First - Next - Later

Safeguarding Small Business During The Pandemic: 26 Strategies For Local Leaders

By Kennedy Smith

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ILSR INSTITUTE FOR Local Self-Reliance

About the Institute for Local Self-Reliance

The Institute for Local Self-Reliance (ILSR) is a national research and advocacy organization that partners with allies across the country to build an American economy driven by local priorities and accountable to people and the planet. Whether it's fighting back against the outsize power of monopolies like Amazon, ensuring high-quality locally driven broadband service for all, or advocating to keep local renewable energy in the community that produced it, ILSR advocates for solutions that harness the power of citizens and communities. More at www.ilsr.org.

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The author would like to thank everyone interviewed for this report for their time and insights.

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America's small businesses are facing an existential crisis. The COVID-19 pandemic has closed shops and offices across the nation, with dire economic consequences. And the local governments and nonprofit organizations that support small businesses are on the front lines of this crisis. The thousands of organizations and agencies whose work supports independently owned small businesses – local governments, chambers of commerce, Main Street programs, local business alliances, business improvement districts, downtown development authorities, community development corporations, and more – have never been more vital to the economy.

This crisis has brought communities' strengths and needs into sharp focus, and saving small businesses should be one of the nation's highest priorities. Small, locally owned businesses are critical to creating thriving communities and an equitable U.S. economy. They provide people, especially young people, immigrants, and people who face other economic barriers, with opportunities to pursue their dreams of business ownership and to build wealth. They generate tax revenue that supports schools, parks, firefighters, and so much more. They adapt their products and services to customers' needs in ways that national chains cannot. They give our towns, cities, and neighborhoods a distinctive sense of place and belonging. And young businesses – almost all of which are small – are responsible for the majority of all net new job growth in the nation.[1]

Now, America's small, locally owned businesses have an uphill battle for survival. The U.S. Census Bureau's Small Business Pulse Survey found that, through the end of June, the pandemic had had a large or moderate negative impact on a stunning 82.7 percent of the nation's small businesses, with 59 percent of small businesses only having enough cash on hand to survive two months or less.

To address these sobering circumstances, community leaders have three major tasks:

FIRST:
Provide quick relief to keep businesses afloat.

NEXT:
Help businesses adapt and pivot.

LATER:
Fix systemic problems that the pandemic has laid bare.

FIRST

PROVIDE IMMEDIATE RELIEF TO KEEP KEY BUSINESSES AFLOAT

According to surveys conducted by the U.S. Census Bureau, National Main Street Center, and other organizations, most small businesses do not have the cash reserves to survive more than just a few months of shutdowns without immediate financial help. A study by economists at Harvard, the University of Chicago, and the University of Illinois in late April 2020 found that 1.8 percent of the nation's small businesses — more than half a million — had already closed permanently, and a more recent study by the National Restaurant Association found that three percent of restaurants were gone. In June, OpenTable's CEO predicted that 25 percent of the nation's restaurants will likely not survive the pandemic. That same month, Yelp reported that 41 percent of the 140,000 businesses listed on its platform have closed permanently.[2] The consequences are dire until an effective virus treatment and a vaccine are universally available. The first challenge for community leaders is therefore to help keep small businesses afloat.

1. Help small businesses apply for federal financial relief.

If they have not already done so, the small businesses in your city or with which your organization works, and that have lost income because of the pandemic, should seriously and quickly consider applying for help from the federal government.

The Paycheck Protection Program (PPP), one of the key components of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was scheduled to stop accepting applications on June 30. But, with almost $130 billion of its $670 billion appropriation still available by then, Congress voted on July 1 to extend the deadline for the program to August 8, giving small businesses a few more weeks to apply. This program provides forgivable loans to small businesses equal to 2.5 times a business's regular eight-week payroll. The program was amended on June 5 to make it more flexible. PPP's first round of funding went quickly. But the rollout was chaotic and controversial, with many small businesses shut out of the application process.

However, there are a few other federal small business assistance programs available, as well as many statewide and national (non-federal) ones. Chief among the federal programs are the SBA's Economic Injury Disaster Loan (EIDL) Program, and the Department of the Treasury's Main Street Lending Program.

The Economic Development Disaster Loan provides business loans of up to $2 million, plus a $10,000 loan advance that does not need to be repaid. EIDL loans may be used to pay payroll, fixed debts, accounts payable, and other expenses that business owners have been unable to pay because of the COVID-19 pandemic. EIDL loans have a 3.75 percent interest rate for for-profit businesses and 2.75 percent for nonprofit organizations, with loan terms up to 30 years to keep payments as low as possible.

Despite its small-business name, the Main Street Lending Program was designed primarily for mid-sized businesses – which, according to the Federal Reserve Bank, are businesses with fewer than 15,000 employees or revenues of $5 billion or less. Through this Program, businesses may borrow $250,000-$300 million from participating banks. The Federal Reserve then buys 95 percent of each loan, freeing up capital for the participating banks so that they can continue making loans. The program has the capacity to buy $600 billion worth of loans.

A number of members of Congress have proposed additional small business relief programs, and it is possible that Congress will appropriate additional funds for one or more relief programs over the coming months.

2. Create a local small business relief program.

Small businesses have bills to pay while the economy begins to reopen, and they may not be able to wait for federal assistance. Timing is critical. Hundreds of local governments, private foundations, and nonprofit organizations have jumped to the challenge and created small business support programs. And, as businesses eat through their cash reserves, the number of local small business relief programs grows every day.

The relief programs most helpful to small businesses are those that provide outright grants to cover immediate operating expenses – rent or mortgages, utilities, payroll – and expenses for personal protective equipment, social distancing barriers, handwashing stations, and other items and modifications needed to operate safely. This is not a good time for a small business to be taking on new debt, unless it has no other viable alternatives. If a community cannot afford to offer outright grants, it should consider making interest-free loans, with repayment deferred for at least a year and no penalty for paying back the loan early, to tide over businesses until they can receive help from a federal or statewide program.

Creating a locally designed and locally guided small business relief program can also help ensure that the most vulnerable businesses get the support they need. Minority-owned and women-owned businesses, in particular, are often undercapitalized and lack access to credit, putting them at greater risk of failure. Some communities have created special COVID-19 relief programs targeting minority- and women-owned businesses or set aside a percentage of grants or loans for them. For instance, Oklahoma City's Small Business Continuity Program earmarked 25 percent of its grants and loans to businesses in low-income census tracts.

Communities are capitalizing their small business relief programs in many ways. Some, such as Sterling, Illinois, have redirected funds originally allocated for the city's economic development programs. Some are diverting funds budgeted for capital improvement projects. Some are cobbling together contributions from several agencies, organizations, and businesses to capitalize them. For example, Downtown Kenosha, Inc.'s Small Business Recovery Fund tapped resources from three area banks, the Kenosha Area Business Alliance, and the Lakeshore Business Improvement District. There are even some that are completely crowdfunded. You can find a list and brief descriptions of more than 500 small business COVID-19 relief programs here.

