



Chinese American Small Business Impact & Recovery Survey Report



(Cover Photo Credit: Wei Ming Lai, age 12, CMP Chinese School 2020 Drawing Contest)

Executive Summary

During the period of September 2020 through December 2020, CMP and the Rotary Club of Chinatown NYC conducted a mini survey of Chinese American businesses in New York City. From the 66 responses we received, we learned about the impact of the COVID-19 pandemic on them, and the support that they need towards recovery. Based on this survey and the numerous dialogues in which the Rotary Club of Chinatown NYC and CMP participated, we also compiled a list of recommendations to be shared with small business owners, community advocates, policy makers, the philanthropic sector, and concerned individuals. This report focuses on presentation of key findings and recommendations derived from the survey. For a complete set of survey questions and aggregate responses, please contact us at info@cmpny.org.

Impacts

- 83% of all respondents had reported to have temporarily shut down since January 2020. At the time of the survey, more than half of the 66 respondents had not yet re-opened
- 63% of survey respondents suffered a significant loss of revenue, more than double the national average of 30.9% and compared to a New York State average of 40%
- There were more jobs lost in the small business community during the survey period, as our respondents were more likely to lay off their employees (41%) than small businesses on the national (25.7%) and State (34.8%) levels

Relief & Assistance

- 67% of survey respondents applied for some form of government and/or private relief programs, lower than both the national and NYS figures, and their success rate (59%) was much lower than that of the national (74.3%) and State (74.6%) level
- More than half of the respondents who were successful in obtaining these government or private relief programs felt that the programs were not helpful at all or were only slightly helpful

Assistance Toward Recovery

- The repeating themes of needs toward re-opening and recovery have been new capital, knowledge and tools to open new market opportunities, and help to navigate around government rules and regulations

Recommendations

- Proper record keeping by small businesses affects their eligibility and levels of government support, ability to apply for loans, and qualifying for certain preferential credentials. It is strongly suggested that traditional community businesses change their operating attitude and give greater attention to record keeping and reporting
- Policy makers should take into account the cash economy in immigrant and low income communities and allow for alternative eligibility and benefit determination methods

- Language as well as technology access issues in low income immigrant communities must be addressed when rolling out disaster relief programs. Multilingual and non-digital pathways must be made available to these communities to ensure access to relief
- Government regulatory agencies, in setting health and safety guidelines and rules, should emphasize education and training before enforcement and imposing penalties
- Community Development Financial Institutions (CDFIs) play a critical role in assisting immigrant and minority owned small businesses as many of them are not qualified for traditional bank loans. We call for support to increase the size of CDFI capitals and capacity
- Education, encouragement, and assistance should be provided to assist small businesses to make transformative changes to their business practices, particularly in re-evaluating and re-determining their profit margin and pricing point, integration of technology, and strategies to open up new market segments
- Policy makers should employ small business oriented perspectives in designing relief/assistance programs. A holistic approach, one that addresses the many needs of running a small business, should be used instead of one-dimensional solutions to selected problems such as the eviction moratorium and Paycheck Protection Program, while leaving other challenges unresolved
- As part of the community's economic ecological system, small property owners are often left out in the small business relief conversation. We urge policy makers to take small landlords into the picture and preserve community ownership of properties
- We appeal to private philanthropies to fill in the gap where government support cannot reach. Small, rapid response efforts from grassroots pop-up groups are often not qualified for government funding but they are equally important, and extremely responsive to emerging needs. Established community service providers and advocates are also most trusted by community members, and can be valuable partners to assist small businesses to access government relief programs. Philanthropic support to these efforts must be sustained for the duration of the recovery period

Background

CMP and the Rotary Club of Chinatown NYC conducted a Small Business Impact & Recovery Mini-Survey in New York City's Chinese American community during the period of **September 2020 to December 2020**, as the world was going through the COVID-19 crisis. While health, social, and economic impact of the pandemic were global, our purpose was to document challenges and needs that were unique to the Chinese American community, which was made up of predominately first generation immigrants. This report focuses on presentation of key findings and recommendations derived from the survey. For a complete set of survey questions and aggregate responses, please contact us at info@cmpny.org.

Survey Format

The survey was delivered in electronic fill-able Word document, hard copy paper form, as well as online Google Form, and was available in Simplified Chinese, Traditional Chinese, and English. It was distributed through e-mail attachments, posting on CMP's website and social media, and in some case, hand delivery.

