ALA POLICY *PERSPECTIVES*

Open to Change

Libraries Catalyze Small Business Adaption to COVID-19

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Abstract

As the COVID-19 pandemic disrupted business as usual, small business owners and entrepreneurs were faced with the challenge of pivoting their business models to meet the needs of the pandemic-challenged environment and health and safety guidelines. Amidst the challenges, opportunities arose for pivoting existing businesses as well as creating start-ups to provide newly relevant products or services. Libraries, as critical local infrastructure, are well-positioned to catalyze small business owners and entrepreneurs as they pivot by providing tailored programs and services. This paper presents challenges and opportunities facing small business owners and entrepreneurs directly caused or exacerbated by the pandemic. Examples and guidance are offered to inspire library staff to adapt services to meet the current needs of their business community.

INTRODUCTION

What are the challenges and opportunities facing small business owners and entrepreneurs during the COVID-19 crisis and the subsequent "new normal"?

The global COVID-19 pandemic began its relentless sweep across the United States in early 2020, disrupting routine school, work, and travel; shuttering businesses; and driving anxiety and uncertainty in communities around the country. Its impact continues, rapid full recovery seems unlikely, and the effects of the crisis are expected for years to come. This is especially true for small business owners and entrepreneurs, who typically have fewer resources for enduring an ongoing crisis as compared to larger businesses. This paper takes a closer look at how surviving small business owners and entrepreneurs are responding by pivoting and innovating. Their imagination may inspire libraries that are open to change to find new ways to deliver service to these crucial drivers of the economy.

While the COVID-19 crisis is a time of considerable challenge, upheaval, and anxiety, it is also an opportunity for new ideas and businesses to emerge. In order to quickly pivot and be responsive to new conditions, small businesses will need ongoing community support. The country's vast network of some 17,000 public libraries

can serve as leading partners and supporters of small businesses as they make necessary adaptations, and indeed, many public libraries have long provided support for small business owners and entrepreneurs during more normal times. For the purpose of stimulating libraries' thinking and evaluating current business conditions, this paper presents challenges and opportunities facing small business owners and entrepreneurs directly caused or exacerbated by the pandemic. Examples and guidance are offered that can support library staff as they work to adapt services to meet the immediate needs of their business communities. In addition to examples of small business pivots, the paper includes stories drawn from libraries and other organizations that are already hard at work supporting small business owners and entrepreneurs during this critical period of adjustment.

Of particular concern are low-income and/or underrepresented small business owners and entrepreneurs who are disproportionately affected by the pandemic and at heightened risk of losing their businesses and livelihoods due to a variety of systemic barriers and discrepancies. These barriers and discrepancies can have very real consequences. A study by MetLife and the U.S. Chamber of Commerce[7] of about 500 small business owners found that the number of minority-owned small businesses reporting trying and failing to get a loan to help with the pandemic (13%) was 60% greater than non-minority owned small businesses reporting the same challenge (8%). Additionally, two-thirds (66%) of minority-owned small businesses believe they may have to close permanently, versus 57% of non-minority small businesses. Like all small business owners and entrepreneurs, those from underrepresented groups must consider pivots and adaptations to existing businesses to operate in the pandemic-challenged environment and the post-pandemic economy. At the same time, the crisis offers new opportunities for people who have lost employment or income to start a small business.[8]

To help library workers plan for and respond to the needs of small business owners and entrepreneurs, the economic impacts of the pandemic, including key challenges and new opportunities, are discussed below. As libraries pivot their own services to respond to the pandemic and meet the needs of their local communities, they can make vital contributions to economic recovery by continuing to offer business support services as existing businesses struggle and new business opportunities arise.

Unprecedented impact

The COVID-19 pandemic is being compared to the disastrous 1918 flu pandemic and the Great Recession of 2007–2009.[1] According to the Weekly Economic Index of the Federal Reserve Bank of New York, the economic disruption caused by the pandemic has already exceeded the economic impact of the Great Recession.[2] The National Bureau of Economic Research dates February 2020 as the onset of the current recession.[3] Between February and April, the number of active business owners fell by 3.3 million, or 22%, "the largest [drop] on record."[4] According to one report, "The speed and scale of the COVID-19 employment shock dwarf any previous shock in the modern era."[5] Rapid full recovery seems unlikely, and while many businesses are re-opening, as of mid-July 2020 one report indicates that 26% of small business owners think the shutdown has not been long enough and 75% are expecting a second outbreak.[6]

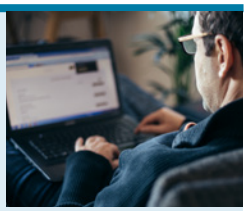
THE ECONOMIC IMPACTS OF THE PANDEMIC

Key challenges

Proximate threat

The most immediate threat to small business is the loss of face-to-face interactions with customers and the closure of non-essential businesses for in-person services. To mitigate the spread of COVID-19, public health officials have called for nonpharmaceutical interventions including school closures, bans on public gatherings at schools, theaters, libraries, churches, and other public venues, and isolation/quarantine, with ancillary measures including altering work schedules, business closure/regulation, transportation restrictions, communicating public risk information, and face mask ordinances. In addition, many

Favorable to remote work



What types of occupations and industries are best suited for remote work? According to a study by Dingel and Neiman,[9] the following occupations and industry types have a 50% or higher share of jobs that can be done from home:

OCCUPATIONS

- Computer and mathematical
- Education, training, and library
- Legal
- Business and financial operations
- Management
- Arts, design, entertainment, sports, and media
- Office and administrative support
- Architecture and engineering
- Life, physical, and social science
- Community and social service

INDUSTRIES

- Educational services
- Professional, scientific, and technical services
- Management of companies and enterprises
- Finance and insurance
- Information
- Wholesale trade
- Real estate and rental and leasing

individuals are opting, regardless of health mandates, to avoid direct interaction with others. A research paper released in July 2020 reports that private, self-regulating, precautionary behavior explains over 75% of the decline in foot traffic in most industries.[10] This means virtually every small business that depends on the face-to-face economy must come to terms with a sudden and potentially protracted loss of perhaps the most vital element of its business model.

