

A Hello Alice Impact Report

In Partnership with GCV Capital

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Small Business Optimism

2020 has been relentless, impacting human life, our ability to connect with our communities, and the opportunity to work and run our businesses. Yet as entrepreneurs and investors, we tend to be optimists. Always striving for more, better, faster. And understanding that for small business owners, the worst day and the best day can often be the same day. With the pandemic, extreme racial tensions, and natural disasters across the country, small businesses have been especially hard hit. Those we call the “New Majority” of owners – women, people of color, and US military veterans – have been disproportionately affected.

Even so, Hello Alice and GGV Capital have a shared belief that the talent to build great companies can come from anywhere. Pre-pandemic, the fastest growing group of people creating businesses was Black women. United States veterans employed 5.8 million individuals. The number of Latino business owners expanded by 34%, compared to 1% for all business owners in the United States over the last decade.

This report highlights both the impact of 2020 on small business and the resilience of entrepreneurs heading into 2021. Data is critical to guide our investments and policy, but so are the human stories that bring the numbers to life. For example, 83% of owners surveyed anticipate an upswing in 2021. And for the companies that create the technology to power their success, it's clear that SMBs – 75% in fact – will increasingly rely on them to accelerate growth in 2021.

Our goal is to shine a light on the extraordinary business owners that employ more than 60% of Americans and demonstrate how they are planning to survive and thrive. We hope the personal stories inspire optimism in what's next, and illuminate the tremendous diversity and value found among this country's small business owners.

Sincerely,

Elizabeth Gore, Jeff Richards, & Tiffany Luck

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Business Owner Data

This report compiles data from:

97,739

Small Business
Owners



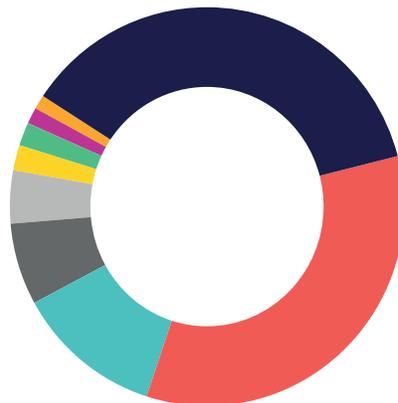
64% identify as women

35% identify as men

0.25% identify as non-binary

0.25% identify as gender non-conforming

0.5% prefer not to say



● African American • 36%

● White • 35%

● Hispanic or Latinx • 11%

● Asian • 7%

● Multi Racial • 4%

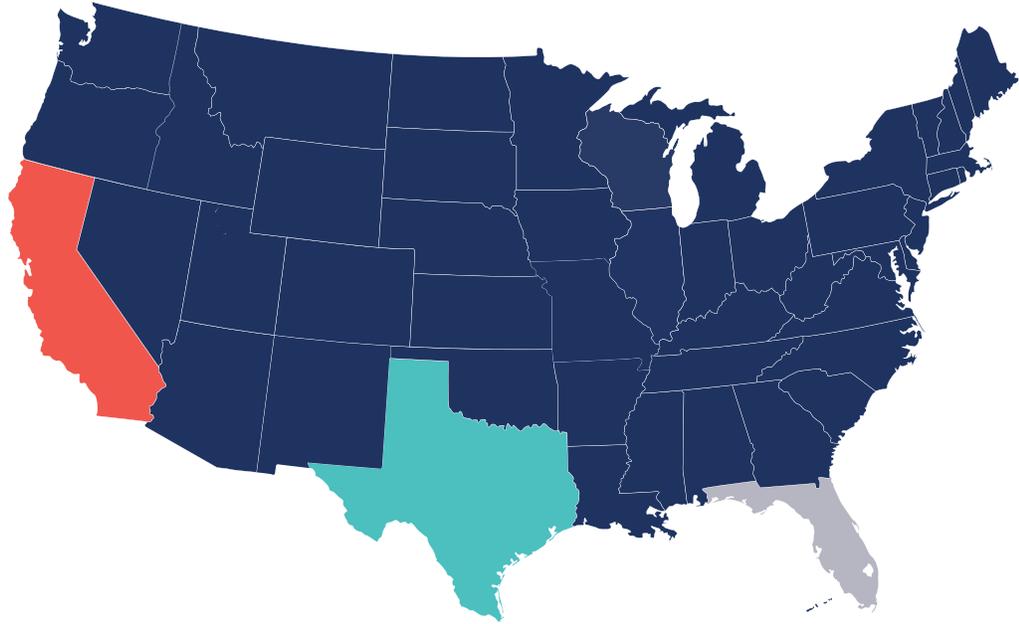
● Prefer not to say • 2%

● Native or Indigenous • 2%

● Middle Eastern • 1%

● Pacific Islander • 1%

Small business owners in all **50 states** were surveyed. The **top three** locations are as follows:



- **California**

59% of owners from California, stated that their business had 2-10 employees.

- **Texas**

13% of owners from Texas, stated that their company industry is professional business services.

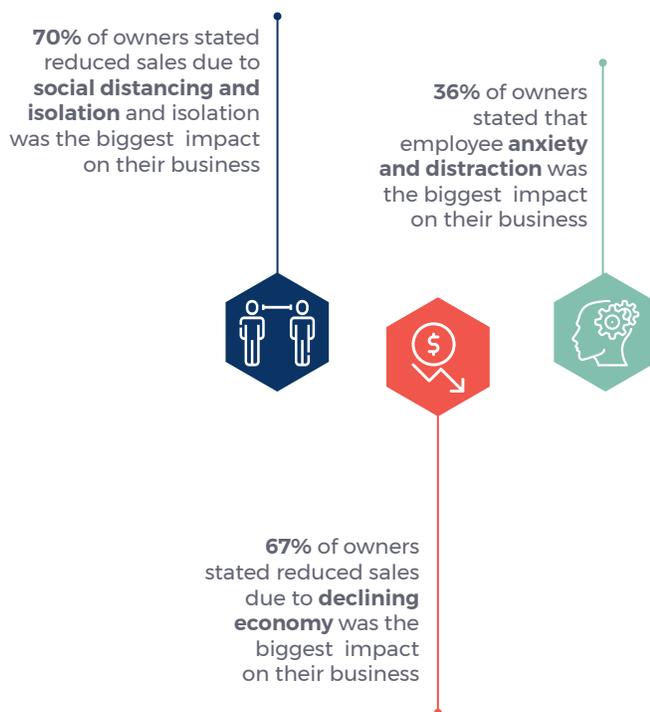
- **Florida**

21% of owners from Florida, stated that their yearly company revenue is between \$50k-\$100k.

Biggest Impacts From COVID-19

For nearly **19,000** out of the **28,985** Black entrepreneurs, reduced sales due to social distancing measures have been the most common COVID-19 impact to their business.

When compared to the average small business owner, Black owners report that they were equally impacted by the declining economy and social distancing/isolation. However, more Black business owners stated that they were impacted by the difficulty of collaborating with partners, customers, or their teams.



Sample size of **75,704** owners
Note: Owners were able to select multiple answers

Biggest Impacts From COVID-19, Continued

When small business owners were asked to share the biggest impact COVID-19 has had on their business, they had the following multi-select options to pick from: reduced sales due to social distancing and isolation, reduced sales due to the declining economy, employee anxiety or distraction, difficulty collaborating with partners, customers, or team, difficulty accessing long-term capital, difficulty accessing short-term capital, supply chain issues, other, and no impact

From those nine options, reduced sales from social distancing and isolation, reduced sales due to the declining economy, and employee anxiety and distraction were the top three selections.



