

STATE OF SMALL BUSINESS

**Small Business
Digital Alliance**

INTRODUCTION

Launched in February 2022, the Small Business Digital Alliance is a new co-sponsorship agreement between the U.S. Small Business Administration (SBA) and Business Forward, Inc., a non-profit organization working with small business leaders in support of policies promoting America's economic competitiveness, that brings together major players, influencers, and companies in tech, e-commerce, benefits, and other industries to help connect small businesses with digital tools, trainings, and expanded opportunities, and grow their digital networks to reach new customers – free of charge.

SMALL- AND MEDIUM-SIZED BUSINESSES ARE THE ECONOMIC ENGINE OF THE US.

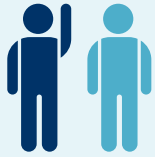


32.5
MILLION
SMALL BUSINESSES



ACCOUNT FOR 99.9 PERCENT OF AMERICAN BUSINESSES.¹

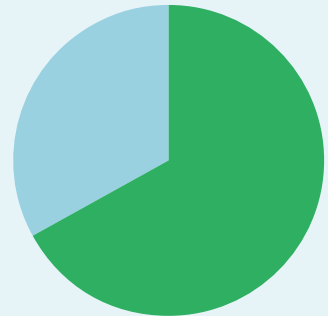
61.2
MILLION
SMALL BUSINESS EMPLOYEES



represent **46.8 percent** of US employees – nearly half of the private sector workforce.²

Small businesses hire and train most first-time workers.

Small businesses account for approximately **two-thirds** of net new jobs since 2000.³



Small businesses **generate 44 percent** of economic activity in the US.⁴

SMALL BUSINESSES ARE SMALLER THAN YOU MAY THINK

Even though small businesses drive economic growth, job creation, and innovation in the U.S., they operate more like families than America's big corporations.

8

10



SMALL BUSINESSES ARE SOLE-PROPRIETORSHIPS AND HAVE NO EMPLOYEES.⁵

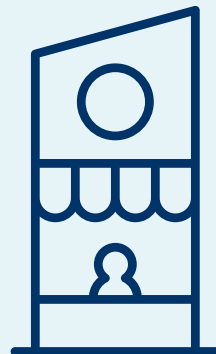
9

10

firms have fewer than five employees.⁶



Median household income in 2020 was \$67,521.⁷



The average small business owner makes \$71,813 a year.⁸

Nearly 9 in 10 make less than \$100,000 a year in income.⁹

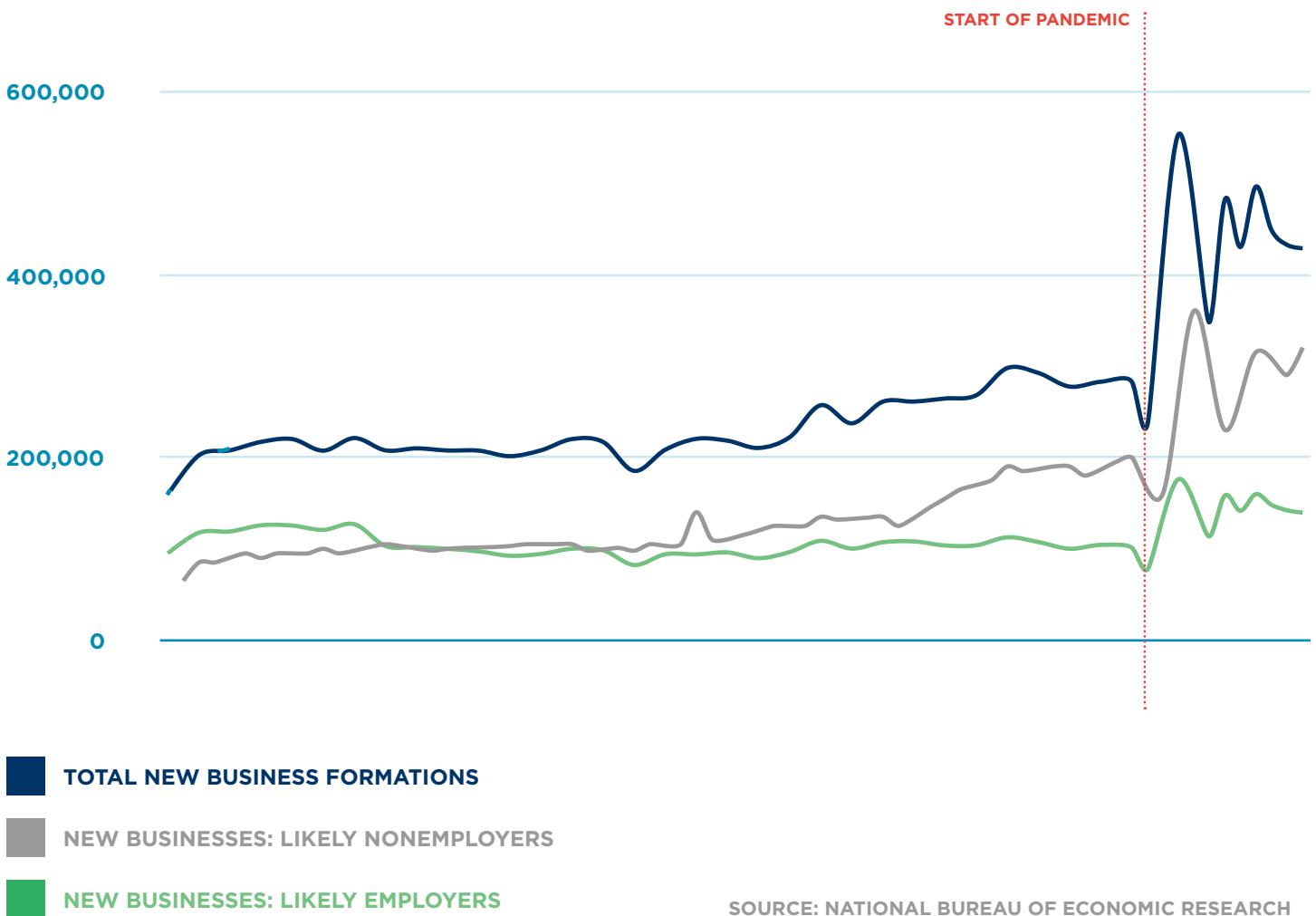
BUSINESS FORMATION IS ON THE RISE, BUT NEW BUSINESSES LOOK DIFFERENT THAN BEFORE