The CARES Act also included two other funding allocations that communities have used to create small business relief programs:

- The CARES Act allocated $5 billion in supplemental Community Development Block Grants (CDBG) to the U.S. Department of Housing and Community Development for distribution to states and entitlement communities for COVID-19 relief, and many state and local governments are turning these CDBG-CV allocations into grant and/or loan programs for small businesses. The CDBG-CV allocations will be distributed in three rounds – an initial round of $2 billion that HUD distributed according to its regular FY2020 CDBG formula allocation; a second round of $1 billion for areas that have been particularly hard hit by coronavirus transmission; and a third round of $2 billion that will be distributed at HUD's discretion. Entitlement communities – cities with populations over 50,000 and urban counties over 200,000 – automatically receive a Round 1 allocation. Non-entitlement communities – those under 50,000 – may receive funds from the agency that normally administers the state's CDBG program, either through a competition or a direct allocation, depending on state regulations. Scores of communities, from Lebanon, Pennsylvania to Vancouver, Washington, are using CDBG-CV funds to capitalize small business grant, loan, and technical assistance programs.

ILSR's Big List of Covid-19 Assistance Programs

Find a list and brief descriptions of more than 500 small business COVID-19 relief programs.

SEE THE LIST →

- The CARES Act also allocated $150 billion for the Coronavirus Relief Fund, distributed to units of government with populations over 500,000 – meaning each state government received some CRF money, plus the nation's largest cities. The Department of the Treasury's guidance on CRF says that it may be used to cover expenses that "are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)." These "necessary expenditures" can include small business relief programs – and, by July 1, several dozen state and local governments had done so.

3. Defer tax and utility payments.

Reducing expenses helps a business's bottom line almost as much as increasing sales revenue. Property, employment, sales taxes, and utility payments might account for a relatively small percentage of a business's expenses – but, in a crisis, everything counts. Consider an ordinance or emergency order deferring or forgiving these payments until sales begin to return to a sustainable level. Cities like San Francisco and Seattle have deferred business tax payments, as have states like Connecticut, Iowa, and Maryland.

SMALL BUSINESS RELIEF PROGRAMS

We have examined over 500 grant and loan programs created since the beginning of the COVID-19 pandemic by local and state governments, nonprofit organizations, community foundations, and others and spoken with many of the people involved in creating and administering these programs. Here are some observations and suggestions, based on their experiences:

Community-based financial relief programs are more efficient at quickly getting money to small businesses than the federal and state relief programs have been. It took weeks, and in some cases months, for the federal and most state governments to finalize program regulations and open application processes. But local governments, nonprofits, and concerned residents have been able to roll out programs quickly to help keep businesses going — in some instances, in as little as one week.

Community-based programs can be tailored to specific local needs and fill gaps left by the federal one-size-fits-all business relief programs. Many communities conducted quick surveys of local businesses to identify specific needs, then tailored their relief programs accordingly. Some provide general relief, while others are tailored to specific types of businesses (such as restaurants or barbers/hair salons), ownership (such as microbusinesses or sole proprietors), or location (such as in a downtown district or enterprise zone).

Grants are better than loans. This is not a good time for businesses that have lost several months of revenue to take on debt. If it is possible for a local small business relief program to offer cash grants, do that. If not, forgivable loans are better than conventional loans. Some communities that have offered conventional loans have had trouble attracting borrowers.

Small businesses need both short-term stop-gap assistance to stay afloat and mid-range assistance to develop new sales channels or recreate their business plans. Most businesses that had to substantially change their operating model or to close completely during the pandemic might have been able to survive on savings and credit for several months, but they are likely to need a quick cash infusion to stay afloat. But once they have crafted a new strategic direction, they will likely need patient, inexpensive capital to implement their new business plans, possibly bolstered by grants to cover unusual expenses or provide incentives for certain changes.

The process of reviewing applications and working closely with small businesses is helping civic leaders better understand the challenges facing small businesses. People administering local small business relief programs report that reviewing applications has given them a clearer sense of some of the barriers and market power dynamics that locally owned businesses confront and is helping them understand how they, as civic leaders, might help remove or reduce them.

Financial assistance also provides local leaders an opportunity to offer guidance and technical assistance to small business owners. By highlighting the barriers that small businesses face, financial assistance programs have helped local leaders structure programs to help small businesses change their operating models and identify potential new markets. And it has helped them create technical assistance programs to help businesses adapt to the challenges ahead. It has also put local leaders in the position of conducting triage, sorting out businesses that were struggling well before the pandemic from those that have better opportunities to adapt and thrive in the pandemic and post-pandemic commercial environments.

Communities that are offering relief funds through partnerships and crowdfunding are finding other benefits in working together. The process of creating small business relief programs has brought organizations together that might not have done so before. In Emporia, Kansas, for example, four organizations and agencies have come together to provide ongoing support to small, locally owned businesses — and, in the process of doing so, have created an ad hoc platform for managing future community crises.

Community residents, industries, foundations, and civic institutions have a new appreciation for the importance of small, locally owned businesses in the local and regional economy. Perhaps most importantly, the COVID-19 health crisis has underscored the vital importance of small businesses to local economies and to civic identity. Thousands of towns and cities have launched programs to support small, locally owned businesses. The pandemic and economic shutdown have been wake-up calls to community residents and leaders to change their policies and refocus their economic development priorities to better reflect these priorities going forward.

4. Help businesses negotiate with landlords to relieve rent pressure.

Most landlords cannot afford to completely forgive rent payments from their tenants; those who own just a few units are small business owners themselves, and they need rental income to pay their mortgages, insurance, and other property-related expenses. But, to do this, they need their business tenants to succeed, so they will likely be open to finding ways to share the burden. One option might be to defer rent for a few months, then to restructure the lease, amortizing the deferred rent payments over the course of the new lease term. Or the tenant and property owner might shift from a fixed-rent lease to one with a lower base rent plus a percentage of the business's gross sales, above a specified amount. It might also be possible for the city, property owner, and tenant to reduce, share, and redistribute rent for a period of time, with the city waiving the property owner's taxes in exchange for the property owner charging a lower base rent, plus a percentage of sales. This partnership would motivate all three partners to help businesses succeed.

The important thing is to reach out to property owners and let them know that your community is interested in exploring win-win solutions with them and is ready to do so.

5. Help businesses stretch their budgets.

The pandemic's economic shutdown has been a wake-up call to the owners of businesses of all sizes to sift through and analyze every detail of their businesses' performance. Whether through direct consultation or passive guidance, an agency or nonprofit organization in your community might help businesses find ways to stretch their budgets. For instance:

Short-term cash-like investments: Does a business have investments that can be liquidated relatively quickly, like Certificates of Deposits, mutual funds, or government bonds?