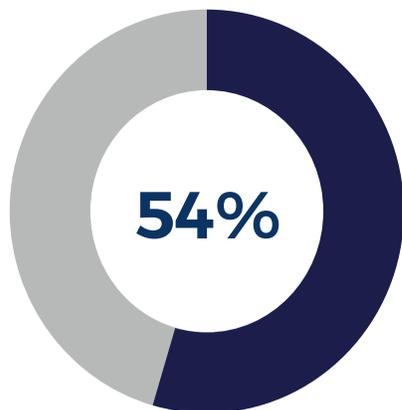
DuFresne Solutions Group, founded by veteran **Jenny DuFresne**, is a leadership development and training firm serving clients in the commercial, nonprofit, and government sectors. As a result of working with the firm, mid-level managers build great teams, reduce employee turnover, and build vibrant and happy company cultures.

The COVID-19 pandemic has greatly impacted Jenny's businesses. Reduced sales due to social distancing and isolation caused the most disruption for **24%** of owners. When broken down by demographic, **66% of Black founders** reported this to be their biggest impact.

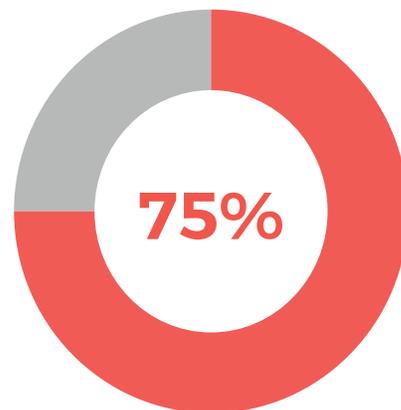


Software Solutions Spending

Small business owners have had to turn to technology in order to survive this pandemic. Software solutions have played a big role in the pivots of many small businesses. When discussing software solution spending, this is what business **784 owners** told us.



54% of owners stated that they have spent **more** on software solutions in 2020 when compared to 2019



75% of owners stated that they expect business spending on software solutions to be **more** in 2021 when compared to 2020

Sample size of **784 owners**



Pack Leaders ATL was founded in 2017 by **Bruno Rose** and **Patrick Kopp**. After meeting many pet parents who didn't like their experience with dog walking gig apps, Bruno and Patrick decided to create a pet care company that focused on providing a personalized and professional experience for pet parents.

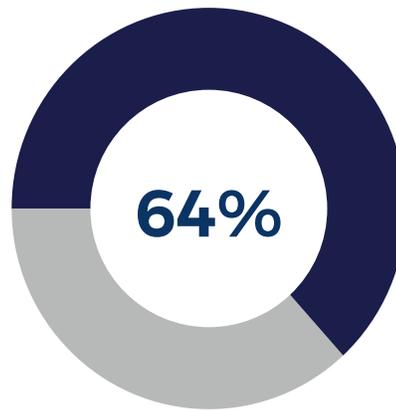
A proud Native American entrepreneur, Bruno and **43% of founders** in this demographic say they have found it difficult to collaborate with their team during this time of social distancing.



In a previous Hello Alice impact report, **50%** of active duty entrepreneurs surveyed have had to pivot their business model in order for services to be done remotely.

Business Performance

When the pandemic hit the United States, small businesses faced immediate impacts. With sweeping social distancing and stay-at-home measures, business performance began to fall. When **4,100 entrepreneurs** were surveyed, **64%** said that their business performed worse in 2020 compared to 2019.



64% of owners stated that their business performed **worse** in 2020 when compared to 2019

Sample size of **4,100 owners**



Founded by **Dr. Okah Anyokwu**, Avant Interventional Psychiatry is an outpatient private practice located in Atlanta, Georgia. Their teams of interdisciplinary providers also provide psychiatric services to hospitals, nursing facilities, and other healthcare partners.

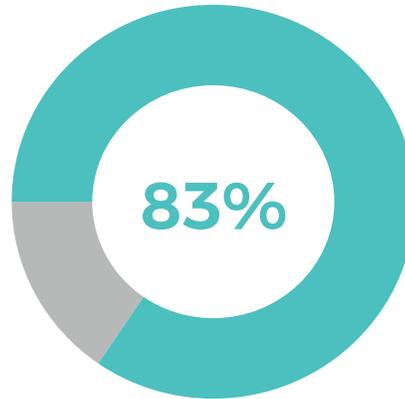
Dr. Okah Anyokwu is one of the **61% of owners** who stated that their business performed worse in 2020 when compared to 2019. He was specifically impacted by supply chain issues.



