

# BIPOC Small Business Entrepreneurs in the Twin Ports: *What have We Learned from Their COVID-19 Pandemic Experience?*

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## Background Information

The COVID-19 pandemic has resulted in the disruption of many businesses. Research shows that those small and medium-sized firms are the most vulnerable (Bartik et al. 2020; Baldwin and di Mauro, 2020; Montenegro et al., 2020; Hammer and Malual, 2021; The Economist, 2020a; World Bank, 2020). Many countries and cities have scrambled to put together economic relief packages to alleviate the unprecedented harm the pandemic is wreaking havoc to businesses, employers and employees. In the United States of America, (USA) relief packages have come in the form of small business grants, loans, and loan deferments (US SBA, 2020; McGurran and Smith, 2020; The Economist, 2020b). Most notable among them are the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Paycheck Protection Program (PPP) loans, Expanded access to SBA Economic Injury Disaster Loans, Emergency Grant of US\$10k SBA Economic Injury Disaster Loan applicants, and other SBA sponsored Coronavirus Relief Options (SBA, 2020; McGurran and Smith, 2020). The purpose of all these relief packages and programs is to ensure that US cities can sustain their small businesses by the end of the COVID-19 pandemic (Bartik et al., 2020; Baldwin and di Mauro, 2020).

According to an April 2020 survey published by MetLife, an insurer, and the US Chamber of Commerce, 235 out of 500 small businesses (47%) surveyed reveal that Federal-sponsored Paycheck Protection Program (PPP) is critical to meeting their immediate cash flow needs, such as, employee wages or benefits, rent and utilities (MetLife and USCC, 2020). Among the survey respondents, one third (32%) of the small businesses applied for a PPP loan, which is administered through the US Small Business Administration (SBA). Furthermore, the survey findings reveal that 54% report that they are closed or could close within the coming weeks.

However, the most concerning among all the finding is that 43% of small business owners believe that they have less than six months until they *permanently shut down* their establishments (MetLife and USCC, 2020).

Immigrant and minority owned small businesses, or more broadly, *Black, Indigenous, and People of Color (BIPOC)* are in the same predicament as others if not more precarious situation. According to some advocates and researchers, minority business owners are most vulnerable to COVID-19 economic upheavals because they have less financial protection, and their small businesses tend to be in industries severely affected by the pandemic (Knowles, 2020). Furthermore, Community Development Financial Institutions who focus on serving the low-income minority business owners are unable to participate in the Paycheck Protection Program (PPP) due to the Treasury Department's eligibility restrictions (Knowles, 2020). These developments could lead to further wealth and income inequalities in US cities since 58% of black and Latino households in USA do not have sufficient income to cover three months expenses without income compared to 29% of white households (NAACP, 2020). According to Krogstad et al. (2020) of the Pew Research Center, Black and Latino households also disproportionately face larger layoffs and pay cuts due to coronavirus. A recent study by Couch et al. (2020) reveals that the upper-bound measure of unemployment rates in April 2020 reached 29.8% among Blacks and 29.5% among Latinos compared to the national employment rate of 24.4%, which is similar to the peak observed during the Great Depression (Couch et al., 2020).

On the effectiveness of disbursement of Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) programs under the CARES Act, Fairlie and Fossen (2022) found that PPP loan receipt per small business has a positive relationship with the minority share of the population in the USA although funds

flowed to minority communities later than to communities with lower minority shares. The same study also showed that PPP loan amounts per employee are negatively related to the minority share of the population (Fairlie and Fossen, 2021). Conversely, the outcomes under the EIDL disbursement programs among the minority communities in the USA are somewhat positive (Fairlie and Fossen, 2021). However, studies reveal that many BIPOC entrepreneurs might have been reluctant to apply for PPP loans and EIDL program because of uncertainties surrounding the sustainability of their businesses since they entered the COVID-19 pandemic in a weakened position compared to their white counterparts (Mills and Battisto, 2020; Grotto et al., Fairlie and Fossen, 2022). Overall, majority of the recent studies conclude that the economic impacts of the COVID-19 pandemic and the delay in obtaining financial assistance at the beginning of the CARES Act financial assistance offered through the PPP program had been severe for BIPOC business communities (Couch et al., 2020; Montenovo et al., 2020; Grotto et al., 2020; Fairlie and Fossen, 2022). Consequently, the BIPOC communities in cities are most likely to experience deteriorating social and living conditions. If not addressed appropriately, these communities would have to deal with significant social, economic, political, and psychological transformations for generations (Centers for Disease Control and Prevention, 2020; Valenzuela et al. 2020).

Given the similar patterns and trends of BIPOC businesses in Minnesota (Horowitz et al., 2021; Murphy, 2021) as well as Wisconsin (Hammer and Malual, 2021; Deller et al., 2018), this research project is prompted by the lack of understanding of the factors that might be accentuating the impacts of the pandemic on BIPOC owned small businesses in Twin Ports area of Duluth, Minnesota, and Superior, Wisconsin. Since the Duluth/Superior region have witnessed an uptake of small BIPOC businesses in last few years (Busche, 2021; Butterbrodt, 2021), there is a

need to identify potential barriers facing BIPOC businesses against any unexpected negative economic shocks arising from either manmade or natural disasters.

Although the onset of the pandemic is no doubt a major threat to these budding businesses, one of the major issues that remain unexplored is how were (or are) the BIPOC businesses in Duluth and Superior being supported and nurtured to survive in trying business environment under COVID-19 pandemic. Hence, considering the importance of promoting BIPOC owned businesses in Duluth and Superior, the study explores the following research questions:

**R1.** How familiar are BIPOC entrepreneurs with government and community business support resources?

**R2.** What barriers impede the ability of BIPOC entrepreneurs to access government and community resources?

## Project Objectives and Outcomes

The objectives of the project are twofold: (1) To examine how COVID-19 pandemic impacted BIPOC businesses in the Twin Ports; and (2) To identify what forms of actions were taken by private, public, and non-profit organizations including the local financial institutions to assist BIPOC entrepreneurs in Twin Ports to weather the negative implications of the COVID-19 pandemic.

Addressing the research questions along the project objectives was expected to help us develop a better understanding of the knowledge, information, communication, and resource gaps affecting minority owned businesses in Superior and Duluth with an overarching goal of ensuring their sustainability. From policy perspectives, answering these research questions offered us the chance to propose a set of recommendation that city and business supporting agencies as well BIPOC business owners could use to ensure the success of small businesses in the region.

For the project design, the authors realized that one cannot rely on just one method or group of stakeholders, to examine the research questions. Therefore, a multi-design mixed method approach was applied following Creswell and Clark (2007) to address the research questions. These were surveys and focus group methodologies. We also made the decision to not only include BIPOC business owners but also state and nonprofit organizations that work closely with small businesses.

The first task of the researchers was identifying BIPOC business to participate in the project. This was where the researchers encountered their first major challenge. We could not locate a comprehensive list of BIPOC businesses in the region. After several weeks of research, the study team was able to put together a comprehensive list of eighty-four (84) businesses owned by the Twin Ports BIPOC community. Still, this may not be the comprehensive list as the study team found that there might be a good number unknown BIPOC entrepreneurs who maintains sole proprietorship and unfortunately, their identification is not conspicuous compared to businesses with Limited Liability Company (LLC) status. Unless the BIPOC entrepreneurs with sole proprietorship status have strong presence in the Twin Ports community, it is difficult to identify and include them into the list of BIPOC Entrepreneurs in Twin Ports of Duluth/Superior region.