Lines of credit: Does a business have lines of credit it can tap?

Accounts receivable: Accounts receivable are debts owed to a business. Given the pandemic, businesses might consider offering payment discounts to customers to encourage them to settle their debts now.

Accounts payable: Businesses might negotiate with their suppliers and other vendors about delaying payments. Examine every automatic payment to see if it can be delayed. Cancel memberships and subscriptions. Renegotiate loans.

Inventory: Are there ways a business might quickly liquidate its inventory for cash, if needed? Wholesale sales to an "essential" business still open, for instance, or online sales through eBay, ThredUP, or another platform?

Cash flow: Question every expense. Think about finding a new way of doing business, not just revising the budget.

6. Encourage businesses to stay in close touch with their customers.

Small, locally owned businesses excel at knowing their customers' interests and preferences. This is the time for businesses to tap into that familiarity and knowledge to keep customers in the loop, offer personal service, and let them know how much they matter. Even if customers are not able to patronize a favorite business right now, they will be more likely to do so in the future if the business has been in touch with them throughout this crisis.

7. Encourage everyone – including local government and community institutions — to patronize small businesses during the pandemic.

Ask local agencies and organizations to hire locally owned restaurants to provide meals for healthcare providers, first responders, homeless citizens, and others for whom local government provides meal services. Look for procurement opportunities for other businesses, as well – and for businesses that have pivoted to provide groceries, cleaning and disinfecting services, personal protective equipment, or any other products in high demand during the pandemic.

Help generate quick sales for small businesses. Businesses are losing revenue because of the pandemic and economic shutdown, and thousands of local governments, nonprofit organizations, businesses, and private citizens are finding creative ways to help stanch the losses and keep cash flowing to small businesses. For example:

- The City of Colleyville, Texas, purchased 20,000 $35 gift cards from local restaurants and sent one to every local household.

- The Town of Middleburg, Virginia, did something similar, sending $140,000 worth of meal vouchers redeemable in local restaurants to the town's 800 residents, helping keep the restaurants afloat while also helping people struggling financially. Middleburg is also offering businesses the option of offering some of their merchandise to the public at deeply discounted prices, giving each business up to $3,750 to defray the cost.

- The City of Wilsonville, Oregon, also purchased $20,000 worth of "One Wilsonville" gift cards to support residents and local restaurants.

- Four men in Sturgis, Michigan, launched Love Local $20$20 to support local businesses. They set a $10,000 fundraising goal, planning to buy 500 $20 gift cards from locally owned businesses. Then, they planned to encourage shoppers to buy a $20 gift card from a local business, which they would then match with another $20 gift card from that business. They raised nearly $20,000 within three days, for 965 gift cards.

- The Greater Easton (Pennsylvania) Development Partnership created a gift card incentive program to support hair salons and barber shops that have closed because of the pandemic. People who buy a gift card for their favorite hair salon, nail salon, or barbershop receive an Easton Public Market or Downtown Easton gift card. People who spend $50 receive a $10 gift card; $100 will get a $25 card, and $200 earns a $60 card. The Greater Easton Development Partnership raised money for the program via crowdfunding.

- Piedmont Virginia Community College, in Charlottesville, Virginia, gave all of its employees $50 gift cards from local restaurants.

8. Ensure that big-box and dollar stores are adhering to the same rules that small, "non-essential" stores are required to follow.

While small businesses like clothing stores, shoe stores, toy stores, and book stores, were forced to close completely or shift to curbside pickup or delivery, customers of big-box stores have been permitted to shop in departments carrying these "non-essential" products while also shopping for "essential" products like groceries and pharmaceuticals. Not only has this created unfair competition for the small businesses that communities are trying desperately to support and save, but it has also created an unhealthy shopping environment in big-box stores, which have been plagued with COVID-19 infections.

A number of local and state governments have taken action to correct this playing field imbalance. On March 26, Summit County, Colorado, became one of the first US cities to order stores that sell both essential and non-essential merchandise to close off non-essential departments to shoppers. The next day, Howard County, Indiana, became one of the first counties to do so. Its Board of Commissioners' order cited both the health risks to shoppers and workers and the competitive risks to small businesses. The following week, Vermont became the first state to order that non-essential departments be closed to shoppers.

Small businesses have gradually been permitted to reopen throughout the country, but it is likely that new waves of infection over the coming months could force partial or complete shutdowns again. Encourage your local government to pass an ordinance or emergency order requiring big-box and dollar-store departments selling non-essential merchandise to be closed to the public when small stores are also required to be closed. As is the case with small stores, non-essential merchandise in big-box stores and dollar stores can still be accessible to shoppers via online orders and curbside pickup.

9. Cap app-based restaurant meal delivery commissions and fees.

The major meal delivery apps – DoorDash, GrubHub, Postmates, Uber Eats – charge exuberant fees that are almost completely devouring restaurants' profits. Fees usually begin at 20-35 percent for being listed on the delivery service's website, with additional fees for services like taking phone orders or participating in marketing activities. There are documented instances of meal delivery apps charging restaurants as much as 60 percent, putting restaurants in the impossible position of losing money by staying open and offering takeout.

As of July 1, more than a dozen local governments had passed ordinances capping the amount that the delivery services can charge. San Francisco has capped delivery fees at 15 percent; Jersey City has capped them at 10 percent; Washington, D.C., has capped them at 15 percent, with a fine of $250-$1,000 for violations. Encourage your local government to pass an ordinance or emergency order limiting the fees and commissions that meal delivery apps charge and consider making its timeline permanent.

NEXT

HELP BUSINESSES ADAPT AND PIVOT

Business is not likely to fully return to sustainable levels until an effective treatment and a vaccine for COVID-19 are widely available. This is particularly true for public-facing businesses like restaurants, retail shops, and personal services businesses. Optimistically, that may not be until 2021 or even later. Some shoppers will feel comfortable venturing out as phased reopenings begin; some will only feel comfortable when a viral treatment is available. But most surveys have concluded that most shoppers will not feel truly safe until a vaccine is available. If as few as 20 percent of shoppers avoid or minimize trips to shops and offices until a vaccine is here, it could mean the death of tens of thousands of small businesses. In the short run, small businesses will need to adopt new strategies to survive with reduced sales and different markets. In the long run, they may need to substantially reinvent themselves. This is an enormous mountain for small businesses to overcome.

Omnichannel sales will almost certainly be fundamental to both short- and long-term small business strategy. The good news is that many small businesses (like restaurants, retail shops, and personal services) have been moving towards omnichannel distribution for more than a decade. The bad news is that many others have not prioritized their online presence and have been slow to launch online storefronts, local deliveries, and other omnichannel sales options.

Small business owners need particular help with three things: Envisioning a new overall business strategy; figuring out the mechanics of creating (and paying for) an effective online presence; and solving operational issues to create a safe in-store or in-office environment for customers and workers. It is crucial that local leaders help businesses adapt to this new commercial landscape as quickly as possible.

