

COVID-19 IMPACT ON MASSACHUSETTS LGBTQ+ SMALL BUSINESSES

SURVEY REPORT MARCH 2020



Jay's Bed & Breakfast
Historical Innkeeper's Room

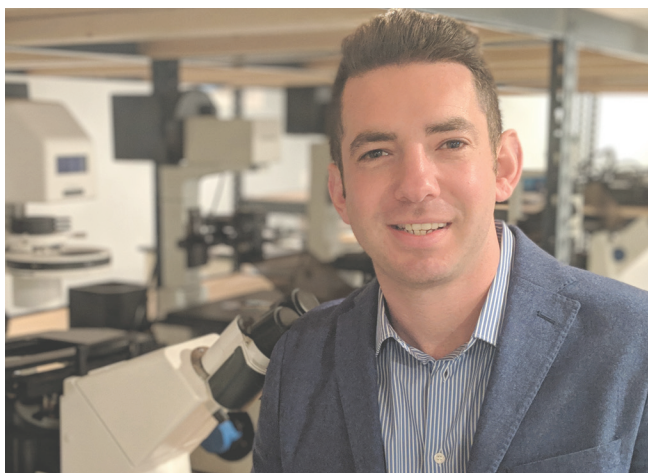
"I spent the last 10 years fixing this old house into a wonderful inn. It was a 30-year dream and now I may lose it!"



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MASSACHUSETTS LGBT
CHAMBER OF COMMERCE

COVID-19 Impact on Massachusetts LGBTQ+ Small Businesses

EXECUTIVE SUMMARY

A survey conducted by the Massachusetts LGBT Chamber of Commerce revealed that LGBTQ-owned businesses in the Commonwealth of Massachusetts will be seriously affected by the COVID-19 outbreak. The overwhelming majority of respondents (89%) expected to feel a negative financial impact as a result of the crisis, as customers curbed spending, contracts were postponed or cancelled, sources of merchandise and inventory slowed, and the general economy took a downturn. Business owners that have spent years building their businesses are seeing their work crumble in a matter of weeks.

"I'm already coming up against mortgage and other bills, and am using credit cards and personal savings to keep the business afloat. I've spent the last 10 years fixing this old house into a wonderful inn. It was a 30 year dream, and now I may lose it!" Jay Candelario, Owner of Jay's Bed & Breakfast, Holyoke

Respondents thought their ability to pay staff would be hampered, with 8% predicting their businesses could survive 1 month or less with their current cash flow reserves, 33% said they could survive 1–3 months, and 26% thought they could weather 3–6 months. Many businesses fear they will need to lay off staff or worse — lose their business entirely.

BACKGROUND

The Massachusetts LGBT Chamber of Commerce cultivates inclusive relationships between LGBT-owned businesses and the corporate sector to drive economic impact throughout the Commonwealth.

In an effort to understand and respond to the needs of our small business members, we conducted a short survey. This survey was undertaken to investigate the economic impact the current COVID-19 crisis has had and will continue to have on our business owner members, and what are their needs. The survey aimed to determine four main data points:

- How has the crisis affected our business owners already?

- How is it affecting business owner's ability to pay staff?
- How long can businesses survive with current cash flow and reserves?
- What do our members need from the Chamber?

METHODOLOGY

- Respondents were invited via email on March 11, 2020 to complete a survey on Google Forms developed by our team. The specific wordings of questions are included in the description of data below.
- The survey was only directed at small business owners in our network and not to any other of our constituents (such as corporate or strategic partners).
- Phone calls were made to members that might not have been able to answer our survey online.

RESPONSE RATE

In total, 46 small business owners responded between Wednesday, March 11 and Saturday, March 14. With 114 invited to take the survey, this constitutes a 40.35% response rate of our entire small business membership.

We have a set of quantitative and qualitative findings. In this report we will first outline the hard quantitative data before revealing and evaluating the qualitative findings.

QUANTITATIVE FINDINGS

Our survey generated several pieces of quantitative data regarding the degree to which COVID-19 was impacting a respondent's business.

In response to the question, "Is your business feeling — or do you expect to feel — the effects of the COVID-19 crisis we are currently experiencing?"