Once the list of potential research participants was established, the study team decided to conduct online surveys and focus group discussions under the mixed-method research approach to collect both quantitative and qualitative data for analysis. To address this objective, the researchers developed four sets of questions:



(1) two online survey questions with one each for BIPOC entrepreneurs and the supporting organizations supporting small businesses in Twin Ports region; and (2) the other two sets of questions, guided for the focus group discussions targeting the same groups. For the online survey, the [Qualtrics Survey platform](#) was used. For focus groups, the study team designed separate focus group discussions for BIPOC entrepreneurs and the small business support organizations in Twin Ports using [Zoom](#), one of the most popular social media communication platforms.

Since evidence reveals that survey results are sometimes snapshots of the experiences of research participants through the surveys – both in-person (Iarossi, 2006; Marshall and Shipman, 2013; Creswell, 2018) and online (Evan and Mathur, 2018) – are great way to collect data asynchronously from research participants, the study team of this project decided to include focus group sessions. This option allowed the research participants the opportunity to have conversations about their experiences as: (1) BIPOC/minority-owned businesses and/or, (2) as small business supporting entities that work with BIPOC/minority owned businesses.

Considering the COVID-19 restrictions during late summer of year 2021, all the focus groups were conducted using the *Zoom*, which is a videotelephony software program for video conferencing. The links to the Zoom sessions and calendar invites were sent to all the eighty-four (84) business establishments that were identified by the study team as BIPOC-owned businesses. Email invitations were also sent to the organizations in Twin Ports that work with small businesses. Each of the focus group sessions lasted about an hour. They were recorded and transcribed. In all, the survey team organized five (5) focus groups, with two involving organizations/agencies that support small businesses and three with minority business owners. See **Appendix** for the sample questionnaires for the *Qualtrics online surveys* and the *Focus Group meetings over Zoom*.

Once the data from online surveys and focus group meetings were collected, the online survey data was cleaned using [\*IBM SPSS Statistics\*](#) and Excel software; whereas, the focus group data was cleaned using [\*Google Docs\*](#). After cleaning both online surveys and focus groups' data, the research team applied the data analytic software *Dedoose* to code the results. The coding process yielded several themes discussed under the Results and Discussion section.

# Results and Discussions

## Online Survey of BIPOC Entrepreneurs

The online survey link was sent by email correspondence to all eighty-four (84) BIPOC entrepreneurs that the study team identified as the list of BIPOC businesses operating in the Twin Ports of Duluth and Superior region. However, the list of BIPOC businesses may not be comprehensive since the list was created based on the name of the small businesses listed on the websites of the local Chambers of Duluth and Superior,

and the [\*Minnesota Business Snapshot Data\*](#)

that is maintained by the *Office of the Minnesota Secretary of State*. Furthermore, preparing the list turned out to be time consuming for the study team as the identification of the BIPOC businesses were

only possible if the businesses have either their email addresses or a contact phone number listed on the sites.



**BIPOC entrepreneur, Tony O'Neil, in front of his Jamrock Restaurant**

Photo Credit: Steve Isola, Positively Superior Magazine

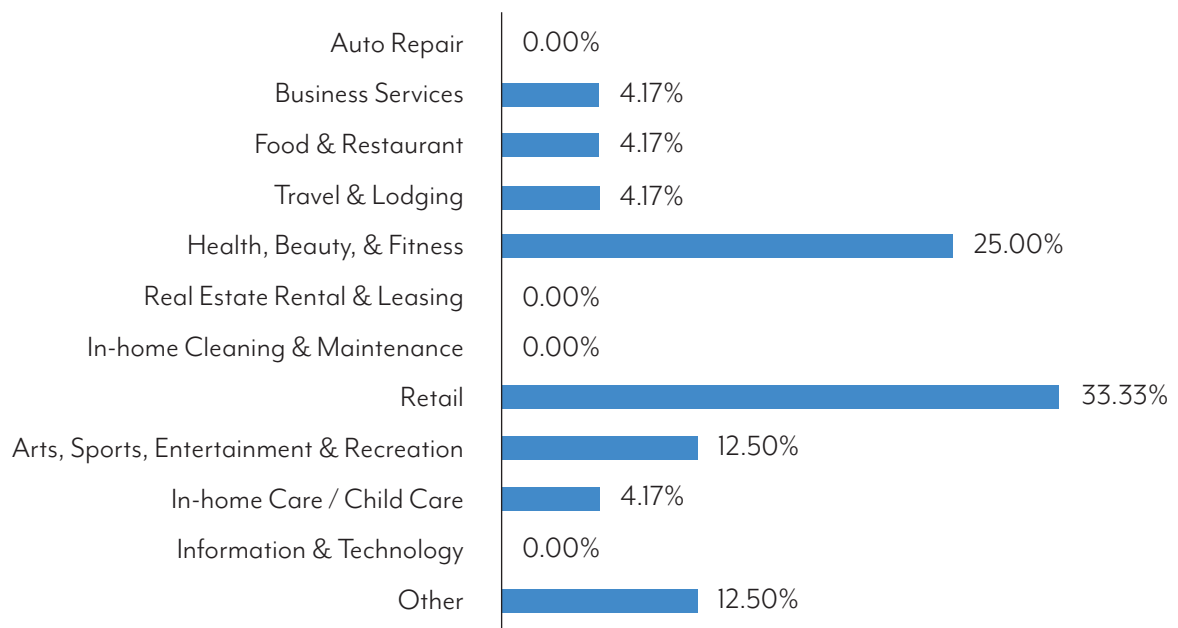
Out of 84 from the study team's list of BIPOC entrepreneurs, 24 completed the online survey over *Qualtrics*, an online survey platform, with a 29% completion rate. Although a good survey response rate is considered anything above 50%, empirical

evidence shows that the average response rate of online surveys falls somewhere between 20% and 30% (Evans and Mathur, 2018; Nayak and Narayan, 2019).

### Characteristics of BIPOC-owned businesses

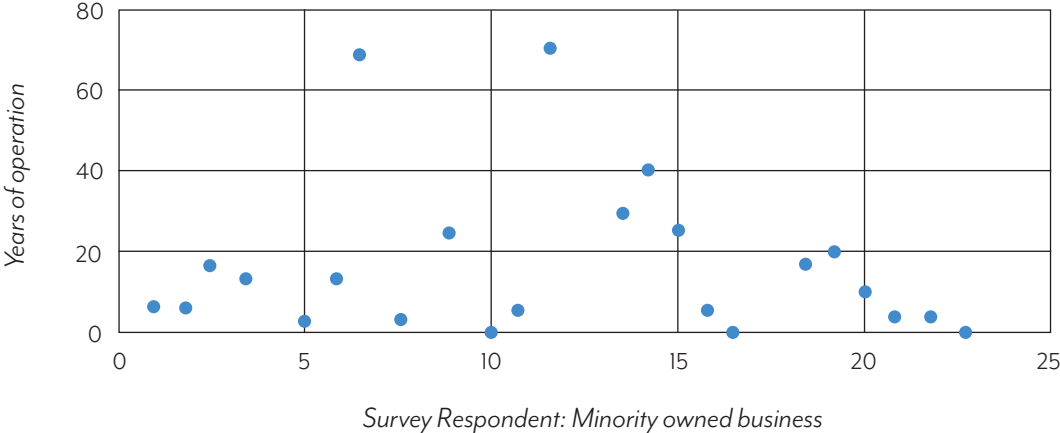
Among the survey respondents, 33.33% of the BIPOC owned small businesses reveals that their businesses fall under the *retail industry*, 25% under *health, beauty and fitness industry*, and 12.50% under *arts, sports, entertainment and recreation industry*. Around 12.51% of BIPOC entrepreneurs claimed their businesses belong to industries representing *food and restaurant, travel and lodging, or business services industry*. The rest of the survey respondents (12.50%) selected *other* industry to best represent their small business establishments. **Figure 1** shows the percentage breakdown by principal industry of business owned by BIPOC residents of Duluth and Superior.