10. Be flexible about the rules.

With occupancy limits in place for stores, offices, and restaurants in order to facilitate social distancing, many public-facing small businesses need to extend operations into public spaces – sidewalks, streets, parking lots, parks. In most communities, this requires quickly modifying public space regulations. Businesses may also need to modify their entryways, install new signage, install awnings or canopies to shelter outdoor customers from rain and sun, use space heaters to warm outdoor spaces, install outdoor hand sanitizing stations, obtain a license to sell liquor outdoors, and make a number of other modifications to help protect customers and workers.

It is imperative that local leaders quickly adapt existing regulations to simplify the process of making these modifications and improvements for small business owners. Many have already done so. For example, the City of Hoboken, New Jersey, has put together a website with all the information that businesses need to understand the new regulations, apply for needed permits online, and print out "Mask Up" signs. Oakland, California, has launched a Flex Streets Initiative, allowing businesses to expand onto the sidewalk and into parking spaces and is streamlining the permitting process and waiving permit fees. Several entities have put together design guides for expanding business outside, including "A Friendly Business Guide for Outdoor Expansion Tactics" and "Reclaiming the Right of Way: A Toolkit for Creating and Implementing Parklets".

11. Help businesses operate safely.

In order to safely conduct business, and to reassure customers that they are prioritizing safety, business owners will need to reconfigure their businesses' physical space to promote social distancing; implement sanitization protocols; provide hand-washing stations; limit the number of people inside; arrange for contactless payment transactions; and monitor workers' health. Depending on the business, it might also need to modify store hours, in-store/office access and circulation, inventory delivery protocols, air circulation, product browsing/return protocols, and storage.

Fortunately, there are scores of articles and webinars available online now to help small business owners explore options and find appropriate solutions. For instance, the MASS Design Group, which was created in 2010 in response to an epidemic of drug-resistant tuberculosis, has published several design guides to help businesses and institutions adapt their work spaces during the pandemic, including The Role of Architecture in Fighting COVID-19: Spatial Strategies for Restaurants in Response to COVID-19. The U.S. Food and Drug Administration has published Best Practices for Retail Food Stores, Restaurants, and Food Pick-Up/Delivery Services During the COVID-19 Pandemic. And this webinar by architect Randy Wilson outlines fundamental COVID-era design considerations for both brick-and-mortar stores and restaurants and also for sidewalks, parklets, "streateries", and other public spaces adjacent to them. The American Institute of Architects, American Planning Association, and National Main Street Center all offer design-related articles and videos, also. And, a number of industry associations and government agencies have released guides for their respective industries.

Some communities have begun adopting certification systems to help business owners evaluate their shops' or offices' safety levels and to help shoppers feel safe visiting a business. For example, Newark, New Jersey, is requiring that all 3,000 of its businesses be inspected before they can reopen, using a color-coded permit (green-yellow-red), prominently displayed inside the business, that tells customers what a business's risk level is. To get a permit, business owners complete a six-page questionnaire detailing the safety protocols they are taking with regard to personal protective equipment, touchless transactions, social distancing, store capacity limits, sanitization procedures, signs explaining curbside pickup and in-store safety rules, and more. Businesses that reopen without a risk-level permit are ordered to shut down until receiving one.

There are a number of technologies that can help small businesses serve their customers safely during the pandemic and beyond. Touchless transactions are quickly becoming the norm, with customers paying for purchases by tapping or hovering near a credit card reader with a smartphone, watch, or credit card, or paying via fintech services like Venmo and Zelle. There are also a variety of technologies for remote and in-store communication. Beacons can send customers detailed information about products and services – or alerts to remember social distancing when inside a business. Geofencing offers a variety of possibilities for small businesses, from alerting the business when a curbside-pickup customer is nearby (assuming the customer has opted in, of course) to sending customized text messages to customers about new products or special features. Appointment-scheduling apps can streamline the process of booking one-on-one online shopping or consultation appointments in a customer-friendly interface and can be easily integrated into an online storefront.

12. Buy supplies and fixtures in bulk to help businesses adapt.

Hand-washing stations, hand sanitizer dispensers, tables and chairs for outdoor dining, personal protective equipment, no-touch trash cans, window signs, and Plexiglas barriers are among the things that most small businesses will need to safely reopen. Buying these things in bulk for your community's small businesses can both make them more affordable and alleviate the burden for business owners of tracking them down.

13. Get small, independently owned businesses online.

Online sales accounted for roughly 12 percent of all retail sales at the beginning of 2020. But, since the pandemic began, online sales have skyrocketed. Amazon, in particular, has gobbled up even more of the nation's retail sales. On April 30, 2020, Amazon announced that its first-quarter revenues had jumped by 26 percent, taking an enormous slice out of local businesses' sales as self-quarantining shoppers opted for online convenience over in-store health risks. Some big-box retailers, including Walmart, have also benefitted from increased online spending.

In spite of the challenges, many small businesses have adapted with stunning speed. A year ago, sales through online storefronts were secondary to brick-and-mortar sales for most small, customer-facing businesses. But since early March, tens of thousands of small businesses have launched online storefronts or upgraded their online capabilities. But there are still tens of thousands that haven't.

In the short run, it will likely be easiest for small businesses to focus on offering their most in-demand products and services online, and to use an easy, off-the-shelf online platform, like Shopify or Squarespace, or even Locally, Instagram, or Facebook. Over the course of several months, as business owners flesh out their new marketing and merchandising strategies, they can gradually ramp up online offerings, fine-tune the design of their online storefronts, and expand their online media presence.

Scores of locally driven small business financial assistance programs now provide funding to help businesses get online. For example, small business relief funds in communities like Cambridge, Maryland, and McAllen, Texas, allow their grants to cover the costs of creating an online storefront. But the most effective are those that also provide a generous amount of technical assistance to help businesses envision how to conduct business online and then to create an effective online presence. For example:

- The City of Detroit partnered with Rebrand Cities to create Digital Detroit, a website accelerator, to help small businesses build online storefronts. The program competitively selected 100 small businesses to receive free guided website development workshops, branding workshops and webinars, a small business website, and three months of website hosting.

- Mesa, Arizona's Small Business Reemergence Program offers technical assistance and consulting available for free through webinars, live Q+A sessions, and one-on-one counseling. The Program's costs are being covered by a portion of the city's Coronavirus Relief Fund allocation.

- The City of Toronto and the Toronto Association of Business Improvement Associations created Digital Main Street, an initiative to help small business owners restructure their businesses around a core online component. The program provides an onboarding virtual training program in conducting business online, then taps into a network of recent tech graduates to help them build sturdy online storefronts. The program is supported in part by corporations that have a financial interest in online commerce, including Google, Shopify, and MasterCard.