Mandated business shut downs as well as social distancing measures clearly disrupt foot traffic to businesses. But some types of businesses are more affected than others. In general, industries that employ more highly educated workers have been able to more easily pivot to remote work. Additionally, the perceived level of home-based work productivity is higher for these industries.[11]

Low-income and underrepresented small business owners are disproportionately impacted due to the pandemic compared to White business owners. For example, in the first three months of social-distancing requirements, from February to April 2020, the number of Black businesses owners declined by 41%, more than any other demographic group.[12] The challenges that minority business owners are facing are, in part, due to the fact that many operate businesses in industries most impacted by social distancing measures and involve occupations that cannot be done from home (see box on the next page). These industries include essential and nonessential retail, arts and entertainment, hospitality, food and restaurant, and business services.

Collateral threats

This immediate pressure on small business owners and entrepreneurs threatens their ability to continue doing business. Many small business owners are simultaneously burdened by other matters including caring for their children and elderly parents during the pandemic,

Nearly all business *are* small businesses

The vast majority of businesses in the United States are small businesses and they employ nearly half of all employees working in business. In 2015 (latest available data), there were slightly more than 35 million tax returns from businesses in the United States, of which **just over 25 million (72%) were non-farm, sole proprietorships** each earning an average of about $57,000 in total annual receipts.[13] Of the nearly six million businesses with employees, small businesses with fewer than 500 employees represent 99.7% of all firms and 47% of employment, with an average payroll of under $500,000 per year, and while only some 20 thousand firms (0.3%) have more than 500 employees, together they account for 53% of business employment with an average payroll of about $200 million per year (latest available Census data, 2017).[14]

Minority firms

The Census Bureau's 2018 Annual Business Survey reports that 1 million employer firms were owned by minorities and 1.1 million were owned by women.[15] Black-owned firms numbered 124,004, 32% of which were in the healthcare and social services industry. There were 555,638 Asian-owned businesses, nearly 24% of which were in the accommodation and food services sector. The largest sectors of Hispanic-owned firms were construction, accommodation and food services, and professional, scientific and technical services.

making rent or mortgage payments at a time when their businesses are suffering financially, and even putting food on the table and accessing medical care.

A weekly survey of small businesses from March through mid-July charts the changing assessments and expectations of business prospects, starting with an extremely high level of concern at the outset of the pandemic at 82%, dropping to 44%, but rising again to reach 64% in mid-July.[16] In addition, 75% of small businesses anticipate a second wave of the pandemic and the number of firms now expecting to be able to bring back all employees is falling.

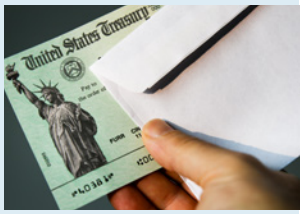
A report based on a survey of over 1,000 small businesses by McKinsey & Company[17] indicates that minority-owned small businesses are more optimistic about post-pandemic economic conditions than their counterparts and are innovating to protect employee safety and income and to offer new services. However, they also face greater challenges, including poor financial health prior to the pandemic, limited access to credit, and—as touched on above—operating in industries most disrupted by the pandemic. In addition, firms owned by Black (57%) or Hispanic (49%) businesspeople were more likely to be at risk or distressed prior to the pandemic than non-Hispanic White or non-Hispanic Asian owned firms. Access to technology is also a crucial factor when it comes to successfully pivoting a business to offer virtual services and this often presents a barrier for underrepresented groups who may lack capital for equipment and technology.

In-depth interviews with 21 small business owners conducted by the RAND Corporation[18] revealed several significant challenges facing small businesses, including—most critically—the need for funds to cover fixed operating costs such as rent, mortgage payments, utilities, and insurance. Additionally, firms that must pay out significant expenses prior to being reimbursed need sources of working capital. For example, any business required to prepay for inventory, such as grocery items, clothing and shoes, or books, could have significant need for working capital. Employees may be a variable expense for some business owners, and the Paycheck Protection Program[19] provided an incentive for businesses to retain or rehire employees, but in some cases businesses chose to furlough or lay off workers who could then apply for unemployment compensation at a level higher than their wages. Negotiating the process of applying for government assistance was difficult for many small businesses and a lack of awareness prevented many from taking advantage of available opportunities. Those with business interruption insurance were dismayed to discover that closures due to viruses were not covered. Many feared that uncoordinated re-opening processes—with nearby jurisdictions allowed to reopen earlier—could result in a loss of employees and customers. Finally, the small businesses interviewed expected the impact of the pandemic to continue for the indefinite future and expressed that this uncertainty around when things will "get back to normal" is taking a mental toll.

Nevertheless, evidence from this and prior recessions shows that optimism among small business owners and entrepreneurs is not easily dampened. Many are adapting to the changed market conditions by pivoting their business models and others are using the opportunity to start up new ventures. During the Great

Pooled Stimulus Checks Keep Small Businesses Alive[20]

A small-town bank president teamed up with the county economic development director in Holyoke, Colorado (pop. 2,313) to establish a fund to assist small businesses. Using the media and a phone bank staffed by high school student volunteers, the fund raised nearly $94,000 in donated stimulus checks and other small donations from the town residents to help the businesses in town affected by the pandemic shutdown.



Recession, despite a 100% increase in unemployment, there was a 16% increase in new business starts.[21] And, historically, as of 2009, over half of the Fortune 500 corporations and just under half of the 2008 Inc. list were launched during recessions or bear markets.[22] Thus, despite the challenges it brings, the COVID-19 pandemic is also an opportunity for innovation and a vehicle for change. With everyone doing everything—school, work, business, entertainment—differently, and all industries and routines disrupted, there are new needs and markets emerging, as well as opportunities to reimagine infrastructure, values, culture, and daily life. With the support of their customers and local libraries, small businesses can pivot to respond to the needs of the moment, increasing their value within their communities, and sustaining their existence.

