



STATE OF SMALL BUSINESS

HOW DIGITAL TOOLS
PROMOTE EQUITY

**Small Business
Digital Alliance**

CALIFORNIA BOASTS A ROBUST SMALL BUSINESS LANDSCAPE



4.2
MILLION small businesses account for 99.8% of the state's businesses.

7.3
MILLION workers are employed by small businesses.

95
PERCENT of firms exporting goods are small businesses.

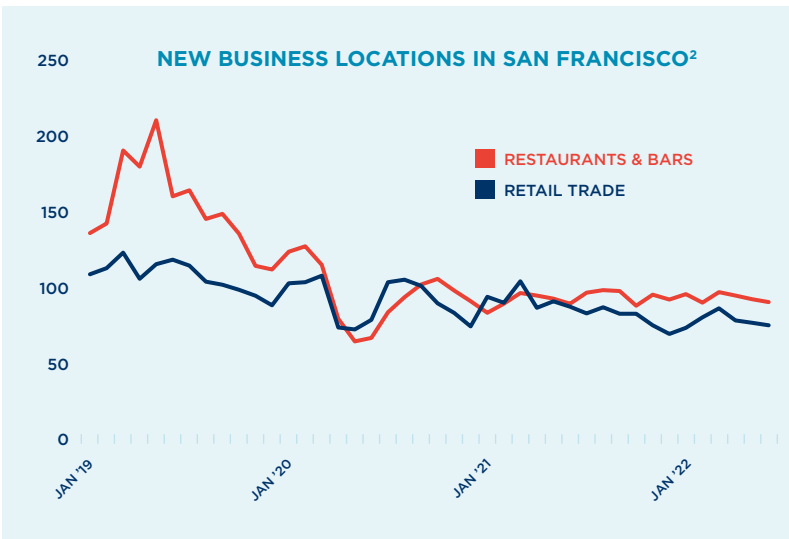
1.6
MILLION are self-employed minority Californians.

36
THOUSAND new small businesses were started in just the first half of 2022.

84
PERCENT of net new jobs from March '19-'20 came from small business.¹

BUT THE PANDEMIC HIT KEY INDUSTRIES IN THE BAY AREA HARD

While new business formation surged economy-wide during the pandemic, key industries in San Francisco that were already under pressure struggled to keep up. Women entrepreneurs and business owners of color are overrepresented in these industries. Promoting equity among San Francisco's small businesses is a major economic opportunity.²



WHITE-OWNED BUSINESSES EARN
3.7% more revenue than black-owned firms
2.8% more revenue than Latino-owned firms

MALE-OWNED BUSINESSES EARN
2X more revenue than female-owned firms³

DIGITAL TOOLS CREATE BETTER OUTCOMES FOR SMALL BUSINESSES

Connected Commerce Council and Google found that 93% of small businesses were disrupted by COVID-19, and as a result, 85% of small businesses have had to rethink their approach to using digital tools. Small businesses are using digital tools more than they were before the pandemic — and they're using them in new ways.

Small business leaders of color have been put under severe pressure by the pandemic; the businesses that have persevered attribute their resilience to an eager embrace of digital resources.⁴

Deloitte's analysis in *Connected Small Businesses in the United States* found that **digitally advanced small businesses experience significantly better outcomes** than those with lower levels of digital engagement.