There are plenty of self-study programs and resources available online for small business owners, also. For example, Shopify, a Canada-based online website platform with a longstanding commitment to small business support and development, has created a series of articles and videos specifically to help businesses launch or improve online storefronts during the COVID-19 pandemic, plan their fulfillment and shipping strategies, and develop new marketing strategies. And Lynda.com (which was acquired by LinkedIn in 2015 and is now rebranding itself as LinkedIn Learning) offers thousands of online courses on small business strategy, website design and development, and social media. It charges a subscription fee, but many public libraries offer its entire course collection online for free to library cardholders.

14. Help small business owners reenvision their business plans and strategies.

Organizations and public agencies that work with and support small businesses can play an essential role in helping business owners envision new market and merchandising strategies for their businesses. Some businesses might shift from being primarily brick-and-mortar retail shops to placing more emphasis on direct-to-consumer sales, with the physical storefront functioning partly as a traditional shop and partly as a marketing and order fulfillment center. Some might begin sourcing or manufacturing new products needed because of the pandemic, like home office products or PPE. Some might add new services, such as repair service or ready-to-go kits. Some might completely re-think what they offer, and how they offer it. And most will need to re-think how they allow customers to explore and sample products.

There are many good examples of businesses that have already re-envisioned how they might reposition themselves to thrive in this changed commercial landscape, either for the short term or the long term. A few examples:

- Water Gardens Cinema 6, in Pleasant Grove, Utah, has turned the vacant lot next door into a drive-in theatre, with audio broadcast through cars' radios or battery-operated radios tuned to the theatre's impromptu FM frequency.

- AK Wet Works, a blast-cleaning business in Seabrook, Texas, retooled its blasting equipment so that it could blast a cold, sterilizing vapor fog to disinfect commercial and institutional spaces. Its business quickly skyrocketed. When it realized it could not scale it sales alone, it shared its equipment modifications with the equipment's manufacturer, who now sells modified parts to other blast-cleaning customers, paying AK Wet Works a royalty for each sale.

- Cloverdale Ace Hardware, in Winston-Salem, North Carolina, has partnered with home repair tech startup Patch to offer virtual home maintenance help to customers. Customers can share details about their projects with an Ace associate remotely or at the Cloverdale store.

- The owner of the Monogram Shoppe, in Fort Wayne, Indiana, is showcasing her inventory in seven storefront windows. Each window is numbered, and each item has a label and price tag, so clients can shop from outside and call in or text their orders. The shop offers curbside pickup and delivery.

- Wong Wares, a pottery studio in Colorado Springs, Colorado, had to discontinue hands-on, in-person lessons because of the virus. So, for $100, owner Mark Wong will deliver a work board and 25 pounds of clay to a student. When the student is ready, Wong picks up the work, fires it in his studio kiln, and returns the finished pieces to his students.

There are a number of ways in which communities might help business owners explore new options and adapt their business plans. Many organizations are providing hands-on technical assistance through group webinars and one-on-one virtual sessions. For example, the Institute for Entrepreneurial Leadership, a New Jersey-based nonprofit organization that supports economic development through entrepreneurship, has created "Small Businesses Need Us", a program that pairs volunteers with expertise in various aspects of business administration, marketing, merchandising, and strategy with small businesses that need help. Volunteers work with business owners remotely, by phone and online video platforms. Your community might also consider sponsoring a business plan competition to help business owners rethink their business strategies, combining technical assistance with cash prizes for innovative new marketing and merchandising ideas. Some of the best small business innovations have been created during economic downturns, and this could be an ideal time for small businesses to identify new market niches, increase market share, hire new talent, and make other improvements they might not otherwise have considered.

15. Help businesses create additional distribution channels.

Most small businesses that have remained in operation during the pandemic and economic shutdown have relied primarily on curbside pickup, with customers placing orders online or by phone, email, or text. Shoppers have adapted quickly, and curbside pickup will likely remain an essential component of small business sales distribution – not just until the coronavirus subsides, but also going forward into the future. And online storefronts must become essential components of small businesses' overall strategic plans – not just options, but a core strategy driving sales and around which small businesses reinvent their business plans.

But there are plenty of other options for reaching customers besides online storefronts. Local deliveries are an obvious and increasingly commonplace option – not just for groceries and restaurant meals, but for all sorts of products. A few small businesses offer a selection of small products in vending machines outside the shop, so that customers

can pick things up even when the store is closed. Retail businesses and restaurants that manufacture products they sell in their shops sometimes wholesale these products to other retailers. A store might rent a small amount of square footage inside another store offering complementary products or with a similar customer profile and sell products there – or the two stores might trade square footage in each other's shop. Or business owners might simply be generous to other business owners. For example, H.E.B., a community-focused small grocery chain in Texas, is selling prepackaged meals for several locally owned restaurants in each of its stores.

Leasing space inside complementary businesses: This is essentially how department stores operate, with apparel and housewares manufacturers or wholesalers leasing square footage, or linear counter space, inside the department store, with sales services provided by the department store for a base rate and percentage of sales. The same model can work with small, independently owned businesses, with the added benefit of providing exposure to new types of customers. Metro Bis, a restaurant in Simsbury, Connecticut, sells prepackaged meals in Fitzgerald's Food, a local grocer. Schroeder's Flowers, in Green Bay, Wisconsin, sells flowers in Tennies Ace Hardware, which has three stores in the Green Bay area.

Pop-up shops: In addition to augmenting in-store and online sales, temporary pop-up shops can help small businesses boost visibility, find new customers, sell excess inventory, and test new products. Pop-up shops can be located almost anywhere – in a vacant storefront, at a farmers market, on a street corner, in a park (or parklet), or even inside another business. Local governments or nonprofit business support organizations can help facilitate pop-ups by arranging for utility connections and working with a local insurance agency to offer short-term, inexpensive, off-the-shelf liability coverage.

Mobile sales: The Yarnover Truck sells yarn and other knitting supplies primarily by traveling to different towns and cities in southern California. Bikesmith, in Memphis, offers mobile bike maintenance and repairs.

Wholesale sales: Hard Times Café, a chili and burger restaurant in Alexandria, Virginia, wholesales its vegetarian, Cincinnati, and Texas chili mix to grocery stores within the region. Baltimore-based Berger Cookies wholesales its famous chocolate cookies to regional grocery stores, also, as well as to several restaurants. The Cuero Pecan House, in Cuero, Texas, wholesales its products (cakes, pies, cookies, casseroles) to two local businesses, the Main Street Kaffee Haus & Deli and The Cooking Depot.

16. Provide working capital support.

In the first few months of the pandemic, small businesses needed immediate financial assistance to help them weather the economic shutdown. But, as states begin reopening their economies and loosening restrictions, small businesses need capital to pay for safety equipment, buy new inventory, reconfigure their physical space, and train staff in the new safety protocols. A growing number of communities are launching grant and loan programs specifically for these purposes. For example:

- Charlotte, North Carolina's Center City Partners created the Center City Small Business Innovation Fund to encourage downtown business owners to find innovative adaptations and solutions to conducting business during the pandemic that can be scaled to help other businesses. The Fund offers grants of up to $40,000 to small downtown businesses.