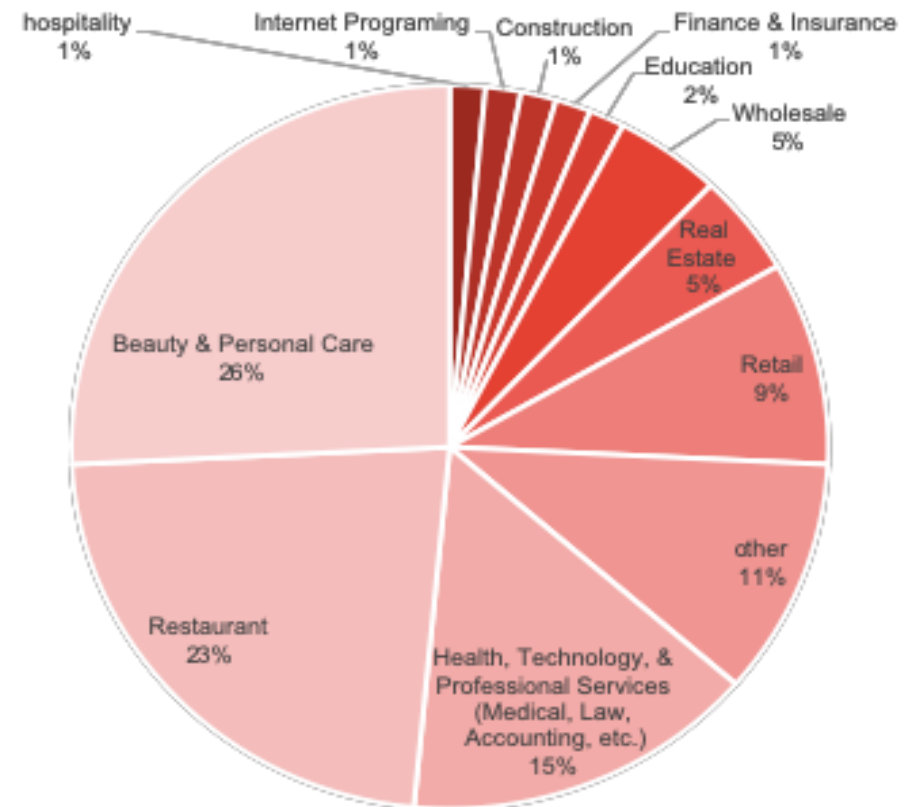
Limitation

We regret to disclose that, due to a technical flaw, the online version of the survey was unable to capture descriptive responses to questions listing "Other (Please Specify): _____" as a possible answer. Since all but one respondents chose to complete the survey online, there were no further clarifications available when the respondents chose "Other" as their answers. Therefore, even though the survey provided meaningful insight to the impacts of the pandemic and the various needs business owners indicated as necessary

to help them to sustain during, and recover from, the crisis, it could have further clarity had we achieved the survey's intended scope.

Respondents

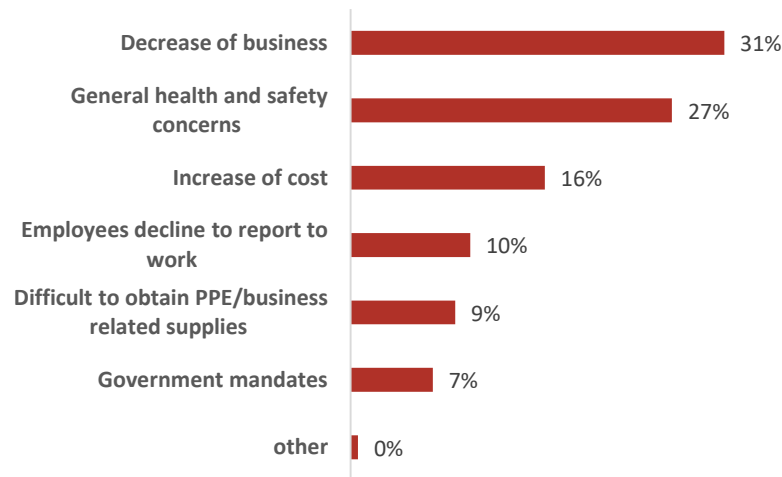
The survey targeted Chinese American small businesses in the 5 boroughs of New York City. A total of 66 responses were received, with Beauty & Personal Care (26%), Restaurants (23%), and Health, Technology, & Professional Services (15%) as the top 3 industries among the respondents.