Key opportunities

Three categories of opportunity are considered here: a) the opportunities small business owners have when it comes to pivoting their businesses to respond to and survive the pandemic; b) entrepreneurial opportunities for business start-ups to provide newly relevant products or services; and c) commercial innovation—opportunities in which something new, such as an invention, is brought to commercial use. These categories of opportunity were derived from research to prepare this paper, including an analysis of news reports on how businesses are coping with the pandemic, interviews with front-line providers assisting small business owners and entrepreneurs, and a convenience poll of organizations and libraries to capture the emerging opportunities they see.[24]

Communicate, commit, contribute

One business advisory suggests three cardinal concerns that should be addressed by any small business adjusting to the pandemic market conditions:[23]

COMMUNICATE (no one will buy from you if they don't know you're open or what you're offering);

COMMIT to safety (no one will buy from you if they don't know if it's simple and safe); and

CONTRIBUTE to your community (people are more likely to buy from you if they know you help others).

What does "pivot" mean in a business context?

Pivot as a verb pertains to reorganizing an existing business around its purpose in order to accommodate a changed environment or circumstance. Businesses need to pivot when they discover that earlier assumptions underlying their business model are wrong or no longer relevant and they need to revise their business model accordingly. David Teece, a professor at the Haas School of Business at the University of California, Berkeley, provides a working definition of a business model:[25]

> **The essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit. It thus reflects management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit.**

In other words, the business model answers these questions: **Who** is the customer and **who** delivers the product or service? **What** is the product or service being offered? **When** is this product or service offered? **Where** is the product or service available? **How** is the product or service prepared and made available to the customer? **Why** is the combination of these factors more desirable to the customer than the competition? A pivot may involve changing any of these aspects of the business model.

But the concept of pivoting can also apply to the public and social sectors. For example, government agencies are relaxing or suspending certain restrictions, such as on sales of alcohol, to help restaurants and other purveyors of alcoholic beverages survive the pandemic. In the social sector, many patrons of businesses such as grocery stores that support local farmers, and ethnic restaurants, are sustaining their patronage, and many others are contributing more to hunger relief programs such as food banks, which are experiencing heightened demand.

In a report titled, *Reopening America*, the Brookings Institution provides a number of essays on how businesses and government operations can pivot and otherwise innovate to continue operations or re-open following the pandemic in a stronger position.[26]

Pivot opportunities

Libraries can assist struggling small businesses in developing clear communication about their operating status, safety protocols, and their role in the community as a whole by providing outreach and marketing workshops, as well as through offering other pandemic-specific business resources (see the Communicate, commit, contribute box on the previous page).

Additionally, it is important for small business owners to recognize that community needs may differ over time. One organization suggests identifying ways to serve vulnerable populations through collaborative and imaginative approaches, providing a framework for thinking about change in terms of three time horizons: now, near term, and far term.[27] This framework could be helpful to library workers as they help small business owners map out their pivot and assess their strategy for the short and long-term.

One major adaptation to the pandemic-challenged environment is using the internet for virtual offerings. Many brick-and-mortar storefront businesses with limited virtual retail experience need to get online fast. These businesses may need to rapidly improve their digital skills in order to build a robust online presence, build or enhance a website, email customers, post their offers on social media, learn how to use online ordering systems, and perhaps start offering classes on a video-conference platform such as Zoom.[28] The UPS Store reports that businesses surveyed in their online community in June 2020 pivoted in the following ways: 65% are doing more business online; 34% shipped products instead of delivering in person; 28% shifted to e-commerce; and 15% offered curbside delivery.[29]

Aside from the importance of clear communication, short term vs. long term strategy, and an online presence, businesses have had to pivot in terms of their product offerings, their marketing and promotion strategies, and how they structure their staffing and job functions. The following examples of how various small businesses have pivoted thus far during the pandemic may inspire ways libraries might assist other small businesses.

Three categories of opportunity

1. Opportunities small businesses have when it comes to **PIVOTING THEIR BUSINESSES** to respond to and survive the pandemic
2. **ENTREPRENEURIAL OPPORTUNITIES** for business start-ups to provide newly relevant products or services
3. **COMMERCIAL INNOVATION** in which something new, such as an invention, is brought to commercial use

PIVOT EXAMPLE 1

Online Retail & Curbside Pick Up

In initial response to the COVID-19 pandemic, many retailers, including bookstores, clothing shops, and hardware stores modified their business to work on a no-contact curbside pick-up model, where orders are placed and payment is received online, and the customer receives a time window in which they may come and get their prepared purchase. Some continue to offer curbside service even as the economy in their area re-opens.

The modern curbside pickup and other forms of no-contact sales have historical roots. For example, between the 1300s and 1600s, when Italy was struck by the Black Death and the Italian Plague, wine sellers in Florence created an innovation called the "wine window,"

Retail Goes Virtual: Candy Retailer Pivots to TikTok[30]

Candy Me Up, a candy retailer in San Diego saw sales drying up and didn't get much response despite efforts to promote sales using Instagram. The shop's owner, Nema Causey, the daughter of an Iraqi immigrant, decided to try something new. She turned to TikTok and made a few short videos that caught the attention of a YouTube star, who gave her a shout-out. That publicity generated 400,000 followers overnight and sales took off. One video garnered over 5 million views. She had applied for a $10,000 Paycheck Protection Program loan through PayPal, which provided support before she pivoted to direct web sales.

a small window through which customers could place and receive orders, minimizing human contact. Today, these wine windows are reopening. The Associazione Buchette del Vino (Wine Windows Association), offers an interactive map of some 150 such locations in Florence where people once again can order wine, as well as cocktails, gelato, and coffee.[31]

Retailers are responding to the emerging needs of their customers in other ways as well, taking into account, for example, the shift in demand from business clothes to more casual clothing as many people work from home. Overall, retailers need to consider what goods and products are relevant and necessary in the COVID-19 context and, in some cases, they may need to modify their offerings.