- The City of Dunkirk, New York, is using its $273,622 CDBG-CV allocation from the CARES Act to fund the Back to Business Grant program, providing working capital grants of $2,000-$10,000, depending on a business's annual revenues. Businesses must remain in operation for at least six months after receiving an award.

- Lake County, Ohio's Emergency Working Capital Loan Program offers interest-free loans of up to $20,000 to businesses with 25 or fewer workers, with a percentage of principal forgiven if loans are paid off early.

- Salt Lake City, Utah's $1 million Emergency Loan Program offers interest-free, five-year working capital loans of up to $20,000 to small businesses within the city limits. Repayment is deferred for 90 days after the city's COVID-19 emergency order expires.

In order to meet local small business working capital needs, local financial institutions might need greater access to capital and greater liquidity – and some communities are finding creative ways to address this potential need. The managers of Fresno County, California's public pension fund, for example, decided shortly after the beginning of the pandemic to begin buying small business and mortgage loans made within the County. This approach has the potential to go much further. Across the nation, local and state government pension funds currently hold a total of around $1.35 trillion in loans bought on the secondary market as part of their investment portfolios, according to the Federal Reserve Bank[3] – but these loans could have originated anywhere. By choosing to buy loans made to by local banks to Fresno County businesses and homeowners, the Fresno County Employees' Retirement Association (FCERA) is helping provide the capital and liquidity that these banks need to make new loans to local businesses and homeowners.

17. Survey businesses regularly to detect emerging needs or concerns.

As businesses reopen and reposition themselves to serve customers in new ways, they are likely to run into new obstacles. By surveying small businesses regularly, civic leaders can identify potential hiccups and help solve them before they spiral into major problems. Also, pay attention to whether certain types of businesses need more help or specialized assistance. Some communities and states have created special small business relief programs for businesses needing special assistance. For example, Iowa offers a grant program for sole-proprietor businesses, offering grants of up to $10,000 to help these smallest businesses stay afloat during the COVID-19 pandemic. And Rancho Mirage, California offered a special grant program for locally owned restaurants and other food service businesses.

LATER

FIX SYSTEMIC PROBLEMS THE PANDEMIC HAS EXPOSED

The COVID-19 pandemic has focused intense attention on the central importance of small businesses to local economies. But it has also exposed a number of challenges to the economic vitality and equitable development of communities. As businesses begin to reopen and everyone learns how to help prevent the COVID-19 virus from spreading, small business support organizations can begin to work with civic leaders to tackle these challenges and level the playing field for small businesses in the years ahead.

18. Set appropriate limits on new commercial development.

Most American towns and cities have allowed development of much more commercial space than their residents and visitors can realistically support. In 1960, there were four square feet of retail space *per capita* in the U.S. In 2017, there were 41 square feet *per capita* — more than a ten-fold increase. But retail demand — the amount of money that Americans can realistically spend on products and services — did not keep pace with this aggressive growth in commercial building, leading to a glut of retail space.

A growing share of this space is now vacant, and the effects of the pandemic are likely to cause thousands of malls and shopping centers to go dark.[4] Some of the burdens of securing vacant commercial property and protecting it from vandalism, fire, and other damage will likely fall to local governments, who may ultimately also be responsible for its disposition.

At the same time, some retail chains are looking to expand during the pandemic. Dollar General plans to build about 1,000 stores in 2020. Target is adding dozens of stores.

Rather than continuing to allow new commercial construction to take place without reasonable limits, civic leaders should focus on filling existing vacancies — and, more generally, on ensuring that their communities do not develop more commercial space than their residents and visitors can support. This can be done by altering zoning to disallow retail development except in limited form as part of mixed use projects; adopting a citywide ordinance barring stores over a certain size; or requiring, as a condition of permitting a new project, an independent economic impact analysis to assess whether there is enough unmet market demand to support a proposed new commercial space without leeching sales from existing businesses. In any case, it is good practice to conduct periodic market analyses to ensure that the community's retail, restaurant, office, and other commercial space is not outpacing market demand.

19. Streamline permitting processes.

Many local governments have moved quickly to allow businesses to expand their operations onto sidewalks, to close roads to make room for pedestrians to walk and gather safely, and to make other adaptations essential for public safety. To do so, they have had to waive some of the normal permitting processes. These changes could be the springboard for streamlining a number of other permitting processes that often encumber small businesses from opening and thriving.

In fact, some communities are already doing so. For instance, in June 2020, San Francisco Mayor London Breed introduced a ballot measure to eliminate bureaucracy and streamline permitting processes for small businesses. In particular, it will reduce the amount of time required for a new business to obtain a storefront use permit to 30 days. It currently takes months, and sometimes years, for permits to move from department to department for review, with business owners paying rent, utilities, and insurance while waiting for their permits to be approved and to obtain certificates of occupancy. Seattle has included a similar streamlined permitting process in its Small Business Relief Package, expediting permitting times, eliminating duplicative fees, and providing clear guidance on the permitting process.

In addition to certificates of occupancy, some of the common permitting bottlenecks that can thwart small business development and growth include obtaining permits for outdoor dining; getting specialty business licenses; requiring in-person applications (versus online); getting waivers for on-site parking requirements; and requiring public comment periods and public hearings for certain approvals and waivers (which can also take place online).

20. Strengthen community-based banking.

Community-based banks, such as credit unions, locally owned banks, and Community Development Financial Institutions, have been vastly more effective at processing federal COVID-19 small business relief programs — particularly the Paycheck Protection Program — than large regional and national banks.

Community banks are crucial to healthy entrepreneurial economies that cultivate and support small business growth. They have a deep, fine-grained understanding of the local economy. They are in a better position to gauge the creditworthiness of loan applications than big banks, and they are better able to tailor their products to the needs of the local business community. With modest overhead, they operate more efficiently than big banks. Because they earn most of their income from interest on deposits and loans, rather than from up-front fees, they have a vested interest in helping local businesses succeed. Not surprisingly, community banks are responsible for 52 percent of all the nation's bank lending to new and growing businesses, an outsize performance.

But, in spite of their vital role in helping ensure that a community's small business capital needs are met, one in three community banks has disappeared over the past decade. A few failed, but most were acquired and absorbed by larger banks. In 1994, small banks had a 50 percent share of the industry's assets. By 2019, that had dropped to only 17 percent. By 2020, giant banks' market share grew from 16 percent to 64 percent, with the four largest banks – Bank of America, Citigroup, JPMorgan Chase, and Wells Fargo – controlling 40 percent.[5]

The reasons for community banks' dwindling numbers are complicated, from more demanding reporting requirements to a series of policy shifts to bolster big banks from failure. There are also very few new banks being created. For the five years before the 2008 financial crisis, the Office of the Comptroller of the Currency approved an average of 153 new bank charters. But, since late 2009, OCC has issued just a handful of new bank charters.