**Figure 1:** Principal Industry of Business



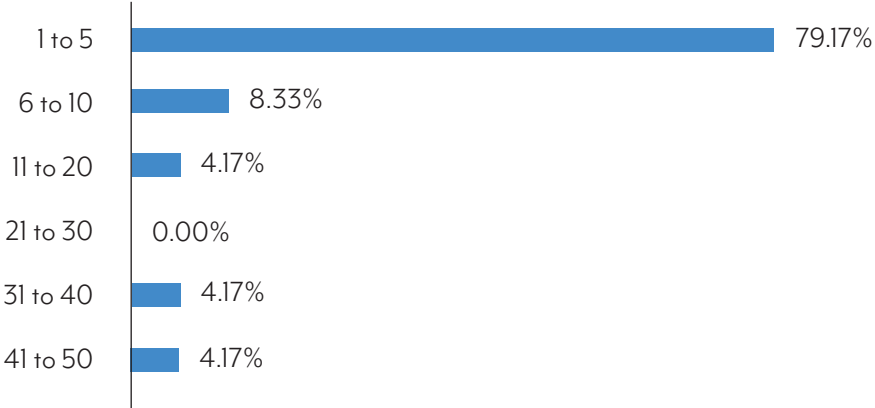
**Figure 2** below illustrates years of operations of BIPOC owned small businesses in Twin Ports area. Although the range is very diverse with 8 months to 69 years of operations, around 86% of the BIPOC owned small businesses indicate that they are operating in Twin Ports area for less than 20 years.

**Figure 2:** Years of Operation in Duluth, MN or Superior, WI



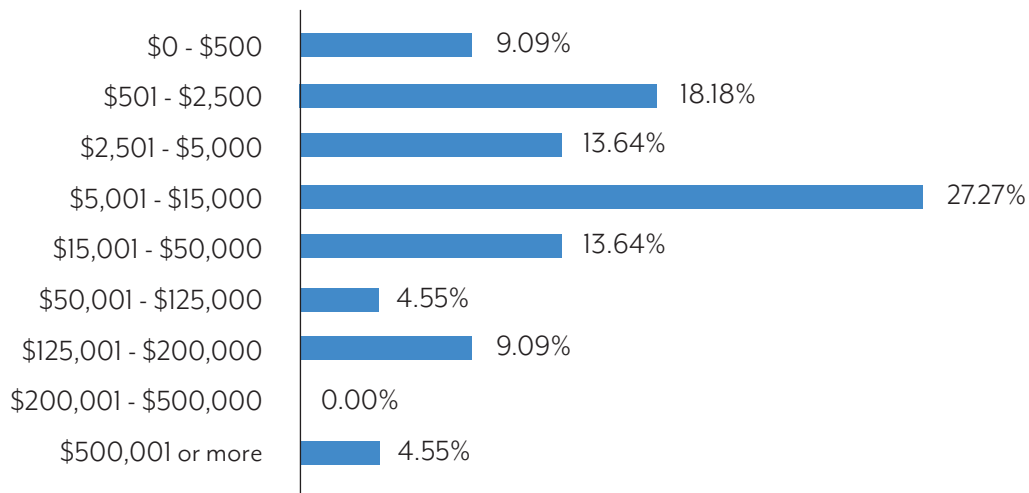
**Figure 3** illustrates number of employees at the BIPOC owned small business establishments. Among the survey participants, 79.17% of small businesses employ 1 to 5 individuals. Small establishments with 6 to 10 employees represent 8.33% of the survey respondents. Only 12.51% of BIPOC owned small businesses hired more than 10 employees.

**Figure 3:** Number of Employees



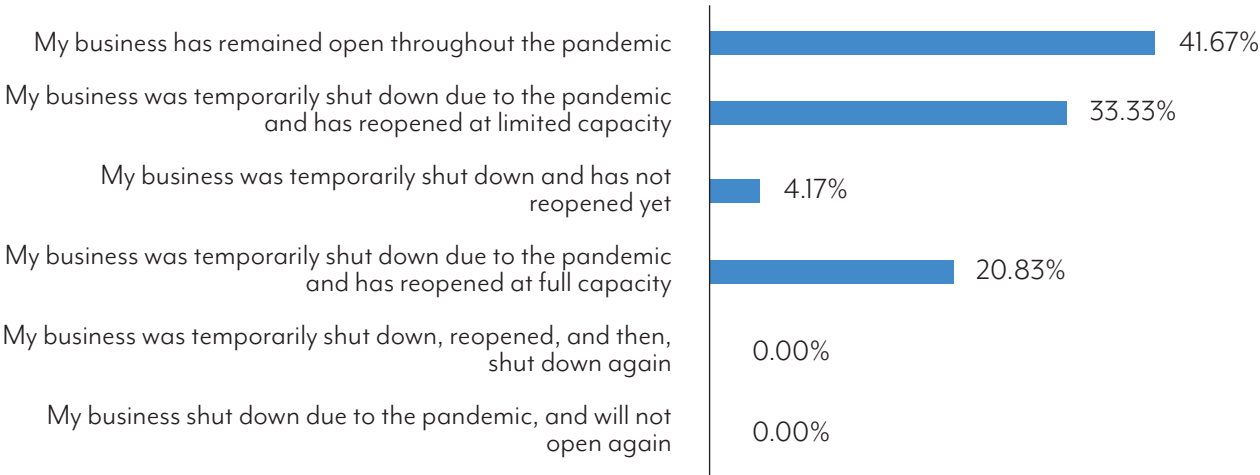
**Figure 4** reveals that around 27% of the BIPOC owned small business survey participants has operating revenues between US\$ 5001-\$15,000. Only 18.19% of the respondents have operating revenues higher than US\$ 50,000 and, 9.09% has operating revenues at most US\$ 500.

**Figure 4:** Operating Revenues for Business



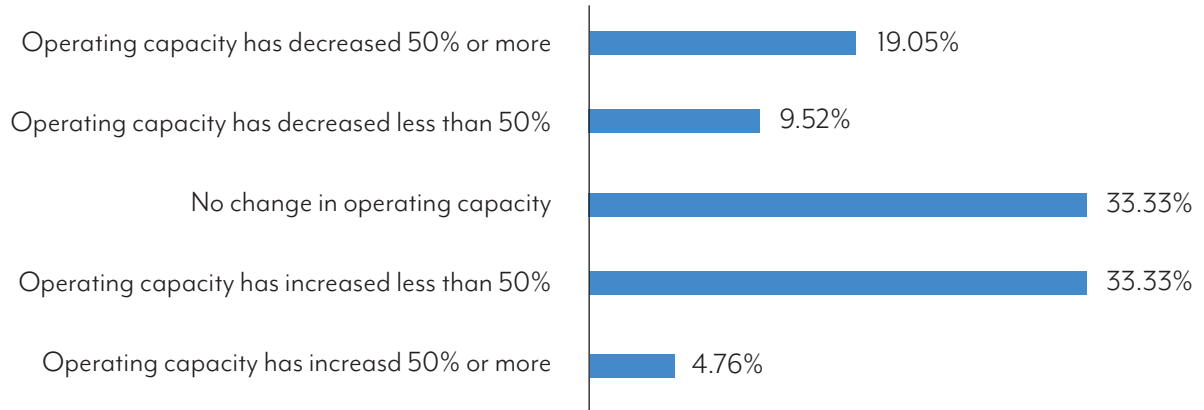
**Figure 5** shows that 41.67% of the BIPOC owned businesses have remained open throughout the pandemic. 33.33% of the businesses under BIPOC ownership selected the option that their business was temporarily shut down due to the pandemic and have reopened with limited capacity. 20.83% of the BIPOC business owners revealed that their businesses are now operating at full capacity after being temporarily shut down. The most positive aspect is that none of the business owners selected the option of not reopening their businesses again after facing temporary shut down due to COVID-19 pandemic.