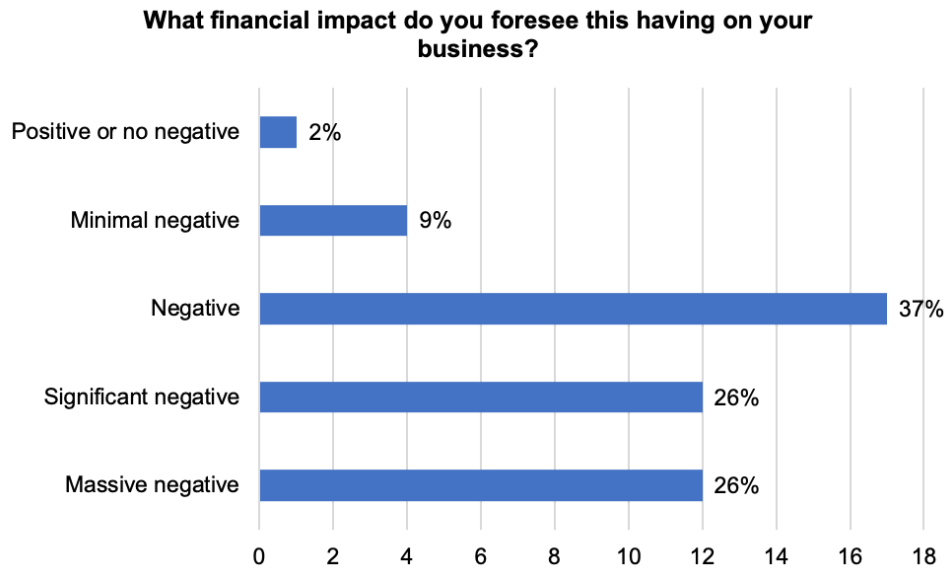
- All 46 respondents selected "yes"

In response to the question, "On a scale of 1–5, what financial impact do you foresee this having on your business?" with 1 being "No financial impact (or positive impact)" and 5 being "Massive negative financial impact"

Overall, 89% of our member businesses reported that their businesses would be negatively impacted financially, with 52% indicating that they would suffer significant or massive negative financial impact. Here is the data:

- 26% selected "5" = "massive negative financial impact"
- 26% selected "4" = "significant negative financial impact"

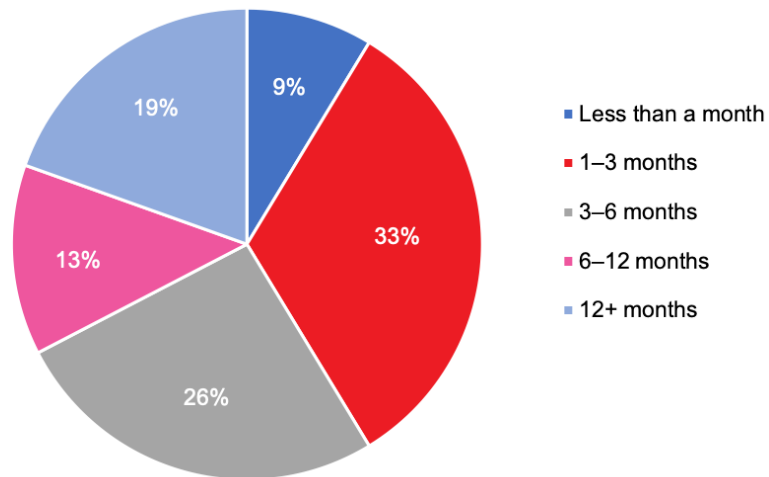
- 37% selected “3” = “negative financial impact”
- 9% selected “2” = “minimal negative financial impact”
- 2% selected “1” = “positive or no negative financial impact”



In response to the question, “How long can your business survive with your current cash flow and/or reserves?”