Applications for new businesses surged in 2020 and remain high.

Despite this, the proportion of new businesses that are likely to hire employees remains relatively consistent – and relatively low.

The number of non-employer businesses experienced a sharp increase – signifying the growth of ecommerce and the gig economy during the pandemic.¹⁰

BUSINESS FORMATION



TWO YEARS INTO THE PANDEMIC, SMALL BUSINESSES ARE STILL FACING BIG CHALLENGES



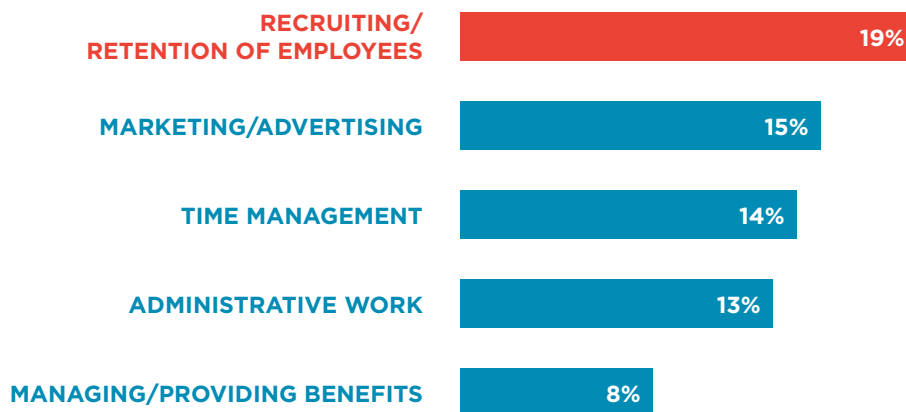
600K + 200K

BUSINESSES CLOSE ON AVERAGE PER YEAR

CLOSURES DURING THE PANDEMIC'S FIRST YEAR¹¹

TOP CHALLENGES FACING SMALL BUSINESS¹²

(EXCLUDING COVID AND ACCESS TO CAPITAL)