**Figure 5:** Status of Business During COVID-19 Pandemic



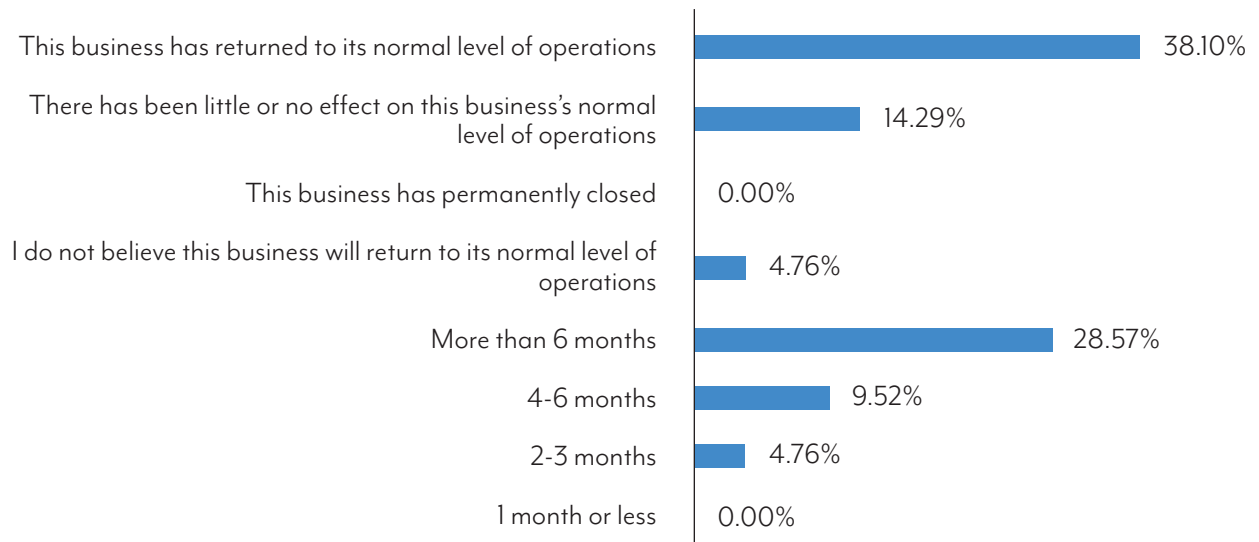
**Figure 6** illustrates the current operating capacity of the businesses of the survey respondents relative to their operating capacity prior to COVID-19 pandemic. Results show that 33.33% of the minority owned small businesses selected the option that their current ‘operating capacity has increased less than 50%.’ Only 4.76% claimed their operating capacity increased more than 50%. However, survey results also show that 19.05% listed their current ‘operating capacity has decreased 50% or more.’ Around 10% revealed current ‘operating capacity has decreased less than 50%.’

**Figure 6: Status of Current Operating Capacity**



On time needed for business returning to pre-COVID-19 normal level of operations, 38.10% of the survey respondents claimed that their businesses returned to normal level of operations. 28.57% revealed that their businesses need at least 6 months to return to normal level of operations. Between 4.76% and 9.52% selected 2-6 months for their businesses returning to normalcy. Less than 5% thought that their businesses will not return to normal level of operations. **Figure 7** illustrates the findings.

**Figure 7: Time Needed for Business Returns to Pre-COVID-19 Normal Level of Operations**





## Access to resources for BIPOC businesses

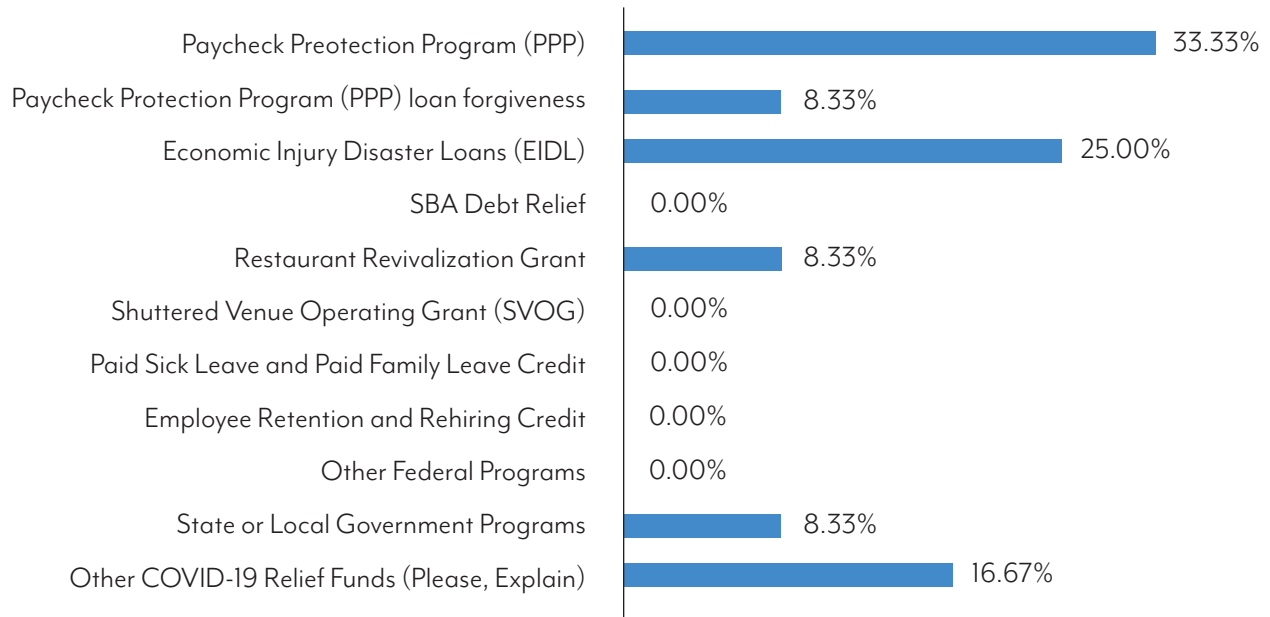
**Figure 8** shows that exactly 50% of the respondents had access to COVID-19 relief funds. This implies that there exist some potential barriers for half of the BIPOC owned small businesses for not being able access COVID-19 relief funds. Some of the barriers that the BIPOC entrepreneurs revealed were: (1) business operating part-time; (2) started business during mid-pandemic; (3) could not provide proof of loss of revenues; (4) not qualified to apply if *self-employed* or having *independent contractor* status; (5) not having a storefront; (6) lack of communication from the banks/financial institutions about the status of application; (7) grants prioritized for entrepreneurs issuing W2s for their payroll workers compared to entrepreneurs issuing 1099 for non-payroll workers.