PIVOT EXAMPLE 2

Restaurant Responses[32]

Restaurants, retailers, and service workers are innovating in a variety of ways, including: offering takeout and delivery from formerly fine dining restaurants; creating reservation websites for pickup and delivery; offering free, contactless delivery over a wide service area; asking customers to buy gift cards to help support businesses while retail locations are closed; and selling groceries and meal preparation kits. Additionally, some restaurants are offering community-supported agriculture subscriptions, which in turn support their vendors, farmers, and producers who can sell direct to the customer while food sales at restaurants remain low. Additional adaptations include opening dining areas on sidewalks and streets, in collaboration with local jurisdictions (streateries[33]); partnering with landlords, allowing them to participate in the business in lieu of paying full rent; and hosting cooking classes, wine or beer classes, or other informational workshops through a virtual meeting space like Zoom.

Weekend Takeout & Date Nights[34]

Based on data from 27,000 chain restaurants, a market research firm determined that Friday and Saturday night takeout orders made up 24% of overall sales in the second quarter of 2020, about double the level in 2019. Non-chain restaurants are also pivoting to accommodate takeout orders, focusing on Friday night. Demand is so high that delivery companies have had a shortage of drivers, and the Friday night surge has also created the need for more staff to prepare orders during that peak time. One restaurant created a new "family meal" category, combining meals for an entire family in a single order, which has proven very popular on Friday nights. The average sale per order has leapt from $75 to $100 pre-pandemic to $150-$200, with takeout making up 60% of the business.

Drag Queens Deliver Food[35]

Oasis, a cabaret and night club in San Francisco was forced to close due to the pandemic, putting performers out of work. The cabaret owner teamed up with a friend to start a food preparation and delivery service. Together they created a "Meals on Heels" menu for Fridays, delivered to customers by a drag queen or king with a 3-4-minute performance for $100. While the new business's modest revenues don't pay much more than the rent and employee compensation, the joy customers experience from the live entertainment makes the endeavor worthwhile for Oasis business owner D'Arcy Drollinger.

PIVOT EXAMPLE 3

Food Trucks[36]

Food trucks typically congregate in the vicinity of office building complexes. Employees from businesses in the buildings line up at a favorite vendor at lunchtime, pick up their order, and eat it nearby or in their offices. Because many people are currently working remotely, many food trucks are making little better than half their prior income. Some are surviving thanks to loyal customers who will drive for miles to pick up their orders. But as debt, sometimes as high as $100,000, remains, many food trucks have shuttered, unable to meet expenses. For those forced to sell their business, the timing could not be worse.

Changing the business model might be possible for some. Considerations might include: relocating to an area with high-rise residential buildings, or converting the menu to a niche cuisine, particularly in an area where there is high demand for such food (e.g., a variety of ethnic food). Customers can also help. For residents who would like food trucks to locate nearby, contacting food trucks directly can help these businesses to identify market demand that otherwise might be invisible.

PIVOT EXAMPLE 4

Fitness Moves[37]

Group workouts were an instant casualty of policies banning large gatherings, affecting fitness studios, martial arts schools, dance and yoga establishments, and gyms. This shutdown accelerated the migration to online offerings. Classpass, which previously sold passes for gyms and fitness studios around the world without requiring a subscription to each such fitness center, now offers a livestreaming service providing access to workouts. Conbody, which used a prison-like boot camp for its gym venue, is one example of a business that now livestreams workouts through Classpass. In other examples, Peleton, the maker of home fitness equipment, discounted its subscription app tailored for home workouts. Mindfl, which specializes in meditation sessions, created MindflTV, turning sessions into virtual classes. A number of gyms now rent or sell their equipment, such as exercise bikes, for people to keep in their homes on a weekly or monthly basis.[38] Holding sessions outdoors is also becoming increasingly popular, weather permitting.

PIVOT EXAMPLE 5

Distilling Sanitizer[39]

The craft beverage industry contributed billions of dollars to the economy before the pandemic. Yet, as craft beverage sales are tied to showroom, tour, restaurant, and bar sales, the pandemic-related closures of these locales has been problematic. As the pandemic began to unfurl, some New England states as well as California suspended restrictions on shipping alcohol directly to customers to help address this economic hit to the industry.

Additionally, beginning in March 2020 when hand sanitizer was in short supply, some 800 craft distillers across the country repurposed their equipment to make alcohol for hand sanitizer. The Food and Drug Administration and the Alcohol and Tobacco Tax and Trade Bureau revised requirements for strict inspection and oversight, encouraging distillers to get in the game. Those who pivoted early profited and many donated inventory to hospitals. By June, some of the large hand sanitizer brands had increased production to meet demand, and many smaller distillers have since dropped out of the hand sanitizer market. Those remaining seek to lower risk, such as by negotiating contracts with hospitals to purchase a guaranteed amount.

These are but a few examples of how businesses are pivoting to accommodate the pandemic business environment that might inspire libraries with ideas on how to help their local businesses. It is also an important time to support start-ups as entrepreneurs respond to emerging opportunities.

CASE STUDY[40]

Mountain BizWorks, Asheville, NC

Kareen Boncales is the Entrepreneurship Program Manager at Mountain BizWorks, a Community Development Financial Institution (CDFI) funded in part by the U.S. Treasury Department and the Appalachian Regional Commission. BizWorks is located in Asheville, serving over 1,000 clients in 27 counties in western North Carolina. Boncales reports that over half of the small businesses in the region are still in operation, but operating at reduced capacity. Beer brewing and textiles manufacturing are some of the major industries in the region and many such businesses pivoted during the pandemic, producing sanitizer and personal protective equipment, respectively. Because the region depends on tourism, many entertainment venues have closed down. In this context, many new entrepreneurs are seeking to pivot from their prior work. For instance, an artist who formerly sold her paintings through retail is now teaching painting courses online.