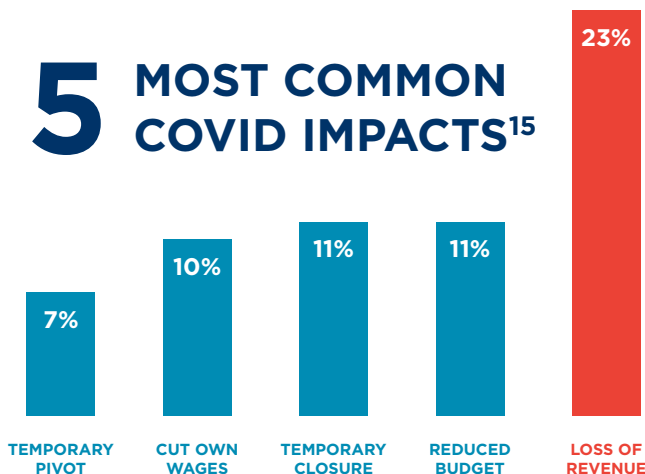
52%

OF SMALL BUSINESS OWNERS REPORT THAT IT IS HARDER TO FIND QUALIFIED PEOPLE TO HIRE THAN IT WAS A YEAR AGO.¹³

29%

OF SMALL BUSINESS OWNERS HAVE HAD POSITIONS OPEN FOR AT LEAST 3 MONTHS THAT THEY ARE UNABLE TO FILL.¹⁴

5 MOST COMMON COVID IMPACTS¹⁵



74% OF RESTAURANT OWNERS

REPORT THEIR BUSINESS IS LESS PROFITABLE NOW THAN IT WAS BEFORE THE PANDEMIC¹⁶

DIGITAL TOOLS CREATE BETTER OUTCOMES FOR SMALL BUSINESSES

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.¹⁷ Digitally advanced small businesses:

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

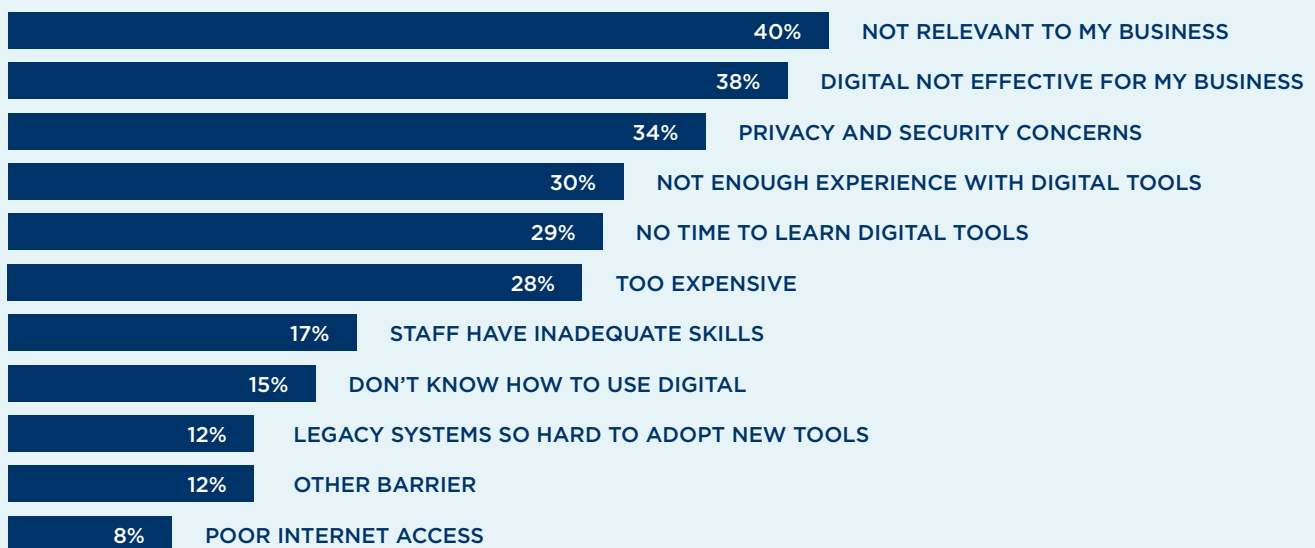
NEARLY **4X** REVENUE GROWTH EXPERIENCED OVER THE PREVIOUS YEAR

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.

PERCEIVED BARRIERS TO USING DIGITAL TOOLS FOR SMALL BUSINESSES¹⁸



SMALL BUSINESSES DURING COVID



LISA AND VINCENTE GUTIERREZ,
DOS HERMANOS TACO TRUCK,
COLUMBUS, OHIO¹⁹

“When COVID hit... people started showing up at my door to ask if I had fresh food.

One day, a gentleman rang the doorbell and asked me, “Do you have a burrito?” Being that I was scared of losing my own business and scared of contracting Covid, I told my brother-in-law to make him a burrito. By the end of the week, I had to put a cash register in the front lobby because I couldn’t dig change out of my purse every day, and that turned into DoorDash, and DoorDash turned into Uber Eats, Postmates, Chow Now, and Grub Hub.

So, out of Covid, we turned our Commissary Kitchen into a takeout restaurant. We see 50 to 60 delivery drivers per day and have both lunch and dinner services here in this neighborhood.”

Pat Bennett has been making granola for over two decades as a healthy and filling snack-food for her family. In 2018, she turned her granola recipe into a full-fledged business that she envisioned would bring people together over wholesome food. In the early stages of Pat’s Granola, Bennett relied on face-to-face interactions to get her artisan granola to retailers; she had no online presence at all.