Rebuilding the infrastructure to support community banks will ultimately require focused activity at the federal level, on the part of many organizations and agencies. Local leaders can do several things to strengthen community-based banking:

- **Advocate at the state and federal levels for banking reform.** State and federal government will be more likely to address this problem if pressured by community leaders to do so.

- **Explore options for creating a community bank or a credit union that's focused on commercial lending.** The right people, with enough know-how, money (or investors with enough money), and patience can start a bank or credit union. Local leaders can convene meetings to explore options for doing so and can help initiate the process and move a charter application forward. For example, in 2019, a new credit union called Maine Harvest formed in Maine with a focus on lending to food-related businesses.

- **Support development of a Community Development Financial Institution.** Community Development Financial Institutions (CDFIs) provide credit and financial services to underserved markets, such as women, people of color, and immigrants, all of whom often lack banking relationships and access to capital. CDFIs were initially authorized by Congress in 1994, and the Housing and Economic Recovery Act of 2008 (HERA) permitted them to become members of the Federal Home Loan Banks, eleven government-sponsored banks that provide liquidity to member banks. Many CDFIs are also certified as Community Development Entities (CDEs), making it possible for them to use federal New Markets Tax Credits to attract investment to underserved neighborhoods.

- **Help fix structural disparities that have limited access to capital for immigrants, people of color, and women.** Women, people of color, and immigrants often lack the generational wealth and salaries of white men and others in privileged positions, making access to capital more difficult. Community banks, credit unions, and CDFIs may be helpful in addressing this gap; many have a better track record of serving entrepreneurs who are unserved by large banks. If your community lacks community banking options, community leaders might consider creating special programs to improve access to capital for minorities and women, such as providing loan guarantees, linked deposit programs, or other credit enhancements, or creating dedicated loan programs for minority- and women-owned businesses.

21. Refocus community economic development activities on small businesses.

In recent decades, most U.S. towns and cities have focused their economic development activities on attracting big corporations and retail chains. But, in many cases, this approach has failed to deliver the promised economic benefits, or it has come with hidden costs. The pandemic has quickly shifted attention to the central importance of small businesses and their essential roles in strengthening local economies. Among other things, locally owned small businesses keep money local, hire more people, promote income growth, provide a diverse range of employment opportunities, offer opportunities for business ownership and wealth growth, and shape a community's personality and character. This is an ideal moment to begin refocusing community economic development activity around small businesses — by helping existing small businesses grow into larger ones, and helping aspiring entrepreneurs get started.

Even before the pandemic, some visionary communities were moving in this direction. For example, Portland, Oregon's economic development agency changed its name in 2015 to Prosper Portland, adopting the slogan "Harmful past, new future" and making social and racial equity the core of the agency's mission. And tiny Lanesboro, Minnesota has built an economic development strategy around a singular vision for its community-owned theatre, stimulating development of new locally owned restaurants, inns, and galleries, and providing youth and adult training in all aspects of theatre production, broadcasting, and writing.

The pandemic has sharpened local leaders' focus on the benefits of locally owned businesses and caused them to more critically consider the concessions that national industries and retail chains usually demand. Even early in the pandemic shutdown, communities began quickly launching programs to boost entrepreneurial activity and stimulate the growth of locally owned businesses. For instance, Dayton, Ohio's Downtown Small Business Development Center launched a 12-week virtual training program for retail business entrepreneurs, with online workshops, one-on-one coaching, and financial and creative support.

22. Make zoning more small business-friendly.

Like cumbersome permitting processes, zoning codes sometimes inadvertently create barriers for small business development and growth.

For decades, conventional zoning codes have separated commercial, residential, and industrial uses from one another. The primary reason for doing so was to prevent bad things from happening, such as spreading industrial pollutants into residential neighborhoods. But, in trying to achieve this, many communities have made their zoning codes overly proscriptive — dictating the number of parking spaces required for a specific use, for instance, or prohibiting upper-floor apartments over ground-floor shops.

In general, a small business-friendly zoning code is one that, rather than trying to prevent bad things from happening, reflects the community's vision for its future and provides a development framework to make that happen.

Some communities begin the process of making their zoning codes more conducive to small business development by combing through the current code, noting potential barriers, then modifying the code bit by bit. But a growing number of towns and cities are taking a more global approach, working with residents to learn about the things they value in their communities and about the things they wish their communities offered, then using this as a foundation for creating a new zoning code that reflects a shared vision for the future.

Form-based codes are a particularly useful type of zoning code, specifying the types of buildings and neighborhoods the community envisions rather than specifying exact uses. This provides the flexibility to develop apartments over shops, for example, or to ensure that new commercial space fits the overall scale of a neighborhood. Over 500 American towns and cities have now adopted form-based codes. Some focus just on specific neighborhoods or districts. For example, Arlington County, Virginia's Columbia Pike form-based code is transforming an auto-oriented corridor into a mixed-use neighborhood with a variety of housing types and a robust mix of ground-floor businesses creating jobs for neighborhood residents and serving residents' everyday needs. Others have adopted citywide form-based codes. Leander, Texas, adopted a town-wide form-based code to help ensure that, as development pressure grew, new development would result in the compact, walkable neighborhoods that community residents valued.

23. Consider adopting a formula business ordinance.

No matter where they are, chain stores and chain restaurants follow the same formulas, looking identical to all other outlets in the chain and offering identical products. A McDonalds in Hartford looks the same as a McDonalds in Baton Rouge. Not surprisingly, the British call communities with high percentages of chain stores "clone towns" because these towns all look and feel alike.

With local restaurants and retailers made vulnerable by the pandemic, a variety of chains, including dollar store chains and chain restaurants, are gearing up for a land grab. "I don't mean to wish ill on anybody, but there's going to be real estate opportunities," David Deno, chief executive officer of Outback Steakhouse parent company Bloomin' Brands, told Reuters. High percentages of "formula businesses" can have serious consequences for communities trying to support and cultivate small, independently owned businesses. Property owners often prefer to rent space to formula businesses because of the perceived credit strength of national chains, or because national sources of real estate financing tend to view chains more favorably. This can choke out space and opportunities for local entrepreneurs and render downtowns and neighborhood business districts less useful and appealing to residents.

Communities can take steps to prevent an overproliferation of formula businesses and ensure a balanced retail ecosystem. Some cities and towns, including San Francisco and York, Maine, have adopted formula business ordinances, which either limit the number of formula businesses that can locate there or designate them as a "conditional" use requiring special review and approval to open. By curbing the proliferation of formula businesses, community leaders can preserve opportunities for local entrepreneurs and help ensure a diversity of business types, help build local wealth, and help create promising career ladders for local residents.