- 9% selected “Less than a month”
- 33% selected “1–3 months”
- 26% selected “3–6 months”
- 13% selected “6–12 months”
- 19% selected “12+ months”

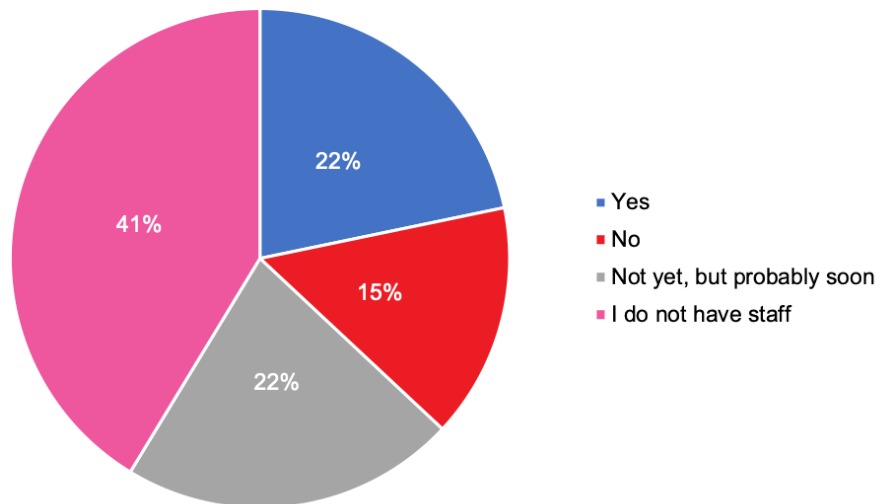
How long can your business survive with your current cashflow and/or reserves?



In response to the question, “Is this affecting your ability to pay staff?”

Of our responding members, 41% are sole proprietors and do not have staff. Of the 59% that do have staff, 74% felt that their ability to continue to pay staff would be hampered.

Is this affecting your ability to pay staff?



In response to the question, “Will you need to lay off staff?”

Of the 59% of member businesses that have staff, 76% reported that they were either going to have to lay off people or were unsure at this moment if they would have to lay people off, but it was an option and consideration.

QUALITATIVE DATA & TRENDS

A number of trends emerged from the qualitative question of “In what ways is COVID-19 affecting your business?”, along with additional comments given by respondents. Here we point out some recurring themes and dominating narratives that generally represent the range of responses. Please note that these themes are intertwined, so overlap between responses and themes occurs.

In response to the question, "In what ways is COVID-19 affecting your business?" the following themes emerged most often:

LOSS OF SALES/CUSTOMERS AS PEOPLE RESTRICT THEIR SPENDING

Customers Stop Spending

Due to the overall economic anxiety related to COVID-19, many people have limited their spending to essentials in order to have savings in case of an emergency. Therefore, several of our businesses are losing customers who are not willing to spend money on their product currently.

Social Distancing

Due to the ongoing self-quarantining and social distancing of society generally, many brick and mortar locations are seeing much less foot traffic than typical, and expect that decrease to continue. For some businesses — including one who sells coffee at events, and another who sells custom merchandise and swag but had an expo show cancelled — the cancellation of events ties directly to their inability to sell product currently.

PARTNER BUSINESSES AND CLIENTS REPRIORITIZING

Many businesses have said that their clients have told them that they have been "put on the back burner" or similar. This response largely comes from consultants, whose clients (mainly corporations) have decided that diversity training, marketing consulting, and more can be put off in favor of immediate response to COVID-19.

17% of the respondents made comments falling under this categorization. It is unclear when these types of services will be re-prioritized, which will be dependent on the actions of corporations and other potential clients for these services. Some have mentioned that their service might prove useful in a few weeks' time and can be conducted remotely, and thus might see regular or even increased business after a short interruption.

CAN'T IMPORT MATERIALS/INVENTORY

A handful of companies have not been able to receive shipments of goods and materials key to their business — either due to slowdowns, blockages, or high demand. These businesses therefore are not able to offer their product at a normal and/or sufficient rate. One business is unable to reliably import coffee beans from Colombia, for example, as he expects prices to skyrocket and U.S. Customs to hold up their delivery. Another is unable to keep up with the demand for hand sanitizer as manufacturing plants are sold out, and therefore he cannot sell it to his customers.