**Figure 8:** Access to COVID-19 Relief Funds



Regarding types of COVID-19 relief funds, **Figure 9** indicates that 33.33% of the BIPOC small business owners in Twin Ports accessed *Paycheck Protection Program (PPP)*. The next popular COVID-19 relief fund is the *Economic Injury Disaster Loans (EIDL)*. 25% of the survey respondents revealed applying for EIDL. Rest of the minority business owners applied for *PPP loan forgiveness*, *Restaurant Revitalization Fund*, and *State or Local government programs*. None of the BIPOC small business owners who participated in the online survey picked *Paid Sick Leave and Paid Family Leave Credit*, *Employee Retention and Rehiring Credit*, and *other Federal programs*.

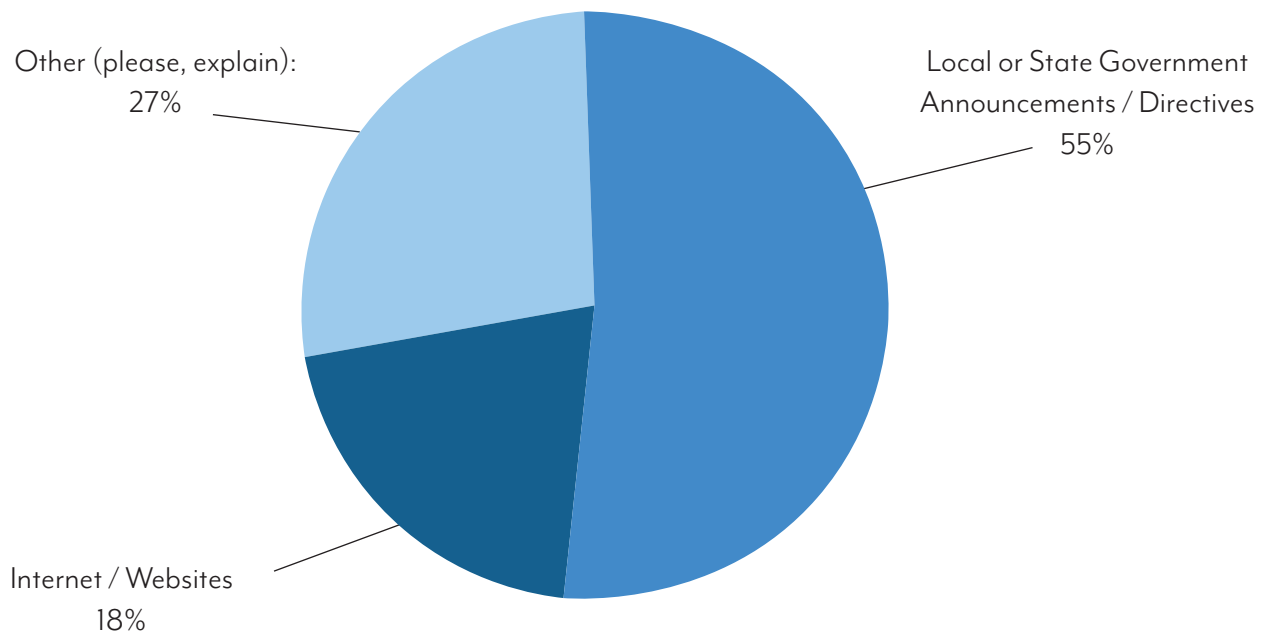
**Figure 9:** Type of COVID-19 Relief Fund Accessed



## Access to information and institutional support for BIPOC businesses

**Figure 10** shows that *local or state government announcements/directives* were the major sources of information on COVID-19 relief funds. Around 55% of the survey respondents picked this as their major source of information. Internet /websites (18.18%) and other sources (27.27%), such as, National Federation of Independent Business (NFIB), private/personal accountants, professional organizations, etc., are the next most popular sources. Interestingly, none of the survey respondents picked social media platforms such as Facebook, LinkedIn, Instagram, and Twitter as their sources of information on COVID-19 relief funds.

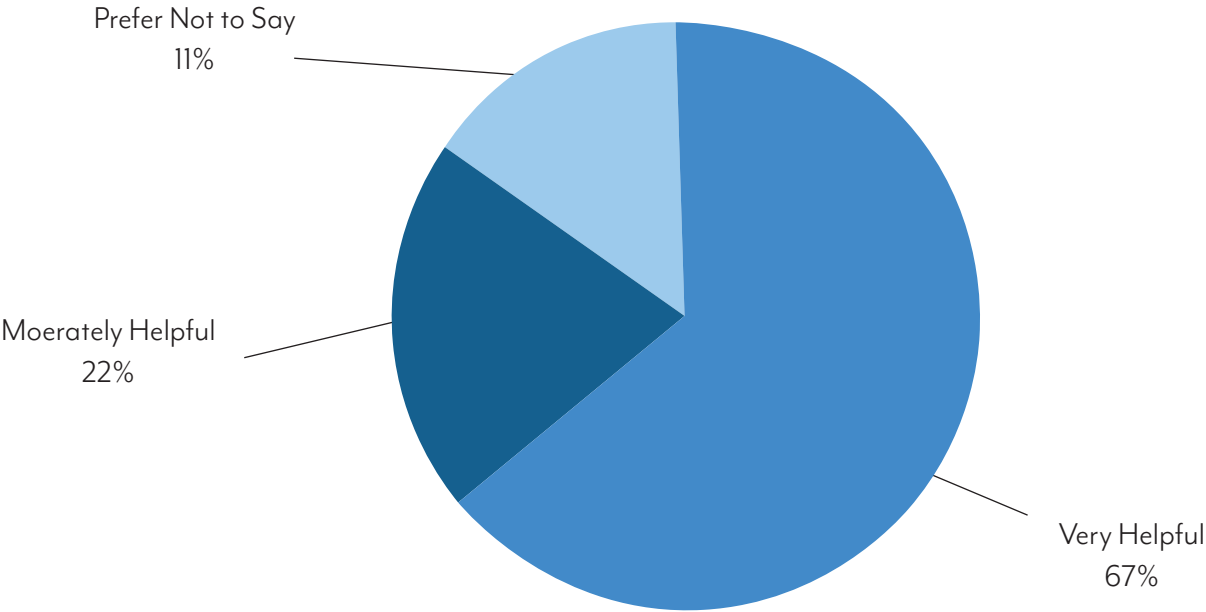
**Figure 10:** Sources of Information for COVID-19 Relief Funds



On the level of institutional support, the online survey results reveal that around 67% of minority owned small businesses revealed that institutions facilitating the COVID-19 relief funds were 'very helpful.' Only 22.22% stated that the institutions were 'moderately helpful.' None of the respondents listed institutions being 'not helpful' when trying to access COVID-19 relief funds.