BizWorks has been instrumental in assisting small business owners to get Paycheck Protection Program funding. In addition to facilitating loans, BizWorks also provides entrepreneurship training and coaching. A popular course is Lean Relaunch, a crisis adaptation program offering skills and tools to adapt to the pandemic environment.

Providing assistance to small businesses and entrepreneurs in the most rural areas is a major challenge because of the absence or uneven quality of internet service and the lack of computer technology and technical skills among some rural residents. Boncales sees a major opportunity for a public institution (such as libraries) to provide training on how to use computers to fill out government forms related to small business needs or instruction on how to use video conferencing programs, like Zoom. Offering rural residents access to high speed internet and computers with video capacity (both available via libraries) would also be hugely beneficial.

Types of new businesses getting traction during the pandemic

The U.S. Chamber of Commerce reports on 20 types of small businesses that are thriving, suggesting promising areas of start-up opportunity:[41]

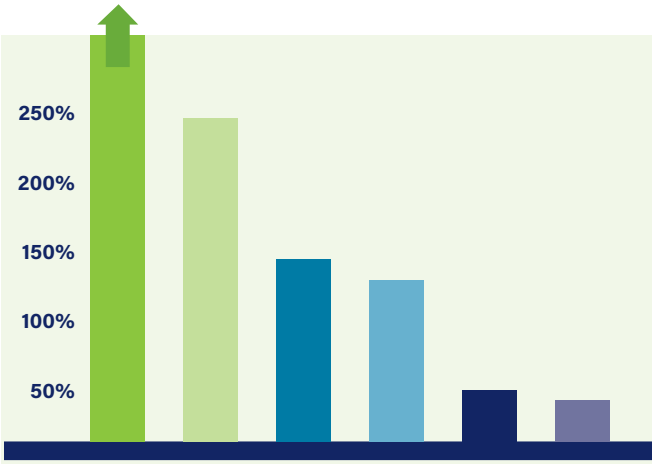
- Professional cleaning services that sanitize offices, restaurants, and homes
- Professional delivery services for homes and businesses
- Drive-in movie theaters
- Large and small grocery stores
- Small business that offer meal preparation and delivery
- Manufacturers of canned and jarred food
- Creators of board games and puzzles for home entertainment and education
- Yoga mat manufacturers
- Tech start-ups offering internet-connected fitness equipment
- Landscaping and yard care companies
- Companies that enable bread making, including flour and yeast providers
- Coffee subscription companies that provide weekly or monthly deliveries
- Gardening companies and seed providers
- Mask makers
- Telehealth providers
- Businesses, including sole proprietorships, that provide tutoring assistance
- Used car sellers, especially those offering online transactions
- Behavioral and mental health service providers, especially online
- Furniture sellers for people seeking more comfort at home
- Home health care companies

Entrepreneurship opportunities

While it may seem counterintuitive, recessions are not necessarily a bad time to start a new business. According to the Small Business Administration,[42] survival rates for businesses with employees are similar whether started in an expanding or contracting economy, and regardless of industry (manufacturing, retail trade, construction, food services and hotels). Notable examples of companies started during recessions include Warby Parker (2010), Airbnb (2008), MTV (1981), Black Entertainment Television (1980), Microsoft (1975), Trader Joe's (1958), Sports Illustrated (1954), Revlon (1932), Disney (1929), and GE (1876). A study of small businesses, including start-ups, impacted by the Great Recession found:[43]

- Workers laid off during the recession often started their own small businesses, mostly in professional services, and they were more likely to do so if in 2007 they had higher income, access to credit, more education, and were the head of the household—characteristics more common to white-collar employees;
- Having access to credit was important for both established and new small businesses, including a business line of credit, business loans, and possibly bank credit cards. The importance of credit access increases with the size of the business;
- Small businesses are intimately connected to household finance: Relatively few businesses were started by funding from an inheritance, while over 75% were started by the household, and a substantial percentage of such households provided collateral to guarantee a loan to their small businesses;
- The availability of local banking was highly important; the median distance from small businesses to the nearest primary financial institution in 2010 was not more than three miles.

As already noted, despite a 100% increase in unemployment during the Great Recession, there was a 16% increase in new business starts.[44] The report citing this statistic, *Entrepreneurship, economic conditions, and the Great Recession,* finds that the most important contributing factors to new business start-ups are the lack of better employment opportunities combined with high unemployment creating available labor pools. The report also found that the types of new businesses created in recessions are similar to those formed in periods of expansion, mostly in professional and business services; construction; education and health services; and wholesale and retail trade. With these facts and historical trends in mind, libraries can expand their business offerings (e.g., workshops, referrals, one-on-one help, etc.) so as to best assist budding entrepreneurs in the context of the pandemic.



Topics with increased online page views due to the pandemic

- Fitness and health, including weight loss and healthy cooking, saw off-the-charts growth
- 245% Gardening and plumbing
- 145% Online gaming
- 140% Home and garden
- 50% Pet products
- 36% Home beauty products

Dirk Schroeder, a professor of social entrepreneurship, advocates turning COVID-19 innovations into ongoing businesses.[45] To do so he notes that it is important first to determine whether the innovation addresses a long-term problem; to identify the long-term market for the innovation; to pivot early, proactively, and thoughtfully if necessary; and to map the business model using a method to define the customer value proposition.[46]

Similarly, the online advertising company Taboola analyzed 8 billion internet page views to identify opportunities for new start-ups. Results included soaring increases in page views on home and garden topics, plumbing, home beauty products, online gaming, and pet products (pet adoption in Los Angeles is up 70%). Fitness and health, including weight-loss and healthy cooking, saw off-the-charts growth.[47] Libraries can make use of this data when supporting entrepreneurs in their plans for business development.