Key Findings

Impacts

- **Shut Down** – 83% of all respondents had reported to have temporarily shut down since January 2020. However, they did so voluntarily. Most indicated that they shut down their businesses due to Decrease of Business (31%) and General Health and Safety Concerns (27%). Only 7% of the business cited Government Mandates as reason for their temporary closure.



- **Revenue Loss** – 63% of our survey respondents reported a significant decrease¹ of revenue, more than double the national rate of 30.9%, and compared to 40% in New York State^{2, 3}

¹ Revenue decrease of 51% and more

² <https://portal.census.gov/pulse/data/#data>, as of 12/20/2020

³ Report category: “Large Negative (Economic) Effect”

	National	NYS	Surveyed
“Large Negative Effect”	31%	40%	63%

- **Job Loss** – Compared to National and New York State data⁴, our survey participants were more likely to lay off their employees than reduce current employees’ work hours as a response to their revenue decrease. They were on par with New York State but significantly more likely to reduce employee salaries than the national average

	National	NYS	Surveyed
Decreased # of Employees	26%	35%	41%
Decreased Employee Hours	44%	46%	29%
Decreased Employee Salaries	3%	26%	24%

Relief & Assistance

- **Access to Relief Programs** – While 67% of small business owners in our survey applied for some form of government or private relief/assistance programs, the number was much lower than the national average (74.3%) and New York State average (74.6%)

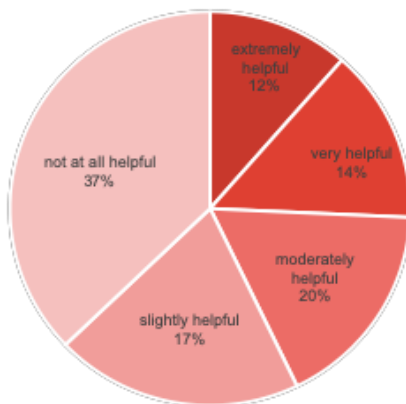
⁴ <https://portal.census.gov/pulse/data/#data>;

<https://data.bls.gov/pdg/SurveyOutputSerlet>; <https://www.bls.gov/cew>

- **Success Rate** – Also, at 59%, our survey respondents’ success rate in obtaining public or private relief/assistance programs was significantly lower than applicants on the National (73.2%) and New York State (72.5%) levels

	National	NYS	Surveyed
% Applied for Assistance	74%	75%	67%
% Received Assistance	73%	73%	59%

- **Helpfulness** – More than half of survey respondents found little relief from the assistance programs that they received. Thirty-seven percent (37%) of them felt that the programs were “Not at all helpful” and 17% found them only “Slightly helpful”. We theorized that respondents were unable to obtain impactful level of relief/assistance through these programs due to insufficient record keeping that commonly existed among our community small businesses



Re-Opening & Recovery

- **Re-Opening Needs** – When asked about their plan to re-open their businesses, the 66 respondents of the survey cited their top 5 needs:

Areas of Need	Percentage
Need capital	71%
Other	50%
New ways of generating business	38%
More affordable lease or new space	25%
Learn about re-opening guidelines & regulations	33%

- **New Skills Needed** – Business owners’ topics of interest in training that would help them to re-open their business seemed to corroborate with their stated needs

Training Topics	Percentage
How to obtain new capital	50%
COVID-19 related guidance & regulations for business re-opening	43%
Use of technology to market my business	30%
Marketing with limited budget	30%
Use technology to acquire new customers	27%

- **Expert Consultation Needs** – When asked of their interest in a free consultation session with experts to help their business recover, the respondents’ replies were more evenly spread across 12 possible answers. Nevertheless, they largely confirmed their stated needs and training interests from previous questions

Areas of Expertise	
Legal	13%
Marketing	12%
Business Management	12%
Commercial Lending/Micro-Lending	11%
Government Programs	10%

Recommendations

Relief & Assistance

Historically, small businesses in the Chinese American community have been underrepresented in major government disaster relief programs. From 9/11, Hurricane Sandy, to COVID-19, community businesses' eligibility rate and levels of support received from these programs have been low, due mainly to a cash based economy and inadequate record keeping.