EVENTS, GIGS, AND IMPORTANT MEETINGS BEING CANCELLED

From people like photographers who work events, to bed and breakfast vendors that host and cater for events, to event planners, many of our small businesses are being severely hurt as COVID-19 results in the cancellation of all major gatherings. This is also true of businesses whose work involves visiting other businesses, such as consultants, as the companies hiring them are closing their offices. Gig-based business models — examples from this survey include a private lesson music teacher and a drag performer — are also seeing appointments and bookings cancelled with no new ones coming in.

Nearly half of all respondents (21/47) mentioned an important event being cancelled, with 13 saying things had been postponed but not cancelled outright. (Some of those 13 are also included in that 21.)

The clear takeaway is that these businesses will likely suffer losses or a complete arrest on income until mass gatherings begin taking place again; even once public events resume, the time it will take to re-plan events as companies and the public prioritize and settle back into routine will likely be a difficult one.

GENERAL ECONOMIC SLOWDOWN

This theme is closely related to all other listed themes. Many businesses said that the general slowing of commerce will impact their business negatively, even without a direct or specific effect on their actual product. Some specifically mentioned the stock market, housing market, and impact on their financial planning business.

OTHER CONCERNS AND ANXIETIES

Other concerns and issues raised by businesses include:

- Fear that the economy is going to have a hard time getting back to healthy place, or that such a bounce back will take a long time
- Business leaders struggling to adjust to long term remote work for their teams and having to develop new internal strategies amidst everything else

- Staff being afraid of getting ill with COVID-19 and/or losing their jobs
- Inability to participate at networking events and other communication opportunities if they are cancelled; in person networking is how many business keep their inflow of work steady
- Political uncertainty, which has increased as a result of this crisis

STORIES

Jay's Bed & Breakfast, Jay Candelario (Owner & CEO), Holyoke, MA



“Coronavirus has put a big toll on me and my bed and breakfast right away. I have had to cancel all events that I do — monthly brunches I host, catering for corporate events, and more. On top of that, guests have been cancelling their stays; a lot of our visitors are here for college graduations, and those have been called off, so I’ve lost a huge chunk of revenue there. My staff are all part-time and have relied on this income to support their families, but now there’s no work for them to do. I’m already coming up against mortgage and other bills, and am using credit cards and personal savings to keep the business afloat. I would participate in a low-interest relief loan opportunity immediately — it would be a godsend.”

Flavors of Your Palate, Jonil Casado (Personal Chef & CEO), Salem, MA



“For my personal chef and catering business, I work with many nonprofits, and I also work with many individual clients; unfortunately most of my contracts are on pause or have been cancelled, so financially it’s a big hit. We are a small profit-margin type of business, and the longest the business can survive right now without touching my personal account would be maybe a month and a half. The biggest relief to my business would be support in the form of attorneys and CPAs - as my business is fairly new and having those resources would be valuable in assessing the situation - along with, obviously, financial support. Seeing the messages from the Chamber and other sources has been incredibly

encouraging and reassuring during this time, and I am grateful to have a community looking out for me.”

Boston Chair Massage, Chris Juliani (Founder & CEO), Boston, MA



“Our business brings chair massage professionals to corporate offices and events, often on a weekly basis as part of employee wellness programs. In the last two years, our business has increased by 40% each year and we have secured many regular corporate clients. We have approximately 50 massage therapists who work for us on a regular basis as independent contractors (they all have their own business or work for other businesses, as well). In a matter of 5 days, we have had a cancellation of 100% of our events due to the COVID-19 pandemic. Due to our aggressive investments in growth, we do not have sufficient reserves and our fixed costs will be hard to pay. We

were strategic in our thinking to invest in growth because the economy was thriving — no one predicted this would happen! Right now, we are most concerned about the massage therapists that work with us and how to help them pay their rent and feed their families.”

Boston Microscopes, Bryan Hoffman (Founder & CEO), Wilmington, MA



“80% of our business comes from hospitals and universities, and both are putting a pause on purchasing from us due to COVID-19. All of the hospitals are basically restricting any meetings to essential employees only; as a third-party business, we’re not essential, so that side of our work has basically stopped. Likewise, we can’t travel to universities at the moment, and they can’t have us there either. If the universities shut down completely, they could say that their accounting departments are putting things on hold, and then we have over \$100k owed with no knowledge of when that might come in. That would be a big issue because we have vendors to still pay.”