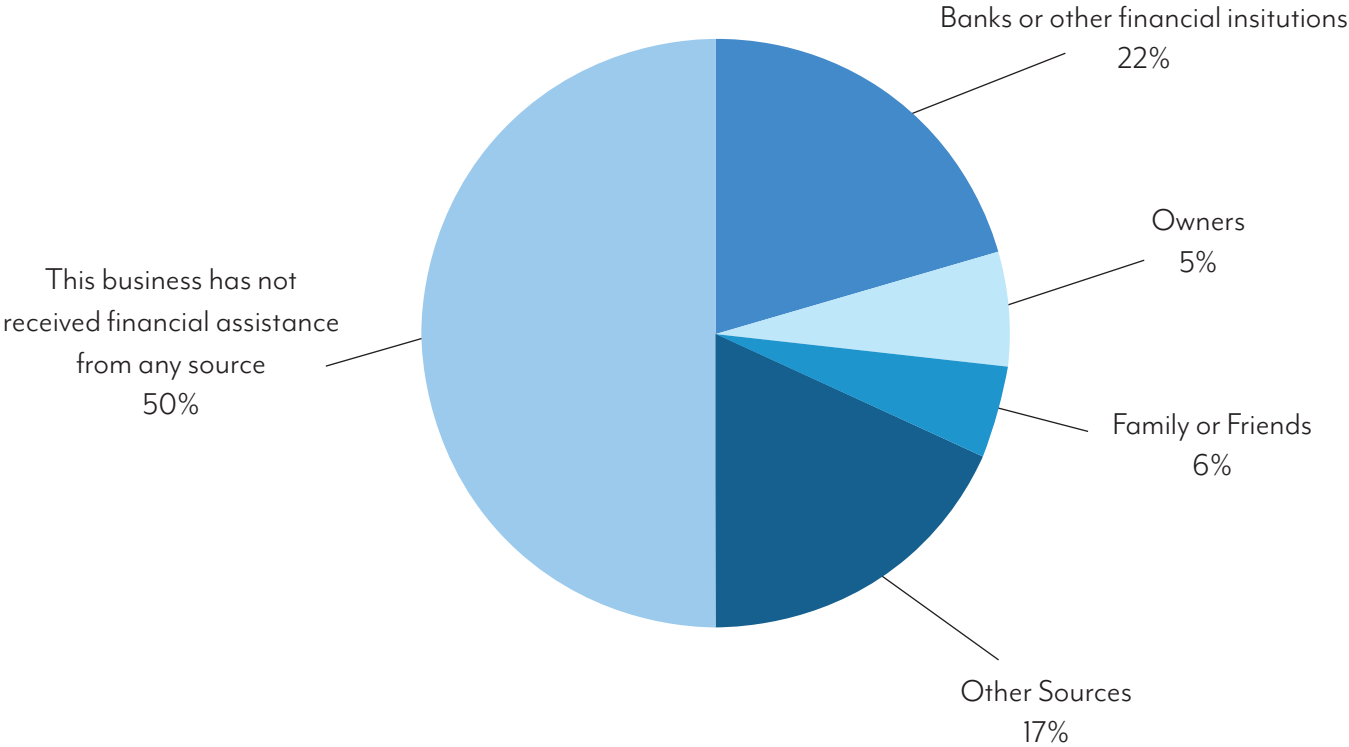
**Figure 11** summarizes the findings.

**Figure 11:** Level of Institutional Support in Facilitating the COVID-19 Relief Funds



**Figure 12** demonstrates that 50% of the survey respondents received no financial assistances from sources other than the COVID-19 relief funds. Among those opted for alternative sources, 22% took financial assistance from banks and other financial institutions, 6% from family or friends, 5% from own personal funds, and 17% from ‘other sources.’

**Figure 12:** Sources of Funds Other than COVID-19 Relief Funds



## Other findings from the BIPOC entrepreneurs survey

Among the other findings, the survey results reveal that BIPOC entrepreneurs prefer: (1) *targeted grants and office spaces* for BIPOC businesses to have sufficient time and resources for startups to establish their business models. Currently, the financial support is mainly provided to well-established small businesses or businesses that have sufficient properties and assets that could be used as collaterals; (2) *a support group to assist BIPOC entrepreneurs in Twin Ports* to access resources for their startups since a majority of BIPOC entrepreneurs do not have sufficient time and resources to navigate the entire process; and (3) *workshops with demonstration projects on how to access resources from nonprofits, local financial institutions, local state governments, municipalities and other sources.*

# Results and Discussions

## *Online Survey of Organizations Supporting Small Businesses in Twin Ports*

Given the combined population of 113,448 of Duluth and Superior following US Census Bureau, April 1, 2020 Population Census data, there are 15-20 organizations identified as actively supporting small businesses in the region. Based on the information, the study team sent online survey link to 15 organizations. The survey was conducted using the *Qualtrics* online survey platform between August and September 2021 with survey completion rate of 33%.

Since all the questions on the online survey is open-ended questions, the survey team decided to focus on the *common themes* that came out following the responses of the representatives of the small business supporting organizations in Twin Ports. Goal of identifying the common themes is to find whether similar themes were emerging from the focus group discussions involving the local chambers of commerce, small business association/ small business development centers, nonprofit corporations representing foundations and trusts, financial institutions, local government, and municipalities, etc., that are directly involved with supporting small business developments of Duluth and Superior.

All the survey respondents shared that a larger percentage of BIPOC owned businesses: (1) struggle to have their finances organized; (2) do not have appropriate documents for tax filing; and/or (3) have not established the banking relationships to get financial support for their businesses. Survey responses also revealed cooperation among non-profit corporations to support BIPOC businesses, such as, the *Local Initiative Support Corporation (LISC)* of Duluth's initiative to assist

small businesses in the Lincoln Park neighborhood by distributing LISC National Funding resources through *Ecolobrium3* and the *Entrepreneur Fund*. The LISC also assisted an emerging BIPOC lead organization, *Family Rise Together*, in securing Federal funding and LISC National Capacity Building resources to support BIPOC entrepreneurs.

However, most of the respondents mentioned the importance of forming stronger relationships with the BIPOC business community, working with trusted BIPOC organizations and community partners/allies, opening programs specifically to support BIPOC startup businesses, and identifying ways to utilize local resources to help BIPOC entrepreneurs to navigate existing and potential barriers, etc. One of the respondents mentioned the need to have a community resource page on BIPOC businesses or a BIPOC business directory. Another respondent specifically mentioned in the survey about the technical assistance that the BIPOC entrepreneurs seek in getting their businesses online.



# Results and Discussions

## *Focus Group Discussions with BIPOC Entrepreneurs*

The impact of COVID-19 on BIPOC owned businesses has been a mix bag. While majority of these businesses have and continue to experience negative impact of the pandemic, some have thrived. In some cases, new businesses have sprung up during this period between March 2020 and September 2021.

Compared to the study team's quantitative analysis from the online surveys of BIPOC entrepreneurs, there are several nuances to the quantitative data when examining the qualitative data from the focus groups. It was evident in the focus group data that many BIPOC owned businesses struggled, at least initially during the pandemic. Many restaurants, coffee shops, beauty salons, etc. had to find ways to keep their businesses going. The verbatim quote below from one of the BIPOC entrepreneurs reveal this unexpected and difficult situation.

“There's no help, you know. So that was super frustrating, and it was criteria that never really changed, and then, it was the consumers, assuming the government's throwing all this money at you, and you're like 'it's not! No!' We're not getting the help that you think we're getting. So, we had to rip apart all our margins. We had to eliminate things and reconstruct and reconfigure everything. Just strip bare-bones and try to be create on how to sell things. Because brick and mortar made to order, people are not coming in, and understandably so, so that was a struggle. I applied for every grant I could get my hands on.”

Another BIPOC entrepreneur stated,

“COVID had some factor in this sense that you just feel like you are in a prison and we really couldn’t move, and I think it was suppressing, even the ideas, even for someone like me who was just starting and not being able to do things freely slowed me down. The other thing is finding resources wasn’t easy either. People were

offering loans and I was a little bit reluctant to take loans because, then you face the fact

you must repay and if you’re not selling, then, how do you repay. In that case, I refrain myself from taking a loan because I wasn’t sure of the revenue it would be bringing in after the projections are made. So, I was looking for grants for minorities and so far, nothing. what I was told was that I can be given a loan without interest. But still that was a loan, and I don’t want to start in that aspect. I was looking for a breathing room of about 6 months or so where...”