Notably, some start-ups founded prior to the pandemic are seeing accelerated growth as a result of the new conditions. A *Twin Cities Business* article offers several examples:[48]

Bizzy Coffee, founded in 2015, provides pre-made bottles of cold-brew coffee and cold-brew blend beans. The company is now reportedly the number one seller of iced coffee and cold brew on Amazon, and grocery store sales have nearly doubled since the pandemic began, according to founder Alex French. Channel diversification was key to growth, with online and grocery sales compensating for the loss of sales to coffee shops.

Breathe99, founded in 2018, makes reusable respirators for consumers and businesses. The pandemic created "overwhelming demand" for masks, according to co-founder Coleman Rollins. The key shift in the business landscape for this company was that, due to the pandemic, people in the United States have largely overcome their reluctance to wearing masks.

Float, founded in 2017, rents boats, and the pandemic has quintupled sales as people seek safe ways to enjoy being outdoors. According to co-founder Jake McHenry, the key to their success is looking out for the safety of customers, with an emphasis on sanitizing boats.

GogyUp Inc., founded in 2016, is an app that helps adults with limited literacy understand documents. Co-founder Ned Zimmerman-Bence reports that state approval for adult distance learning as a result of the pandemic has helped sign on partners across the country and that understanding the needs of their customers has been key to their success.

Kidizen, founded in 2014, is an online marketplace for reselling children's clothes and accessories. According to co-founder Dori Graff, focusing on their core business positioned them perfectly for the online market that took off due to the pandemic.

Extempore, founded in 2017, is an online platform that lets teachers virtually assign spoken activities and conduct oral exams. Co-founder Carlos Seoane says that the company has seen a six-fold growth in the number of student recordings as compared to the previous year. The company is a beneficiary of the move to online educational delivery.

Pikup, founded in 2018, is an app that connects people who need items with others on their way to a store. Due to the pandemic people are finding new ways to get what they need through delivery services. As a result, co-founder Bharat Pulgam notes that the company has grown to serve 150 new neighborhoods in the Twin Cities.

In addition to start-up opportunities, the pandemic market conditions also create opportunities for new inventions and approaches that can be commercialized through existing businesses.

Innovation opportunities

A Dutch-based organization, COVID Innovations, has been compiling information on over 1,000 pandemic-related innovations created since April 2020 and provides an inspiring summary of each on their website. The organization analyzed the characteristics of these innovations and identified common traits. These included the findings that:[49]

- Innovators are agile to pivot, but stay true to their core purpose;
- Innovators with empathy were quicker and better at understanding customer needs;
- Innovators stayed optimistic while focusing on opportunities;
- Innovators repurposed existing resources, sometimes through unconventional partnerships;
- Innovators explored opportunities where customers spend most of their time (at home) doing what they like best (e.g., baking);
- Innovators used the pandemic opportunity to test crazy new ideas.

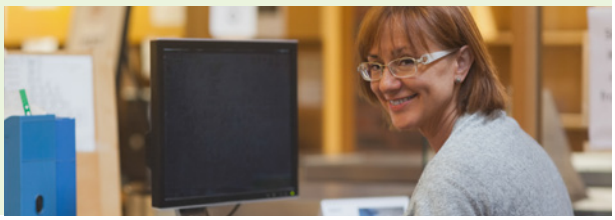
The food industry has documented several innovation lessons learned from the Great Recession which might suggest similar thinking about innovation during the current pandemic, such as creating premium categories of products, producing larger pack sizes, and expanding promising brands.[50] Because those in higher income groups were eating out less, they had more discretionary money to purchase higher-priced foods from stores, creating the opportunity for higher-quality entrees, such as Healthy Choice All Natural, which offered an "elevated in-home experience," and K-Cups, which offered a "café experience in the kitchen." Packaging changed to accommodate multi-serving products that could be used on more than one occasion or serve a larger family, and brands evolved to enter adjacent categories, such as Kellogg's Special K snack bars and Starbuck's VIA instant coffee.

In sum, pivots, start-ups, and commercializing new products all have the possibility of contributing to renewed economic vitality. As libraries consider the ways they support small businesses during this crisis it is important to be mindful of the challenges disproportionately facing low-income and/or underrepresented groups and to ensure that access to supports is inclusive, equitable, and responsive to the unique needs of these groups.

What do small business owners and entrepreneurs need most right now?

Libraries can play a role in providing access and referrals to resources and assistance. Based on sources reviewed for this paper, the following are among the most urgently needed types of assistance:

- Clear guidance on when and how to re-open
- Coordinated re-opening across jurisdictions to prevent losing employees and customers to areas opening sooner
- Money to cover fixed costs
- Training to shift from operating in-person to online
- Access to computers capable of video conferencing
- Access to high speed internet with sufficient bandwidth for video
- Training on how to pivot and adapt to the pandemic environment
- Coaching and mentoring by business experts
- Online classes on entrepreneurship



LIBRARIES ARE POISED TO RESPOND

As critical community infrastructure, libraries can support the small business community by identifying local needs and opportunities and working collaboratively with area partners, other library systems, and state libraries to streamline efforts and effectively foster resilience. By identifying local needs and adapting to public health guidelines, libraries have the opportunity to respond to small businesses as they pivot with virtual classes and programs, services, and access to information and technology. Libraries have already responded swiftly, moving programming online and offering curbside or limited in-person services. Libraries have also worked to disseminate important information regarding the dynamic shifts in local communities caused by the pandemic.