24. Adopt a local-first procurement policy.

As the COVID-19 pandemic has rolled out, many local governments have made commitments to procure products and services from locally owned businesses, for three specific reasons: First, to demonstrate the ability of locally owned businesses to meet local needs; second, to direct public spending to supporting local businesses, helping to keep them afloat; and, third, to publicly amplify the importance of locally owned businesses to the community's economic health and well-being.

Many local and state governments have adopted local-first procurement policies to support local businesses and encourage others to do the same during the COVID-19 pandemic. For instance, Des Moines, Iowa, used $350,000 of its CDBG-CV appropriation to buy meals from locally owned restaurants for economically disadvantaged residents, distributing them through eight neighborhood centers. The City of Washington, D.C. is prioritizing procurement of personal protective equipment from locally owned small businesses.

The COVID-19 pandemic and economic shutdown have been a wake-up call to local and state governments, in particular, to re-think procurement processes in order to make it easier for small businesses to compete. For instance, New Jersey has created a streamlined online portal to help small business owners quickly obtain certification as a small business enterprise (SBE), minority/woman-owned business enterprise (MWBE), veteran owned business (VOB), or disabled veteran-owned business enterprise (DVOB). And New Orleans is now scoring procurement proposals online, rather than through departmental and public meetings, shaving weeks off the process. Even before the pandemic, a growing number of communities were prioritizing small businesses in their procurement practices. For example, Phoenix has created a database of small, local vendors as part of its Local Small Business Enterprise program, encouraging city agencies to steer their smaller purchases and contracts to them. Cleveland hosts a monthly open house for locally owned businesses to explain the procurement process and to introduce them to the city's buyers.

Civic leaders should also be leery of signing purchasing agreements with Amazon, which often touts that its site can provide city staff with easy access to local businesses. Our research has shown, though, that Amazon often takes advantage of these small businesses, gleaning insights into their markets and customers and imposing steep fees that make it hard for them to earn money through sales on its platform.

25. Promote options for small business owners to own their commercial property.

One of the best ways for small business owners to stabilize their operating expenses is to own their shop or office space. This protects them from rent increases and helps them build equity – equity that not only builds local wealth but that business owners can leverage, if needed, to borrow money in an emergency. There are a number of ways that community leaders can help create and encourage opportunities for small business owners to own commercial property:

- Retail and office condominiums offer small businesses an opportunity to own their business spaces. A few communities require ground-floor retail condominiums in new buildings over a certain size or in neighborhoods at risk of gentrification.

- Local residents and community-based organizations also sometimes buy commercial property in order to keep rents affordable and to help preserve businesses important to the community. For instance, community-controlled land trusts have been used to secure commercial and residential property in a number of communities and to keep property affordable. In Oakland, California, for instance, the Oakland Community Land Trust helped the commercial and residential tenants of a mixed-use building on 23rd Avenue buy the building, preventing their displacement and giving them the opportunity to buy their individual units.

- Real estate investment crowdfunding platforms like Small Change and FundRise have helped hundreds of neighborhood residents buy ownership shares in commercial buildings in their own neighborhoods. In some instances, the investments are profit-motivated — but, in many instances, they are motivated by a desire to keep rents affordable, attract neighborhood-serving businesses, and provide opportunities for neighborhood residents to open businesses.

- More than a Pub, a nonprofit advocacy group in the United Kingdom, provides guidance to community residents on pooling their resources to buy their local pubs, keeping them in business as vital community gathering places. Local residents file paperwork to have a pub declared an Asset of Community Value, then form a Community Benefit Society that raises money through local investors. By mid-2000, the organization had helped place 28 pubs into community ownership. The initiative is supported by the Plunkett Foundation and Power to Change.

Given the possibility that commercial vacancies are likely to increase during the pandemic, it is also likely that a growing number of vacant and distressed commercial properties will become available. There could be significant opportunities for community-based organizations to buy key vacant or distressed properties, then rent or sell them to small business owners at affordable prices.

26. Build local and regional supply chains.

One of the problems that the pandemic quickly uncovered was the need for supply chains closer to home. From electrical components to pharmaceuticals to food supply, inventory and materials that small businesses need suddenly became unavailable. Changes in tariffs had already exacerbated supply chains for small retailers, manufacturers, distributors, and contractors. As the economy recovers, there will be a substantial need to rebuild supply chains, and this could provide opportunities to create new small businesses to help fulfill these needs.

Small manufacturers are almost always adaptable, able to re-engineer their processes to meet new needs and pursue new markets. During the first months of the pandemic, many small manufacturers quickly pivoted to meet urgent local and regional needs. Distilleries produced hand sanitizer. Carpenters built standing desks. A Maine company that makes wallets and backpacks shifted to producing face shields for healthcare workers, as did a Boston-based greeting card company and a Texas-based welder. Many kinds of businesses, from quilt shops to fashion designers and shoemakers, began producing face masks. As the pandemic continues, small manufacturers have continued to innovate, making an even greater variety of products to help businesses, medical facilities, local governments, schools, and other institutions.

There are other factors that could provide momentum to strengthening local and regional supply chains.

First, the maker movement was experiencing strong growth before the pandemic began. There are almost 800 university-based maker spaces[6], plus hundreds of nonprofit and private-sector maker spaces, and a growing number in public libraries. Bench, in Omaha, is a membership-based woodworking shop with shared equipment. SewFYI, in Los Angeles, is a sewing and apparel design co-working studio, offering classes, membership-based access to a full range of sewing and design equipment, and garment prototyping. Synergy Mill, in Greenville, South Carolina, is a nonprofit makerspace with metalworking, electronics, welding, 3d printing, and woodworking equipment. The Baltimore Food Hub is converting a 3.5-acre brownfield site into a campus of food-related businesses and incubators, including teaching and commercial production kitchens, an urban farm, grocery store, and year-round farmers market.

Second, there were already a number of initiatives focused on removing reliance on global suppliers, primarily for environmental and/or economic reasons. For example, Food Solutions New England's "50 by 60" initiative is focused on the region producing at least 50 percent of its food by 2060.

Third, some larger companies, concerned about overreliance on overseas producers, have been looking for options closer to home, rebalancing the cost-versus-resilience question in favor of the resilience and adaptability that local and regional suppliers can provide.

Local leaders can — and should — actively cultivate and guide development of local and regional supply chains, helping local manufacturers and suppliers grow their businesses and reducing reliance on foreign and faraway suppliers. Small manufacturing expert Recast City recommends four steps to cultivate resilient local and regional supply chains:

- Connect local and regional anchor institutions, like schools, hospitals, and large corporations, with existing small manufacturers, and encourage them to commission and procure products from them.
- Provide training for entrepreneurs interested in manufacturing products needed for local and regional anchors, help them get established, then help them scale and grow their businesses.
- Find or create affordable space for small manufacturing businesses. There will likely be a greater number of vacant commercial spaces as a result of the pandemic and economic shutdown.
- Help small manufacturers connect to larger markets. ■

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