2X AS MUCH EARNED REVENUE PER EMPLOYEE

3X AS LIKELY TO HAVE EXPORTED OVER THE PREVIOUS YEAR

NEARLY **3X** AS LIKELY TO BE CREATING JOBS OVER THE PREVIOUS YEAR

NEARLY **4X** REVENUE GROWTH EXPERIENCED OVER THE PREVIOUS YEAR

MORE THAN **6X** AS HIGH AVERAGE EMPLOYMENT GROWTH RATE

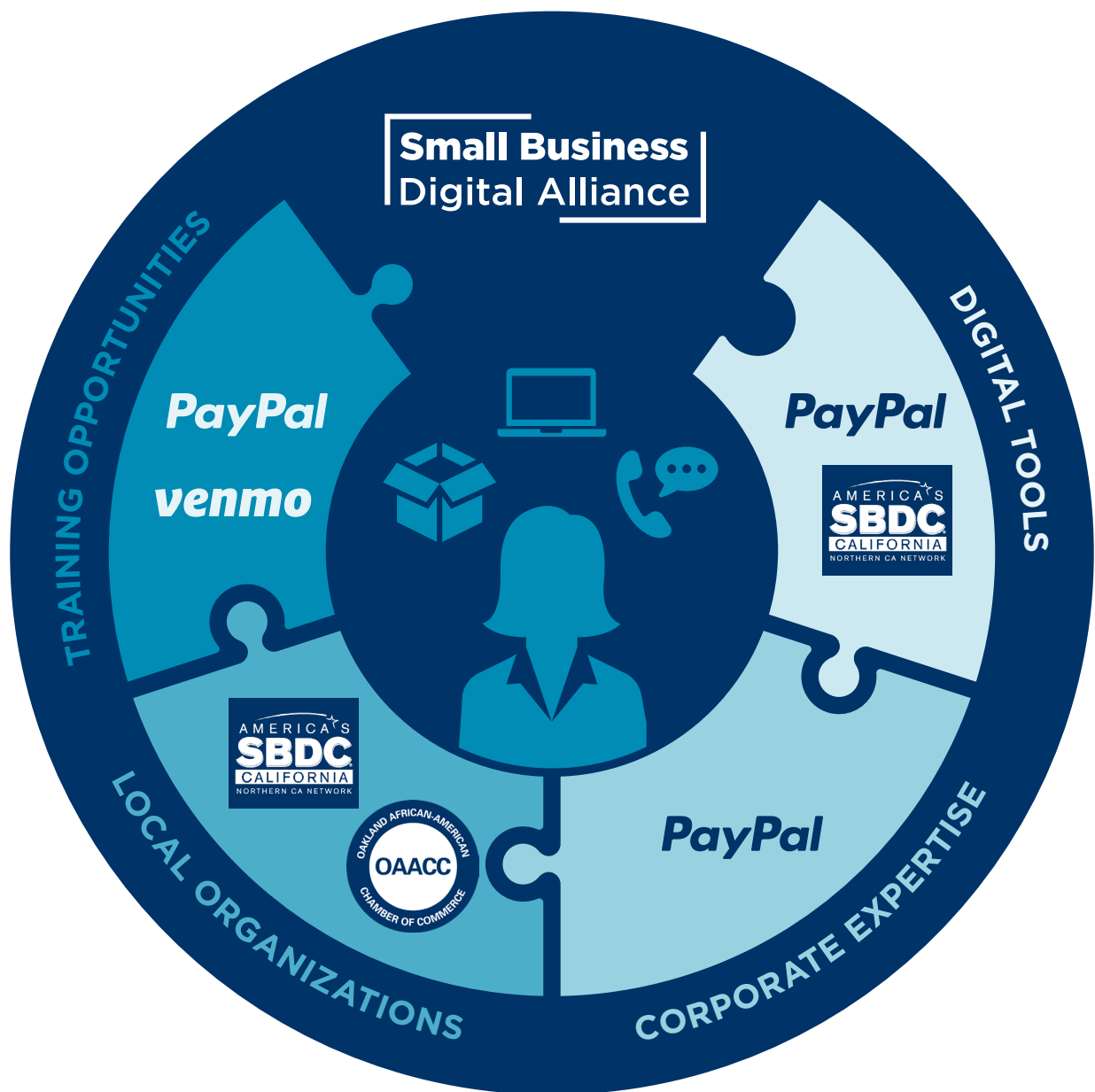
Despite these benefits, Deloitte found that
74% OF US SMALL BUSINESSES AREN'T TAKING ADVANTAGE OF DIGITAL TOOLS.⁵



Get Digital CA! is an initiative that promotes accelerators and intensive trainings for California's diverse small business owners. Local initiatives that recognize the importance of digitization and help bring skills and resources to entrepreneurs are key to building a successful and equitable economy.⁶

SBDA CREATES AN ECOSYSTEM FOR SAN FRANCISCO SMALL BUSINESSES TO THRIVE

The SBDA brings together ecosystem partners dedicated to creating economic opportunity for all entrepreneurs and small business owners. Digitally advanced small businesses experience significantly better outcomes than those with lower levels of digital engagement. Yet, nearly 75% of small businesses aren't taking advantage of digital tools, and microbusinesses cite getting online as their second biggest challenge.⁷ Local organizations can identify local needs and contextualize and deliver corporate expertise to their small business communities as they go digital.



ROUNDTABLE CONVENED KEY PLAYERS TO DISCUSS DIGITAL TOOLS AND EQUITY

During National Small Business Week, the Small Business Digital Alliance and PayPal hosted a roundtable discussion with small business leaders.

The conversation focused on how digital tools and public-private partnerships are key to creating equity for entrepreneurs and small businesses in San Francisco.

As we look towards pandemic recovery, small business owners face renewed challenges with inflation, supply chain issues, and economic uncertainty.

We have, however, been encouraged by seeing how digital commerce can enable small business resilience, empower growth, and unlock opportunity for entrepreneurs of all sizes, particularly in the last two years.

The roundtable discussed how digital commerce can continue to spur an equitable and inclusive economy and help small businesses in the Bay Area reach their full potential.



LOCAL STAKEHOLDERS AT THE TABLE



SMALL BUSINESSES LEVERAGE DIGITAL TOOLS VIA EQUITY-FOCUSED INITIATIVES

TERMINAL B

**CHRIS & FAY
BREEDLOVE,
TERMINAL B,
LONG BEACH, CA**

TERMINAL B was founded in 2021 by Chris & Fay Breedlove, a Husband and Wife team based out of Long Beach, California. While falling in love with each other as students at Howard University, Chris and Fay simultaneously fell in love with travel. When the world shut down in 2020, Chris and Fay discovered how scent has the power to invoke memories of travel and feed their wanderlust. Soon after, the idea of TERMINAL B was birthed with the intent to share their love for worldwide travel through home fragrances.

Having launched their business during the pandemic, Chris & Fay relied on digital tools from companies such as Google, Meta, and Amazon to promote, grow, and streamline their business. The value of these various digital platforms has been instrumental in TERMINAL B's growth — and they continue to serve as useful tools in various aspects of their business. In the long term, TERMINAL B plans to use their digital presence as a launchpad to expand into brick and mortar stores, bringing their digital experiences into tangible form.

Through the Inclusivity Project, the NorCal SBDC and FDC connect Black entrepreneurs and Black-owned small businesses with the capital and mentorship they need to start and grow their business and bring about the meaningful economic impact to NorCal's Black and African American marketplace and surrounding communities.⁸

INCLUSIVITY PROJECT



Merriwether & Williams Insurance Services, a local business, provides technical support services for BIPOC-owned construction firms to help them bid on and win City contracts. One-on-one business assistance and training prepares businesses to navigate the requirements of construction contracts for the City's Capital Improvement Projects.

ENDNOTES

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 3. **Bay Area Equity Atlas. “Business Revenue.” Accessed September 21, 2022.**
<https://bayareaequityatlas.org/indicators/business-revenue#/>
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 6. **Get Digital CA! Accessed September 21, 2022.**
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<https://www.godaddy.com/ventureforward/explore-the-data/>
8. **The Inclusivity Project. Accessed September 21, 2022.**
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