Perspectives and challenges

How do libraries view the impact of the pandemic on their communities, and how are they responding to small business and entrepreneurship needs? The findings presented below—drawn from a survey of 49 libraries engaged in small business work conducted in early September 2020—offer insight.[51]

To describe the impact of the pandemic on small businesses in their communities, over half of library respondents used words like "devastating," "severe," "huge," and "terrible." At the same time, many qualified the impact, noting it was bad for some businesses, but that others were coping, and that a few, such as businesses in the construction and gardening sectors, were doing well. Most libraries were exclusively using their website, email, and social media platforms to promote their business services, which may be a shift from how libraries are accustomed to promoting their classes and services. Despite seeing relatively low demand for business services (perhaps due to library closures combined with the sudden demise of so many small businesses), most libraries were prepared to assist small businesses or provide referrals to help them in a variety of ways, including:

- obtaining financial assistance;
- mentoring;
- connecting to a business partner or buyer;
- hiring employees or contract help;
- finding ideas for new ventures; and
- offering access to technology such as computers or video conferencing.

Libraries surveyed that were actively serving business clients during the pandemic reported that most businesses seeking their help were in food and accommodations, retail trade, educational services, and arts and entertainment—precisely the sectors most affected by social distancing measures.

Most libraries also reported collaborating with other community organizations, such as local Chambers of Commerce, colleges and universities, SCORE, and Small Business Development Centers.

Libraries also underscored that community members (including business owners and their families) needed support beyond business guidance. Over half of libraries indicated that there was a need for food assistance and personal financial assistance in their communities, with significant needs also expressed for childcare, medical care, shelter, and literacy.

Not surprisingly, across the nation libraries are seeing a change in demand in terms of the type of business assistance needed, yet face their own hurdles (such as building closures and reduced in-person services) to

Baltimore County Public Library in Maryland is offering their Entrepreneur Academy program virtually. The program pivoted to the virtual format and offers weekly workshops led by the Small Business Development Center of Maryland and the CASH Campaign of Maryland.[52] To account for the relationship-building that usually happens in in-person spaces, the library also offers co-learning opportunities each week for peer-learning and time to connect with the librarians about specific resources and services. This tailored approach allows budding entrepreneurs opportunity for networking and connections.[53]

providing this assistance. Survey responses regarding change in demand for business information included:

- "Fewer people seek assistance from the library due to COVID fears, not wanting to wear required masks to come in, or not realizing that the library is open."
- "The type of assistance being requested has changed. Prior to March, our economy was doing well, and most clients were asking for help to start or grow their businesses. Now, the need is primarily to keep their businesses open, and to apply for federal and state aid programs."
- "[Demand is] down because the libraries are closed. Most patrons request and initially access services in the physical libraries."

It is clear from this survey and other communications with libraries conducted for this paper that many are prepared to continue providing services to small business owners and entrepreneurs, but that the pandemic has disrupted business as usual, challenging libraries, as well as their clients, to innovate.

Community partnerships, support, and innovation

As noted above, many libraries that offer business services already work with a host of partners, including local, state and national government agencies, non-profits, and business groups. During the pandemic, these partnerships remain vital to supporting small businesses with relevant resources and programs. As one library noted, community engagement is also essential to supporting businesses at this time: "We need real

Richland Library resources

Prior to the pandemic, the Richland Library in Columbia, South Carolina, successfully ran an Entrepreneur in Residence program to proactively support the local business community. The library has now pivoted to offer several related programs and services virtually, including a responsive online interface to guide community members to relevant employment and small business help in the face of COVID-19, Zoom sessions with small business experts, and a library-organized Facebook group for local businesses and entrepreneurs.[54]

While running her own firm, KRJ Consulting, Karen R. Jenkins is dedicating 10 additional hours a week at the library as the current Entrepreneur in Residence for one-on-one coaching and hosting events. Karen is a former certified mortgage banker, and her 23 years of management experience have exposed her to the many facets of running a business, including finance and accounting, human resources, general management, how to network, and especially how to negotiate the process of applying for financial assistance from banks and government sources of funding.

Karen has also created two key resources. First, she hosts a group mentoring meet-up called Eat, Learn, Grow Series at a local restaurant where participating business clients can network and hear about each other's experiences. Second, she offers a four-week series called Crisis to Confidence: Leading through Uncertainty and Crisis, in which she addresses the successive stages of responding to the pandemic: not focusing on the crisis, but on solutions, learning how to pivot, and raising awareness of new opportunities that may arise.

"Pivoting is different for everyone," she notes, "and while 35% of a person's business impulse may be to apply their gift of talent, the other 65% requires management skills that many have not yet learned. So we can be valuable by helping them round out their other business skills and also find ways to respond to the pandemic crisis." For example, a hair stylist facing business closure pivoted from running a salon to opening a gently used clothing store, V's Closet, a Previously Loved Clothing Boutique, which is now thriving, even as her salon is coming back.

Karen notes that the Richland Library has been especially effective in scanning existing resources and establishing referral relationships for clients rather than "reinventing the wheel." The library lists extensive resources on its website and hosts two to three events per year for small business and entrepreneurial clients. The library thus serves as a community connector, facilitator, and source of information.

With an estimated 40-60% of small businesses facing closure in the local area, the Richland Library Entrepreneur in Residence Program and resources serve as a lifeline for many.

Anythink Libraries in Adams County, Colorado, started to phone its 65-and-over citizens (about 8,000 people) to update them on library services and see how they were getting along. Other Colorado libraries also imagined "park and pickup" services to avoid contamination or "Quarantine Quiz Show" for friendly online competition, and added a program to help address mental health during the pandemic called Headspace.[55]

entrepreneurs and community members driving the effort [to support small business owners], especially from underserved communities, and librarians supporting them through community participation." Additionally, the willingness to innovate and learn is essential not only for businesses during the pandemic, but also for the libraries supporting them. As another library stated, "We have to follow the example of our small businesses. Innovation requires trying something, embracing failure and learning and adapting when something works well or not at all. Be brave and don't overthink what might happen, try to learn as we go. [We need to] educate ourselves alongside the business community."