When the pandemic rendered in-person outreach an impossibility, Pat had to adjust her business strategy. Video conferencing platforms helped her to continue pitching Pat’s Granola personally, both to retailers and directly to customers. She shifted her focus to online sales, and now runs an active blog where she shares recipes, reflections, and stories about her family.

The digital transformation was instrumental in developing her personal brand and sharing the story of Pat’s Granola.

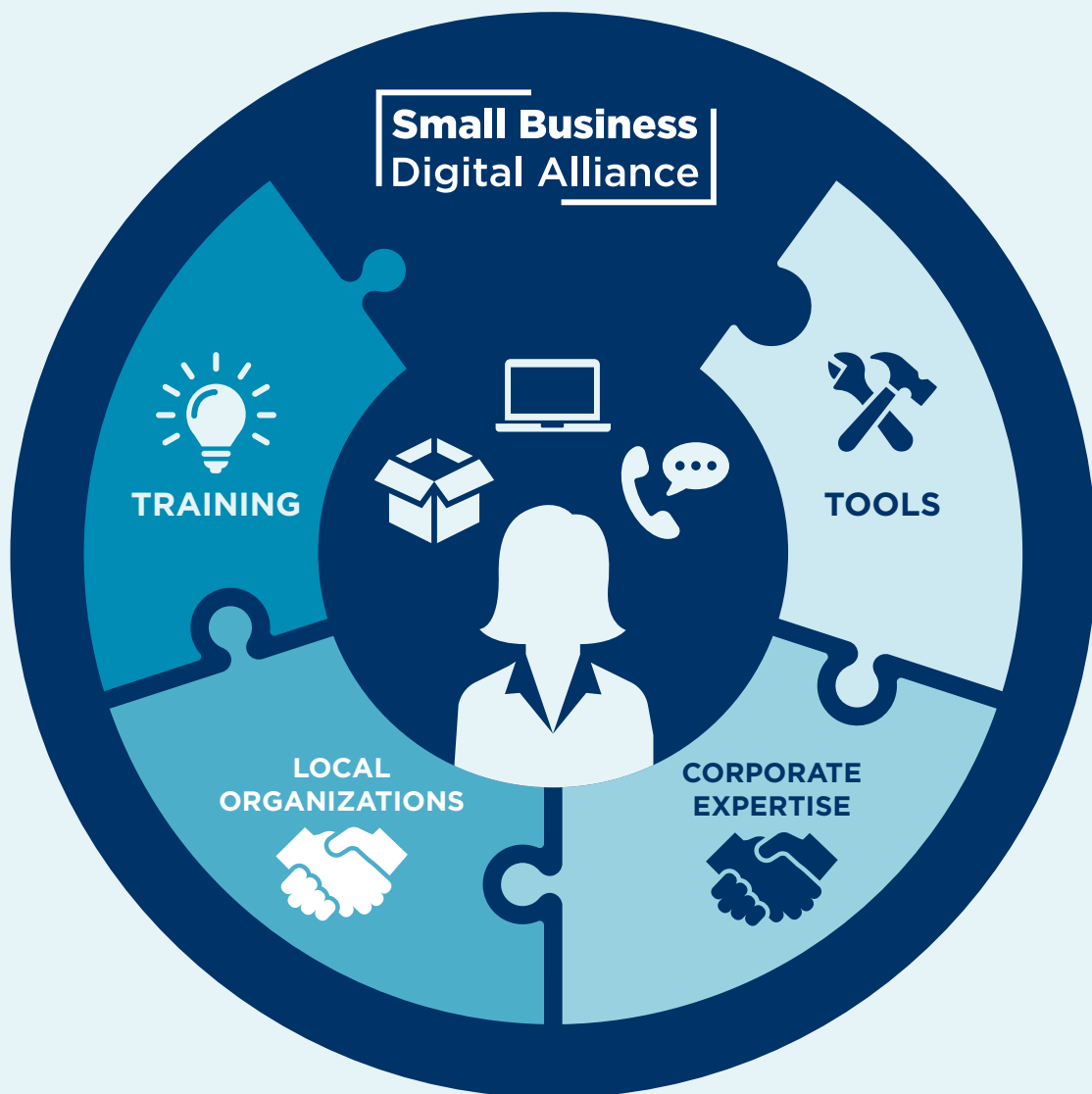


PAT BENNETT,
PAT’S GRANOLA,
CLEVELAND, OHIO²⁰

SBDA ECOSYSTEM

The **Small Business Digital Alliance** is convening the support required for small- and medium-sized businesses to thrive. Business Forward brings small businesses and policymakers to the table; corporate partners share their expertise and free digital tools; and local organizations provide on-the-ground support for business owners to use digital tools to compete in today's economy.

AN ECOSYSTEM FOR SMALL BUSINESS TO THRIVE



ENDNOTES

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