- **Change of Business Operating Attitude** – Resources are needed to enable community advocates to raise awareness among business owners that proper record keeping not only affects their eligibility and level of assistance received from government programs in the event of a disaster, but it will also position their businesses for future expansion in the forms of track record building, capital raising, and application of certain credentials such as M/WBE certification
- **Immigrant and Low Income Community Sensitive Policies** – Policy makers and government agencies must understand and take into account that cash based economy is a fact of life in immigrant and low income communities where credit card and banking services are underutilized.

Additional or alternate forms of eligibility and benefit determination must be considered when administering disaster relief programs for small businesses in these communities

- **Access to Programs** – Language and digital barriers must be overcome to ensure immigrant and low income communities access to relief and assistance programs. Policy makers must assure that language access and non-digital form of application to these programs are available in the immediate term. While not in the scope of this particular report, longer term plan should also be in place to help build language and technology capacity in these communities with skills, infrastructure, and equipment.

Business Sustaining & Recovery

The recurring themes among survey respondents have been the need of new capital, marketing (new strategies and new customer base), and navigating government regulations and policies.

- **Safety and Compliance** – During the pandemic, City agencies have made strides in informing the community about nature of the Coronavirus, health and safety measures, re-opening preparation and procedures, and vaccination information. Government regulators should continue this with a conscious effort to emphasize on education and training before enforcement and punitive actions. Community advocates should continue to bring awareness of the unique challenges among grassroots businesses to City officials and legislators.

- **New Capital** – As reflected in our survey finding, small business owners were seeking new capitals, presumably for new investments to adjust their businesses to pandemic related regulations, health and safety installations, and new business strategies. Community Development Financial Institutions (CDFIs) play a critical role in this landscape to support small businesses that are not qualified for traditional bank loans. We urge legislations to maximize utilization, increase capital support, and further building the capacity of these CDFIs
- **Transforming Business Practices** – Traditional business practices in the community have their value in catering to the unique characters of New York’s Chinese immigrant community. However, the pandemic and its resulting effect on traditional business models may very well force entrepreneurs to make transformative changes. No longer can community businesses rely on high volume and small margins to survive and thrive, as physical capacity is stretched to the limit with social distancing and frequent disinfecting practices. Technical assistance should be made available to small businesses to adapt to this new environment.
 - Re-Evaluating Profit Margin – Re-examination of sales goals and costs of doing business to determine pricing, cost control, and feasibility
 - Technology Integration – Explore the use of technology to assist in marketing, business management, point of sale, e-commerce potentials, inventory control, logistics, and more.
 - New Market Potential – Adding new marketing channels, expand customer base beyond traditional

clientele. Consider re-packaging traditional goods and services and strengthening customer service to attract patrons that are receptive to new pricing points

Systematic Changes

It takes more than grassroots changes to address the effect of a worldwide pandemic. Intervention from the policy level is required to avert the impact of this global crisis in the Chinese American small business community.

- **Small Business Oriented Solutions** – New York’s moratorium on eviction only defers the inevitable. When the moratorium ends, commercial tenants (Along with residential tenants) will face an insurmountable amount of back rent. The moratorium does not solve a problem but merely postpones the inevitable. The Federal Paycheck Protection Program (PPP) only helps small business with their pay role and rent/mortgage, but leaves issues with most of other business expenses such as inventory, raw materials, as well as other fixed costs unaddressed. Community advocates need to press on policies that call for a holistic solution to challenges faced by small businesses. This can take forms in various tax incentive, deferral, or relief programs, as well as stimulus grants to facilitate changes proposed in the above Business Sustaining and Recovery section.
- **Save the Community Eco System** – The inter-dependence between small businesses and small landlords is an integral part of the community’s economic and ecological system. Chinese American businesses are burdened with above market rate rent because Chinatown landlords are shifting

property related expenses from rent controlled and rent stabilized residential tenants to their commercial tenants. The economic crisis brought about by the pandemic tipped an already on edge scale to a point where both small landlords and small businesses can no longer sustain the expenses of their respective ventures. It is not difficult to see the prospect of small landlords selling their buildings to major developers, who in turn bring in big box stores while killing community based small businesses in the process.