Promoting and marketing library business services

Effective promotion and marketing of the business-related programs that libraries offer is critical to library efforts to play a supportive role in the business ecosystem at this time, and these promotion efforts ought to be intentional and targeted. Many survey respondents agreed that better and different types of marketing of library programs and services are currently necessary to let businesses know how libraries can help. One library noted that "as we've promoted [business] services more we've seen a greater awareness and use of services. Our programs, when shared, have filled up very quickly, to the point that we have massive waiting lists." Another said, similarly, "we are now soliciting these questions more directly—launching a new email newsletter for business and career, a new webpage . . . so we receive more of them. . . . Many of the questions reference the pandemic specifically—people are seeking help, often for the first time, because they are trying to respond to new and changing situations." Other libraries stressed the importance of cross-promoting programs and services for businesses with community partners and through state library channels. These responses underscore how critical promotion is in these uncertain times, when small businesses and entrepreneurs may not know if the library is open and available to help, especially as it relates to their business.

Mutual aid, community unity, and resilience

As small businesses and entrepreneurs adapt, it is critical that they identify and respond to local needs, and that they receive continued support from customers and other community stakeholders. Many communities value their small businesses and desire to support them in these challenging times. Small businesses can leverage this sense of mutual aid (customers support small businesses that can then continue to operate and provide products, services, and jobs for the community), promoting local economic resiliency during and after the pandemic. Libraries play a role in connecting businesses and the community, and in demonstrating the value of working together. While being mindful not to engage in advertising or favoring specific businesses, libraries could further leverage the sentiment of resilience and

Appleton Public Library in Wisconsin is offering virtual programs for people of color and immigrants. They are facilitating access by presenting programs exclusively in Spanish and Hmong, plus using the Zoom interpreter feature for English language programs. The library has partnered with Color Bold Business Association to create a "virtual co-working space" for entrepreneurs.[56]

mutual aid by organizing opportunities for community members to support local businesses in general, such as by leveraging social media accounts to share articles about mutual aid and the benefits of shopping local—particularly for their local community. Virtual events could include guests from around town as speakers. For example, maybe a small business owner joins a virtual story time, or a restaurant owner offers a virtual cooking class. Libraries could also offer workshops for business owners on specialized marketing, including ways to ask for donations and other support for their business and employees.

Finally, libraries, as local institutions, are well-positioned to identify and mobilize relevant community resources and account for local opportunities and considerations. The impact of the pandemic on businesses is not uniform and can vary significantly across metropolitan areas and states, due to differing policies and norms.[57] For example, New York and Massachusetts have experienced some of the lowest foot traffic to businesses, while Mississippi, Alabama, and Oklahoma have consistently sustained near-normal shopping.[58] Thus, the insights and interventions proposed in this paper should be adapted to the local context.

For additional resources that libraries can consult to support small businesses and entrepreneurs during the pandemic, please see the Appendix.

CONCLUSION

The COVID-19 pandemic has major implications for public health and the economy, and it is likely to be several years before we return to "normal." The pandemic poses significant challenges for businesses, and this major social and economic disruption seems likely to lead to many business failures.

Yet, at the same time, the pandemic also provides opportunities for innovation and entrepreneurship. Existing businesses must pivot to accommodate new market realities, many new businesses are likely to emerge, and innovations will develop and come to market. Libraries, of course, have long provided valuable information and assistance to business and entrepreneurial patrons, and will continue to do so, as they facilitate resilience and recovery within communities as a whole. In this unsteady time of transition, libraries open to change can themselves pivot and innovate to find new ways to help small business leaders, entrepreneurs, and communities adapt and flourish.

APPENDIX

Selected online resources and potential partner organizations

For further information on how libraries can support small business and entrepreneurship, please refer to following websites, many of which offer resources specific to the COVID-19 pandemic and related challenges.

Online resources for small business and entrepreneurs:

- American Library Association, Libraries Build Business: ala.org/advocacy/workforce/grant
- Association for Enterprise Opportunity: aeoworks.org
- Community Development Financial Institutions: cdfifund.gov
- Copyright Alliance: copyrightalliance.org/news-events/copyright-news-newsletters/economic-and-career-initiatives-dedicated-to-assisting-creators-during-coronavirus
- Council on Foundations, Community Foundations: cof.org/foundation-type/community-foundations-taxonomy
- Co-starters Connector: costarters.co; costarters.co/roadtorecovery
- Entrepreneurship Learning Institute: elimindset.com
- Exponent Foundations (small foundations): exponentphilanthropy.org
- Greater Houston Black Chamber: ghbcc.com
- Mountain BizWorks: mountainbizworks.org/coronavirus
- National Hispanic Business Women Association: nationalhbwa.com

- National Venture Capital Association: nvca.org
- Opportunity Insights: opportunityinsights.org
- Small Business Administration: sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources
- Small Business Development Centers: americassbdc.org
- Track the Recovery: tracktherecovery.org
- Urban Institute COVID-19 Tracker by Race and Ethnicity: urban.org/features/tracking-covid-19s-effects-race-and-ethnicity
- U.S. Census Bureau Annual Business Survey: census.gov/programs-surveys/abs/data.html
- U.S. Chamber of Commerce Coronavirus Small Business Guide: uschamber.com/co/small-business-coronavirus
- U.S. Hispanic Chamber of Commerce: ushcc.com
- USA Facts: usafacts.org

Potential library partners when it comes to working together to aid small businesses include:

- Accion: accion.org
- Backstage Capital: backstagecapital.com
- Business start-up incubators: uschamber.com/co/run/business-financing/startup-incubator
- CDFI organizations: cdfifund.gov
- Colleges or universities with business and economics departments
- Community foundations: cof.org/community-foundation-locator
- Foundation for Business Equity: fbequity.org
- Minority Business Development Center: mbda.gov
- National Minority Supplier Development Council: nmsdc.org
- SCORE chapters: score.org
- Small Business Development Center: sba.gov/about-sba/sba-locations/headquarters-offices/office-small-business-development-centers
- U.S. Black Chamber of Commerce: usblackchambers.org
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- Venture capital firms: nvca.org

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