanitizer, which the businesses needed to continue operating safely.



Collaboratives developed new financing products and approaches. In addition to providing expanded technical assistance, some collaboratives adjusted their lending strategies to help businesses stay afloat by developing and rolling out new loan products and providing emergency grants to small businesses to alleviate the initial shock of pandemic-related shutdowns. The flexibility built into the *AdvancingCities* and PRO Neighborhoods grants allowed the grantees to adjust their strategies to meet these needs.

- **Brew City Match** (Milwaukee, WI, 2018 grantee) quickly deployed \$325,000 to meet the immediate funding needs of existing small businesses. The collaborative works with BIPOC-owned small businesses in Milwaukee's downtown commercial districts where the businesses risk being displaced by new

"We've been investing in these corridors for a long time and maintaining the businesses that exist in the area is equally as important as bringing new retail and commerce to these areas."

– Brew City Match Representative

development in the area. Before the pandemic, the collaborative held biannual open-call competitions to select qualified entrepreneurs looking to start a business, or existing small businesses looking to expand into the commercial corridors near downtown. While the collaborative intended to target its funding to start-up businesses and businesses new to the corridor, the collaborative recognized the tremendous challenges businesses already operating in the commercial districts faced when COVID-19 hit. The partners dedicated \$150,000




of their PRO Neighborhoods grant and raised an additional \$175,000 from local sources to provide small grants and zero percent interest loans to try to retain some of the districts' existing businesses. Businesses used the funds for working capital to pay rent, utilities, payroll, and other ongoing expenses. The Peruvian restaurant Triciclo Peru, for example, used a grant and a loan from Brew City Match to adapt their business for curbside delivery. The funds allowed the restaurant to buy needed supplies and bring back staff.³

- The **Fresno Community Capital Collaborative for Economic Mobility** (Fresno, CA, 2018 grantee) capitalized on the flexibility of the PRO Neighborhoods grant to expedite work on a new loan product, a “nano loan,” to make funding available to support payroll and operations for small businesses. The CDFI partners in the collaborative provide capital and technical assistance to women and entrepreneurs of color as part of a larger equitable development initiative.⁴ Access Plus Capital, the collaborative partner spearheading this lending activity, streamlined their application process to allow borrowers to apply online and to receive quick approval within just seven days. The loans, which do not require collateral, provided between \$5,000 to \$30,000 to small businesses to use for working capital to help stay afloat.
- **West Side United** (Chicago, IL, 2019 grantee) adjusted their grantmaking approach to quickly provide a total of \$110,000 in additional grants to provide immediate economic relief to 10 of their small business grantees. Partners in the collaborative provide grants to women and entrepreneurs of color serving Chicago's West Side, targeting healthcare sector businesses such as those that provide supplies and services to the area's health care institutions. Like other collaboratives, West Site United found that many of the businesses they worked with struggled to access or were not eligible for certain small business relief funds. Some small businesses, for example, did not have a deep banking relationship and found that

³ This business was featured in news story about Brew City Match, available at: <https://urbanmilwaukee.com/2020/05/29/brew-city-match-providing-emergency-business-support/>

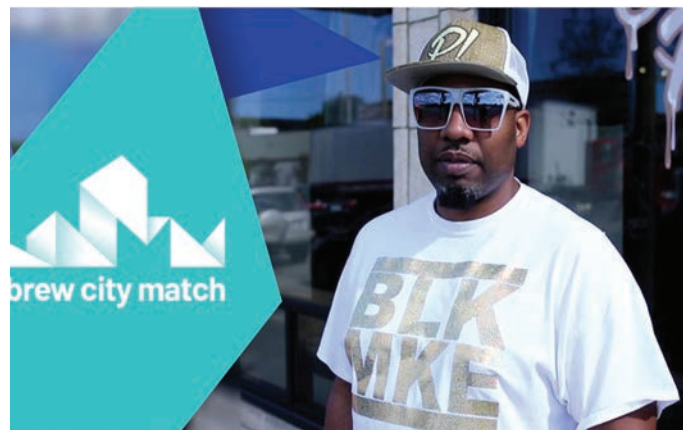
⁴ The Fresno D.R.I.V.E. Initiative (Developing the Region's Inclusive and Vibrant Economy) was formed in 2018 to provide a 10-year plan for addressing equity in Fresno's economy. See: <https://www.fresnodrive.org/about>



banks limited PPP loans to customers with certain products, such as a business loan or line of credit. In addition to the immediate funding the collaborative provided, partners also surveyed small businesses to learn more about how COVID-19 impacted their revenue and staffing. In response to the survey, which confirmed the devastating impact of the pandemic on area businesses, the collaborative revised their approach for the next wave of grantmaking to reach a larger number of businesses by removing the matching funds requirement and to target funding to organizations that could help address gaps in the local health care supply chain.


Some collaboratives deepened their approaches to better understand and address the needs of Black-owned businesses. The disproportionate effects of the pandemic on Black entrepreneurs and Black-owned businesses, coupled with the 2020 racial justice movement, catalyzed many collaboratives to deepen their work addressing the particularly urgent needs of Black-owned small businesses. Prior to the pandemic, Black-owned businesses faced longstanding challenges of liquidity constraints, technological limitations, and historic lack of traditional financing.⁵ During the pandemic, Black-owned businesses, and businesses in Black communities, have also been among those least likely to receive federal emergency relief funds.⁶ Several of the collaboratives said the events of 2020 had led them to reassess their existing work to ensure they intentionally and equitably served Black entrepreneurs and Black-owned businesses.