***Superior Waffles, a BIPOC owned business, located in downtown Superior***

Photo Credit: Holden Law, UW-Superior

From the focus group discussions with representatives of organizations supporting small businesses in Twin Ports, the research team learned that the organizations that were directly working with BIPOC entrepreneurs had found most of the time the struggles of the BIPOC businesses to meet their needs. Many of these supporting organizations had to pull all their resources together to support small businesses at the height of the COVID-19 pandemic. It was particularly challenging for BIPOC small businesses and their supporting organizations due to some of the “unique” challenges that BIPOC businesses face. The following is a quote taken verbatim from one of the BIPOC entrepreneurs about dealing with such “unique” challenges.

“...Things like that, and its basic things that minority businesses need to know. If you’ve never owned a business, there’s no way in heck you’re going to know so many things in order to stay legit. It’s one thing to see but there’s so many other things to come with that. Like have you got our Minnesota tax ID? Do you have a business account? Do you have a tax preparation that’s going to help to come in and do your taxes? Do you have the right system to calculate all that? These are the different type of things that I’ve had to research and do on my own, or see on Facebook from somebody else, or another entrepreneur I’ve had to pay out of pocket to get more information, so yeah.”

Focus group discussions also revealed that many organizations that support small businesses had to devote extra resources to take some entrepreneurs through the fundamentals of starting and maintaining businesses.

“I think that there should be a business for dummies class. Or not necessarily an orientation, but a ‘come where you are’ type of thing, and it should just be a layout.”

The research team also noted that many new businesses were started by BIPOC entrepreneurs at the height of the COVID-19 pandemic because of sudden availability of funds, especially for the local black community, that were resulting from the social justice advocacies after the death of George Floyd.

“Yes, I am one business who can say that we benefitted from the pandemic. In the midst of the pandemic and building it out, George Floyd was murdered, and funding shifted, with lots of funders and recruiting. Because of COVID and because of George Floyd’s murder, there was a huge shift in money and opened a door...”

“I’d just go back to [the point]. I see a lot of thriving black-owned businesses here. But they are also people that have bene here for a while and they also have connections inside of the white community. All the people that I have seen [that do well] have connections with the white community. They’re doing fabulous, but [us] who don’t have the inside [connections], we’re not doing as fantastic as I feel like we should.”

## Experiences in Accessing COVID-19 Relief Funding

On accessing various COVID-19 relief funding programs, the research team found *common themes* among the BIPOC entrepreneurs who took the Qualtrics online survey and the ones who participated in the focus group discussion sessions. Similar to the findings from the online survey, BIPOC entrepreneurs, in general, stated the following factors behind their difficulties in accessing various funding options to support small businesses under the COVID-19 relief funding initiatives:

- Denied application
- Inquiries about the funding were not answered
- Direction towards loans rather than grants
- Lack of adequate information about the different types of grants and loans.
- Complex application process
- Did not meet funding criteria in many cases due to lack of evidence/documentation to support the application.
- Limited available funding

Below are some of the sentiments expressed by participants about this process:

“I don’t think they funded people with an established identity, I think there was just SO many people that they ran out of money...”

Another BIPOC entrepreneur said this about the process:

“Yeah, one of the things we found is those that didn’t have a relationship with a bank, it was more difficult to access PPP funds or working capital; things that

were needed. Even some of the other programs that were available. We were able to help them, and we were very grateful to have that space and have a place to come to get access to PPP funds. Part of the challenge was, maybe the financial statements did not exist, or there were tax returns that hadn't been filed, so we developed all systems and ways to get access to funding for them. That was a trend which caused a barrier.”

“I don't think it had anything to do with us being established or not. The process of applying for these things, some of it was cumbersome...”

# Results and Discussions

## *Focus Group Discussions with Organizations Supporting Small Businesses in Twin Ports*

Analyzing the responses from the focus group discussion involving various organizations supporting small businesses in Twin Ports regions, the study identified the following general observations of BIPOC owned businesses by Organizations/ Agencies that Work with small businesses.

### **Creative business ideas**

The last few years have witnessed several new BIPOC owned businesses springing up in the Twin Ports. These businesses are in several areas from food industry to construction. The online survey detected a wide range of businesses serving the region with many more proposals in the pipeline. Findings from the focus group discussions with organizations supporting small businesses indicated that the Twin Ports region does not lack creative business ideas from minorities. One focus group participant, who works closely with minority groups, indicated how busy she has been in the last few years as they work to help these ideas move from the conceptual to implementation phase. However, one of the challenges encountered by many organizations that work with BIPOC businesses, is not the lack of ideas but translating these ideas into workable business plans.

### **Major contributors to diversity in the community**

The wide variety of businesses and services established by the Twin Ports BIPOC community were acknowledged as being major contributors to the *cultural enrichment* of the Twin Ports. There was a consensus to continue to support these businesses due to the role they are playing in the region.

### **Lack of technical skills**

A reoccurring theme in the study on organizations that work with small businesses, was the lack of technical skills among potential BIPOC business owners. There are no shortages of creative business ideas. However, these ideas need to be turned into workable business plans that could be supported and implemented. This is where many BIPOC entrepreneurs struggle. The lack of exposure to the world of business coupled with bureaucratic processes, become bottlenecks for them. Skills such as budgeting, laws, resource location and publicity are lacking among minority entrepreneurs.

The good news is that many organizations have identified these gaps and have taken steps to address them. Some organizations have set up units to teach these skills while other refer entrepreneurs to other organizations that could be more helpful. For instance, the idea of granting micro loans in support of teaching these skills, was highlighted by some participants as making a difference in the promotion of BIPOC owned businesses in the region.

### **Lack of networking opportunities outside their immediate community**

One major reoccurring theme from both BIPOC entrepreneurs and the organizations supporting small businesses was the *lack of meaningful networking opportunities*. The examples of how some organizations have been able to access resources during this pandemic underscore the important of networking. Many BIPOC business owners discussed the lack of opportunities to engage with people who could make an impact on their businesses. For instance, one participant discussed how they could not get anyone in a local government to give them contract to offer some unique services due to not being in a particular network of community leaders.



On the other hand, participating organizations in this research indicated how open they are and willing to work with anyone albeit acknowledging the fact that, at least by some, that they have not made a conscious effort to reach out to BIPOC entrepreneurs. It was, therefore, not surprising that some BIPOC entrepreneurs have decided not to join, cancelled their membership, or did not seek the services of these organizations. It is, however, important to point out that some organizations in the region have done a phenomenal job in widening their networks. The *Entrepreneurship Fund* was one organization that was mentioned on several occasions for their outreach and networking initiatives. The other notable examples were the *Family Rise Together*, an emerging BIPOC lead organization, that is working in partnership with the *Local Initiative Support Corporation (LISC)* of Duluth to assist small businesses in the Lincoln Park neighborhood. In Superior, the constructive roles played by the *UW-Superior Small Business Development Center (SBDC)* and the *Development Association* were acknowledged by the BIPOC entrepreneurs and other organizations who supported in online surveys and focus group discussions.

## Efforts made to support access to COVID-19 funding

It is important to note here that many of the organizations working with BIPOC businesses to access funding as well as other logistics, seemed to do their best given the circumstances to support them. The rapid progression of the pandemic and the speed with which the government and various organizations had to respond meant a lack of opportunity to adequately plan and implement support systems. The study, thus, noted a rapid response structure among many organizations as they struggle to meet the needs of small businesses.