For **1,207** technology founders, raising capital and finding a loan was the biggest business challenge (impacting **38%** of them). Other top challenges included: acquiring customers and marketing their business.

Business Outlook

Looking ahead, business owners are hopeful the start of the new year will bring with it a stronger economy. When **4,106 owners** were asked about their business outlook, **83%** predicted that 2021 will mean better business performance.



83% of owners believe that their business will perform **better** in 2021 than in 2020

Sample size of **4,106 owners**



Founders **Lila Teunissen** and **Michelle Thomsen** started with their experience volunteering with local animal rescues. They transferred this passion for animal specialty care into their business, Bed N Biscuit Ranch, where they offer a premium selection of care and grooming services for pets – all while serving in the North Dakota National Guard.

Teunissen and Thomsen stated that their **biggest challenge** in 2020 was the difficulty of collaborating with their team members. They believe this will improve in 2021.

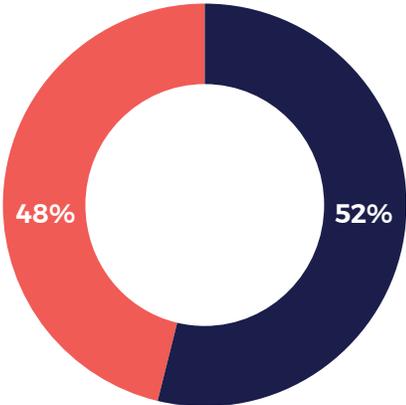


When asked where they were feeling the impact of COVID-19, **7,267** owners in the retail and e-commerce industry said raising capital, growing their business, and day-to-day operations were their top three biggest struggles.



Applying For The Payment Protection Program

The Paycheck Protection Program received plenty of media buzz. The loan was aimed at encouraging small business owners to keep their employees on payroll. Instead, large corporations began to cash in, leaving many small shop owners shaking their heads. When **4,134 owners** were asked if they applied for a PPP loan, **52%** said yes and **48%** said no.



- Yes, I applied for the PPP · 52%
- No, I did not apply for the PPP · 48%

Sample size of **4,134 owners**

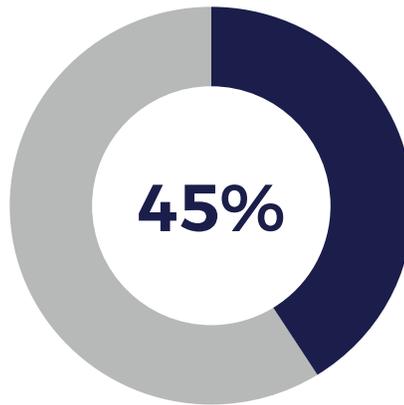


Barley Hospitality is a story of family and perseverance. Following the financial devastation triggered by the 2008 market collapse, **Jorge Ramos** and his father ventured into a new industry hoping to bring the family back from the financial brink. They shared a love for cooking and people that, combined with hard work, resulted in success. Today they are a neighborhood fixture that brings happiness and good memories to their customers.

Jorge Ramos shared that his largest difficulty has been accessing **short-term capital**.

Employee Layoffs

No one could predict how long the pandemic would last. Companies big and small started to worry. With a decrease in sales and customers in the door, hard decisions including furloughs and layoffs followed. When polled, **45%** out of a sample size of **4,100 small business owners** said they had to let employees go.



45% of owners have had to lay off employees during the COVID-19 pandemic

Sample size of **4,100 owners**



Christopher Wright stated that the biggest impact on his business was employee anxiety. Data further shows us that job security during the pandemic has been difficult, adding to anxiety, with **45% of founders**.

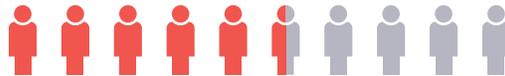
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Data collected from small business owners between March 26th and July 16th showed that mental health concerns of owners and **increased anxiety** of employees stayed as a top five challenge.