- Although **Brew City Match** (Milwaukee, WI, 2018 grantee) has made over 90% of its business loans to entrepreneurs of color, many of whom are Black women, the collaborative identified several barriers Black-owned businesses faced in accessing their program. Such barriers included digital literacy, technology access, and a lack of trust. To help address these barriers, the collaborative worked to elevate and amplify the experiences of Black women entrepreneurs in the public launch of the third round of the open competition. The launch featured four Black women entrepreneurs, three of whom participated in one of Brew City Match's programs and paired their stories with a discussion of Milwaukee's racialized history of harm against Black entrepreneurs, including redlining in the city and the impact of the city's highway development. The organizers felt this



⁵ Research by the JPMorgan Chase Institute describes how businesses owned by people of color faced cash constraints and lack of access to financial institutions before the pandemic. See: <https://www.jpmorganchase.com/institute/research/small-business/report-small-business-owner-race-liquidity-survival>

⁶ Research by the Brookings Institute breaks down PPP loans by zip code and analyzes when businesses received PPP loans. See: <https://www.brookings.edu/research/new-data-shows-small-businesses-in-communities-of-color-had-unequal-access-to-federal-covid-19-relief/>



event was critical in amplifying the voices and experiences of Black women business owners and building trust within the community. The collaborative also experimented with offering one-on-one coaching to help prepare entrepreneurs to be successful candidates in Brew City Match’s funding competition. Ten businesses received the coaching services, which supported businesses in developing cash flow and financial projections and putting in place important legal protections, such as a signed lease, needed to access business funding.

- The Small Businesses Advisory Council, a partner of the **Resilient 305** collaborative (Miami, FL, 2019 grantee) decided to investigate and address the specific technical assistance needs of Black-owned businesses in Miami. Resilient 305 works to promote economic development by connecting the South Florida Anchor Alliance (SFAA) – a collection of anchor institutions in Miami (such as hospitals, universities, and municipalities) – with local small businesses that can provide needed services. The collaborative found that Black-owned businesses were underrepresented among the businesses providing services to the anchor institutions. While a long-standing problem, the pandemic exacerbated inequities as more activities shifted away from face-to-face transactions and digital inequities further limited the opportunities Black-owned businesses had to secure contracts for their services. The council quickly identified two needs – 1) contextualized technical support for procurement and 2) access to up-front capital to purchase necessary equipment or hire new staff. Resilient 305 is moving forward to address both identified needs. First, based on lessons learned from a pilot program, the council is designing a technical assistance model which will specifically help entrepreneurs of color secure contracts with anchors within the SFAA. Second, the council, a roundtable of CDFIs, and County representatives are designing a loan program to provide County contractors with financing to hold a business over until contract dollars arrive in their accounts and make necessary up-front investments.

Lessons Learned

Although each collaborative adopted a somewhat different response to meet specific local needs, their experiences illustrate several common themes that highlight the benefits of the *AdvancingCities* and PRO Neighborhoods collaborative model.

- **The preexisting relationships within and between collaborative partners allowed them to meet small businesses’ needs quickly and creatively.** In multiple cases, the collaboratives drew on the strong partnerships they had developed to quickly respond to the needs they identified. A strong collaborative structure can provide immediate and long-term benefits when unexpected situations arise.



- **Funding flexibility supported timely adaptations to meet changing community needs.** The collaboratives repurposed and reimagined some of their services and funding priorities to meet changing needs. They were able to quickly adapt, in part, because the grant structure gives the organizations flexibility in spending their grant funds. Funding flexibility allows grantees to revise and adjust their approaches to quickly respond to evolving needs.
- **The success of the collaboratives in serving entrepreneurs of color highlights the value of investing in organizations and collaboratives with an explicit focus on equity.** The pandemic exacerbated and further highlighted long-standing racial inequities, which became even starker during the associated economic downturn. The *AdvancingCities* and PRO Neighborhoods collaboratives were well positioned to help address these challenges because of their prior commitment to racial equity.

This report was prepared by Abt Associates as part of its evaluation of *AdvancingCities* and PRO Neighborhoods.

Abt Associates is an international policy and research organization with a 50 year history of conducting rigorous evaluations and supporting implementation of housing and community development initiatives. In 2018, JPMorgan Chase selected Abt Associates to be the national evaluator of PRO Neighborhoods and *AdvancingCities*.

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JPMorgan Chase is one of the oldest financial institutions in the United States. JPMorgan Chase invests millions of dollars each year to enable more people to contribute to and share in the rewards of a growing economy. PRO Neighborhoods is a \$125 million initiative designed to support communities with the capital and tools they need to drive local solutions to address key drivers of inequality. *AdvancingCities* is a \$500 million, five-year initiative to drive inclusive growth and create greater economic opportunity in cities across the world.

About *AdvancingCities* and PRO Neighborhoods

The benefits and hardships that result from changing economic conditions accrue unevenly; some communities, neighborhoods, and individuals thrive while others are left behind. To help more people benefit from a growing economy, JPMorgan Chase created two initiatives, the *AdvancingCities* Challenge and the Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods) Competition, to support cross-cutting projects that enact creative, sustainable solutions to local challenges. The competition winners are collaboratives, comprising two or more local organizations from among the nonprofit, government, and business sectors. Collaborative partners work together to apply innovative approaches to solve complex local challenges.

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