We recommend the inclusion of small property owners as part of a solution to the community's economic crisis. In addressing the challenges faced by small landlords, we are answering the struggle of the community's ecosystem. Community advocates need to convene policy discussions among community and economic development experts, small landlords, housing advocates, and legislative representatives to investigate alternatives in the areas of innovative property tax solutions, affordable housing, options in residential rent policies, preservation of community ownership of properties, and other economic development strategies.

- **Philanthropic Support** – Mainstream and community philanthropies have played important roles in supporting rapid COVID-19 responses at the onset of the pandemic, but re-building the community economic engine takes more than rapid response but also recovery, and advocacy works. Philanthropic partners must make multi-year commitments of support to ensure continuation of success of these efforts.

Private philanthropic partners are also in a position to support services to small businesses that are not qualified

for government programs or emerging needs and service gaps that government programs are not designed to address. Grassroots pop-up groups often provide rapid response to emerging community needs but lack traditional infrastructure to attract government funding. Established community advocates have the trust of community members but require expanded capacity in time of crisis. We urge the philanthropic sector to work closely with both types of community groups to maximize response efforts that are closest to the pulse of the community, and support initiatives that complement government programs and fill service gaps.

Current Actions

This survey is intended to serve as a tool to inform and cause systematic improvements on grassroots as well as policy levels for sustainable changes that can help small businesses to endure not only the current, but future crises. Meanwhile, actions have been taken since the onset of the pandemic by the Rotary Club of Chinatown NYC and CMP to address the immediate needs of small businesses in our community.

Rotary members volunteered their time in the frontline to procure and distribute PPEs to essential workers. They reached out to community small businesses, often going door to door to engage them as Project partners, walking them through COVID-19 testing procedures, and listening and sharing insight to challenges that they faced. The Club paid for the costs of PPEs and COVID-19 testing, and arranged roundtable discussions for small business partners for consultation with experts within and outside the Club.

Through March 2021, CMP's Business Outreach Center (BOC) has answered countless calls for information, guidance, and linkages, and formally engaged 167 small businesses for extensive business counseling and technical assistance, helped to prepare and file 196 applications for government and private loans and grants, and successfully secured a combined total of \$2.01 million for eligible applicants. We helped 632 entrepreneurs to learn about new business approaches and resources through 13 workshops on topics such as Restaurant Delivery Services, Business Re-Opening, Social Media Marketing, How to Start an Amazon Business, Emergency Loan Programs for Small Businesses, to name a few.

About This Survey & Survey Sponsors

As part of the project "Re-Opening and Revitalizing NYC Chinatown", (the "Project") sponsored by the Rotary Club of Chinatown NYC and Rotary Club of Kings Park, Hong Kong, this survey is result of a joint effort between CMP and the Rotary Club of Chinatown NYC, with support from a Global Grant from the Rotary Foundation.

The scope of the Project included this Small Business Impact and Recovery Survey, conducted by CMP. Led by the Rotary Club of Chinatown NYC, Project partners included COVID-19 testing lab Mirimus, Inc., CMP, the Chinese-American Planning Council (CPC), and 16 Chinatown small businesses. The full Project strived to provide direct assistance to its small business partners, including weekly COVID-19 testing, provision of PPEs, and technical assistance provided by Rotary Club volunteers and partners, as well as planning and advocacy

efforts with documented impacts and recommendations through this survey.

Rotary Club of Chinatown NYC

Rotary Club of Chinatown NYC was established in 1978 for civic minded business persons and professionals an enjoyable and organized way to make contribution to the community and needy areas of the world. The Club is part of the Rotary International movement that provides humanitarian service, encourages high ethical standards in all vocations, and helps build goodwill and peace in the world. Approximately 1.2 million Rotarians belong to more than 31,000 Rotary clubs located in 167 countries.

CMP

Founded as Chinatown Manpower Project in 1972, CMP is a not-for-profit, community based, workforce and economic development organization dedicated to promoting economic self-sufficiency and career advancement through work readiness, job training and placement, and entrepreneurial assistance programs. In addition to assisting small businesses during the COVID-19 crisis, CMP helped individuals and families to access unemployment and other income assistance benefits, enroll in free health care services, and distributed more than \$350,000 of emergency cash assistance to individuals and families in need. It also operates a public information clearinghouse, disseminating daily updates of COVID-19 related information, government guidance, and related resources in 3 languages – Chinese, Korean, and English.

For further information about this survey, contact info@cmpny.org