Hiring

When comparing hiring practices in 2020 vs. 2021, **55% of small business** owners stated they planned on hiring in 2020. That percentage grows greatly when looking toward the upcoming year in which **93% of owners** say they plan on adding to their team.



55% of owners stated that they planned on hiring in 2020.



93% of owners stated that they plan on hiring in 2021.

Sample size of **4,111 owners**



The Christie Law Firm provides legal services that place children at the center of its focus. The practice believes that parents have the most significant impact on their children's lives; therefore, if they help the parent, they help the child. The end result is a healthier family.

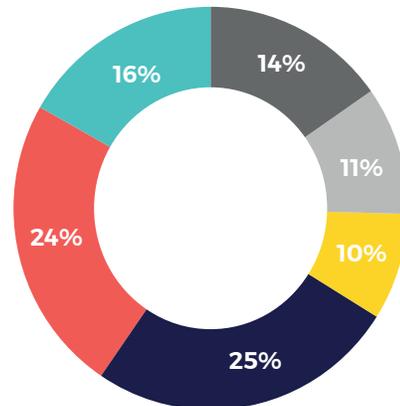
Founder **Nicole Christie** told us that the greatest help to her business has been **hiring a talented team** to help her execute her vision.



In a previous Hello Alice impact report, **33%** of LGBTQ+ entrepreneurs stated that hiring a talented team has been the greatest help to their business success.

Government Assistance

Seventy-five percent of owners are calling on the government to step in to assist financially during this time. When owners were asked the ways in which they'd like to see government help, **emergency grants, long-term grants, and rent relief** topped the list.



- Emergency Grants • 24%
- Long-Term Grants • 16%
- Rent Relief • 14%
- Tax Deferrals or Waivers • 11%
- Emergency Loan Programs • 10%
- Other • 25%

Sample size of **97,341 owners**



Founded by two Pratt industrial design alumni with a passion for creation, Makelab strives to free creativity from the messy and technical hassle of maintaining a 3-D printing schedule. CEO **Christina Perla** fosters a community of like-minded, motivated, and passionate people to share a common interest: to create.

Founders like Christina are calling on the government to step in to help entrepreneurs in the form of emergency grants; **24% of owners** said this would help their business the most.



In a previous Hello Alice impact report, data has shown that **85%** of Hispanic and Latinx entrepreneurs are calling on the government to step up and give them access to more emergency grants ranging from **\$10k-\$25k**.

About Hello Alice

Hello Alice (helloalice.com) helps businesses launch and grow. A free multi-channel platform powered by machine learning, Hello Alice guides business owners by providing access to funding, networks, and services. Through a network of more than 250,000 owners in all 50 states and across the globe, Hello Alice is building the largest community of business owners in the country while tracking data and trends to increase owner success rate. Hello Alice partners with enterprise business services, government agencies, and institutions looking to serve small and medium business owners to ensure increased revenues and to provide the best-possible experience for owners who want to start or grow their companies. Founded in 2017 by Elizabeth Gore and Carolyn Rodz, Hello Alice believes in business for all – by providing access to all owners, especially women, people of color, military connected, the LGBTQ+ community, and persons with disabilities. Hello Alice exists to serve every American with an entrepreneurial spirit.

About GGV Capital

GGV Capital is a global venture capital firm that invests in local founders. As a multi-stage, sector-focused firm, GGV focuses on seed-to-growth stage investments across Consumer/New Retail, Social/Digital & Internet, Enterprise/Cloud and Frontier Tech sectors. The firm was founded in 2000 and manages \$6.2 billion in capital across 13 funds. Past and present portfolio companies include Affirm, Airbnb, Alibaba, Big Commerce, Brightwheel, Frubana, Grab, Hello, HashiCorp, Houzz, Keep, Khatabook, Opendoor, Peloton, Poshmark, Slack, Slice, Square, StockX, Vedantu, Wish, Zendesk, and more. The firm has offices in San Francisco, Silicon Valley, Singapore, Shanghai and Beijing. Learn more at ggvc.com and [@GGVCapital](https://twitter.com/GGVCapital).



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