A couple of organizations in Duluth that seemed to have made rapid adjustments to support BIPOC entrepreneurs were the *Entrepreneur Fund* and *Local Initiative Supporting Corporation Duluth (LISC, Duluth)*. These and other organizations in Superior, such as, the *UW-Superior Small Business Development Center (SBDC)* and the *Development Association*, quickly identified the needs in the business community and put in place processes to support them to navigate the complex nature of accessing COVID Relief funding and other resources.

“Our internal staff capacity was limited as the resources we were given to assist businesses was temporary. We worked many hours, heard many heart-breaking stories and overall were overstressed. Our staff is committed and dedicated to our mission and freely gave their time and service to as many as we could reach. We all experienced some level of burnout but have been encouraging our teams to take vacations and unplug completely.”

The fact is that the pandemic, caught almost every organization by surprise and got them scrambling to support their constituencies. Some of these organization,



***Andrea Black of the Entrepreneur Fund, one of the organizations providing support to BIPOC owned businesses in Duluth***

Photo Credit: Sakib Mahmud, UW-Superior

however, did better than others due to their existing connections with small businesses as well as ability to quickly expand their network. There were, however, some organizations that did not have BIPOC businesses as major constituents due to their policy of treating all businesses the same. As one organization noted:

“We realized that we did not have strong enough connections in the BIPOC business community. Many were looking for more technical assistance and help in getting their businesses online.”

Another organization’s leader indicates that:

“We don’t have minority focused programming.... We’re welcoming of all businesses; we often go out of our way to welcome as many businesses as possible.”

These organizations were thus ill-prepared to meet the needs of these businesses. Hence, it was thus not surprising to hear the frustrations from some participating businesses about the lack of adequate support from these organizations when they needed it.

The data from this research shows that BIPOC businesses mostly took advantage of state, city, and community resources to weather the pandemic storm. The “cumbersome process,” as one of the participants described it, while applying for the federal funding, made it impossible for some of these businesses to get these resources. There was also a hint of lack of transparency in the distribution of these resources. Some research participants felt that social and business networks were instrumental in the distribution of the limited resources. Whom you know, or rather who knows you, were important determinant in access to funding. Of course, one cannot be oblivious of the fact that some of the BIPOC businesses could be classified as “micro-businesses” thereby limiting their ability to access some of these relief funding.

Again, it is worth noting that some organizations stepped up and have been quite supportive of BIPOC owned businesses in the Twin Ports region during the pandemic induced crises.

Few BIPOC entrepreneurs in focus group discussions mentioned the major role played by these supporting organizations. Further analysis of the focus group discussions with organizations supporting small businesses in Twin Ports regions reveals that these organizations, in fact, took COVID-19 pandemic



***Jim Caesar of the Development Association, one of the organizations providing support to BIPOC owned businesses in Superior/ Douglas County***

Photo Credit: Holden Law, UW-Superior

event as an opportunity to expand their services to their clients.

However, analysis from the study also shows that other small business supporting organizations were caught off guard by the unanticipated pandemic event. The focus group discussions reveal that these organizations were not adequately prepared to handle the disruptions that came with the pandemic. For instance, they saw the number of their clients dwindled. They also did not have adequate resources to fully support their clients. Based on the focus group discussions, the study identified the following items that could be considered as the kind of *structures and foundations* that the Twin Ports community can offer to provide the support that BIPOC entrepreneurs to initiate startups and/or expanding their existing business establishments.

### **Learning new policies and processes**

The COVID-19 pandemic has led to the proliferation of many policies and procedures. Organizations supporting small businesses have had to develop and follow new ways of doing things to remain safe and effective in their services. As indicated, earlier in this report, the federal, states and local governments, have enacted several guidelines on how organizations should operate. For instance, the CARES Act came with specific instructions on how funds, such as the Paycheck Protection Program (PPP), should be disbursed. The instructions changed with the 2nd round of PPP disbursements that started in January 2021 (Fairlie and Fossen, 2022). Our research indicates that some organizations, understood the significance of learning these new policies and processes. By taking the time to learn these policies and procedures these organizations were better able to serve their clients.

## Forging new networks

The pandemic exposed the “siloes” structures under which many organizations that work with minorities operated.

One of the loopholes identified by some of these organizations, was that at the height of the pandemic they realized that they lacked contact and connections with BIPOC owned businesses. Many of these organizations made concerted efforts to bridge this gap. They reached out to BIPOC

serving organizations and started working closely with them to address their needs.

In some instances, some organizations reached out to intermediary organizations that have a long-standing relationship with BIPOC owned businesses to provide the much-needed support. For example, the *LISC Duluth’s* collaboration with *Family Rise Together*, a BIPOC lead organization to support BIPOC businesses in the Lincoln Park neighborhood of Duluth. Collaborative efforts as such were highlighted in both the survey results



***ChaQuana McEntyre of the Family Rise Together, a BIPOC lead organization operating in Lincoln Park, Duluth***

Photo Credit: Family Rise Together, Duluth

and the focus group sessions. During the focus group sessions, the participating organizations like *LISC Duluth*, *Family Rise Together*, and the *Entrepreneur Fund*, acknowledged each other, and emphasized how important their collaborations have been in supporting BIPOC owned businesses in the region.

### **Hired minority staff to do outreach**

Among other form of *structures and foundations* that the Twin Ports community can offer to promote BIPOC businesses, analysis of the online surveys and focus group discussions involving BIPOC entrepreneurs reveal the importance of hiring staffs who are representative of minority communities to better serve BIPOC businesses in Twin Ports.

### **Created grant funding for minority outreach/business development**

On both online surveys and focus group meetings, participants mentioned that there should be targeted grant funding opportunities to promote BIPOC startups as well as provide support to existing BIPOC businesses in Twin Ports.

# Recommendations to Support BIPOC Owned Businesses in the Twin Ports

- 1) Create/ expand Network of BIPOC Owned Businesses
- 2) Make local governments like City of Duluth and City of Superior, organizational and community leaders accessible to BIPOC business owners
- 3) Organizations should develop programs targeted at BIPOC owned businesses for outreach, funding, networking, contracts, etc., in collaboration /partnerships with Chambers of Commerce and the City administration.
- 4) Create publicity hubs for BIPOC businesses to reduce cost, enhance exposure, etc.
- 5) Tailored technical support for BIPOC businesses in terms of forming a network of consultants-accountants, lawyers, business developers etc., that could be accessed by BIPOC entrepreneurs.
- 6) Introduce BIPOC entrepreneurs to various resources through workshops, project demonstrations, and other educational programs.
- 7) Expand entrepreneurial development projects by providing additional resources to programs that support BIPOC businesses.
- 8) Facilitate marketing and promotion of BIPOC businesses
- 9) Conduct regular meetings with BIPOC entrepreneurs to address concerns facing their communities.
- 10) Introduce BIPOC-Specific Community Development Finance Institutions (CDFIs) to assist entrepreneurs overcome systemic barriers in accessing funding.
- 11) Explore the possibility to advance additional branches that could address BIPOC entrepreneurs' specific cultural needs around lending practices. For example, creation of an Indigenous branch, Black/ African American branch, Latino branch, Muslim branch of a Twin Ports Chamber of Commerce/ CDFI/incubator.
- 12) Establish a Twin Ports BIPOC Chamber of Commerce. This organization would work collaboratively with the current Duluth and Superior Chambers of Commerce but focus on the unique challenges and the support needed by BIPOC entrepreneurs. The Chambers of Commerce of the two cities can implement many of the **twelve (12) recommendations** listed above by establishing a coordinated, cohesive, and one stop business center with support from their respective city administrations.



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