SMALL BUSINESSES, BIG IMPACT.

- Have created 66% net new jobs since the 1970s
- Account for 99.7% of all U.S. businesses
- Money spent at a local business generates 3.5x more wealth for the local economy
- Employ 56.8 million Americans
- Generate 54% of U.S. sales

Sources: Small Business Administration and U.S. Census Bureau

*Source: Bluefin*
U.S. Census Bureau (2016) - Annual Survey of Entrepreneurs (ASE 2016)

<table>
<thead>
<tr>
<th>Race</th>
<th>All firms</th>
<th>Firms with no employees</th>
<th>Firms with 1 to 4 employees</th>
<th>Firms with 5 to 9 employees</th>
<th>Firms with 10 to 19 employees</th>
<th>Firms with 20 to 49 employees</th>
<th>Firms with 50 or more employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>100%</td>
<td>10.3%</td>
<td>51.5%</td>
<td>17.4%</td>
<td>10.8%</td>
<td>6.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>100%</td>
<td>11.3%</td>
<td>56.3%</td>
<td>15.5%</td>
<td>8.7%</td>
<td>5.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>100%</td>
<td>11.4%</td>
<td>54.1%</td>
<td>19.0%</td>
<td>8.9%</td>
<td>5.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Asian</td>
<td>100%</td>
<td>7.5%</td>
<td>55.5%</td>
<td>19.1%</td>
<td>10.8%</td>
<td>5.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Some other race</td>
<td>100%</td>
<td>10.5%</td>
<td>54.1%</td>
<td>17.8%</td>
<td>9.5%</td>
<td>6.3%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>All firms</th>
<th>Firms with no employees</th>
<th>Firms with 1 to 4 employees</th>
<th>Firms with 5 to 9 employees</th>
<th>Firms with 10 to 19 employees</th>
<th>Firms with 20 to 49 employees</th>
<th>Firms with 50 or more employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>100%</td>
<td>10.6%</td>
<td>55.0%</td>
<td>16.6%</td>
<td>10.5%</td>
<td>5.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Non-Hispanic</td>
<td>100%</td>
<td>10.0%</td>
<td>51.8%</td>
<td>17.6%</td>
<td>10.8%</td>
<td>6.8%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>All firms</th>
<th>Firms with no employees</th>
<th>Firms with 1 to 4 employees</th>
<th>Firms with 5 to 9 employees</th>
<th>Firms with 10 to 19 employees</th>
<th>Firms with 20 to 49 employees</th>
<th>Firms with 50 or more employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female-owned</td>
<td>100%</td>
<td>10.7%</td>
<td>55.1%</td>
<td>16.9%</td>
<td>9.9%</td>
<td>5.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Male-owned</td>
<td>100%</td>
<td>9.8%</td>
<td>51.2%</td>
<td>17.5%</td>
<td>10.9%</td>
<td>7.2%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

*Source: Self created table using 2016 US Census Data*
RAISING CAPITAL IS A MAJOR HURDLE TO SMALL BUSINESS CREATION

33%
LACK OF CAPITAL/CASH FLOW

15%
MARKETING/ADVERTISING

13%
ADMINISTRATIVE WORK

13%
TIME MANAGEMENT

13%
RECRUITING/EMPLOYEE RETENTION

6%
MANAGING/PROVIDING BENEFITS

6%
OTHER

70 percent of small businesses seek loans in amounts under $250,000, and more than 60 percent seek loans under $100,000. Bank-based commercial loans of $1 million or less have fallen every year since 2008, even as loans for $1+ million rebounded.

% OF BANK LOANS TO SMALL BUSINESSES

1995: 40%
2000: 35%
2005: 36%
2010: 31%
2012: 26%
2014: 23%
2016: 21%

BANKS AREN’T LENDING TO SMALL BUSINESSES LIKE THEY USED TO...

SO SMALL BUSINESS OWNERS RELY ON THEIR PERSONAL FUNDING

4/5
MICROBUSINESSES (FEWER THAN 5 EMPLOYEES) USE PERSONAL FUNDS TO ADDRESS FINANCIAL CHALLENGES FOR THEIR BUSINESS.

MOST POPULAR FINANCING METHODS

*Source: Business Forward (2019)
Top three most-used sources of startup capital

- Personal/family savings of owner(s): 63.9%
- Business loan from a bank or financial institution: 17.9%
- Don’t know: 10.4%

*Source: Kauffman Foundation calculations from the Census Bureau, Annual Survey of Entrepreneurs (2014)*
Number of Minority Owned U.S. Businesses Growing Rapidly

Source: U.S. Census, Survey of Business Owners 2012: Number of firms with or without paid employees
* 2017 estimate based on % increase from 2007 to 2012
Startups Founded or Cofounded by Women Garner Less in Investments but Generate More Revenue

**FUNDS INVESTED**
- $2.12 million
- $935,000

**REVENUE GENERATED**
- $662,000
- $730,000

Sources: MassChallenge; BCG analysis.
Note: Of the 350 companies included in the analysis, 258 were founded by men, and 92 were founded or cofounded by women.

*Source: Boston Consulting Group (2018)*
## Unequal Access to Financial Resources - Loans

<table>
<thead>
<tr>
<th></th>
<th>Minority-owned</th>
<th>White-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not apply for a loan because of fear of rejection</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Received some or all of financing requested</td>
<td>61%</td>
<td>80%</td>
</tr>
</tbody>
</table>

*Source: Belt Magazine (2018)*
Unequal Access to Financial Resources – Venture Capital

<table>
<thead>
<tr>
<th>% of firms with black or Latino investment professionals</th>
</tr>
</thead>
</table>

*Source: Belt Magazine (2018)*
Who’s lending to Small Businesses

*Source: American Banker (2019)*

Source: Fed banks’ survey of small-business owners
Note: Bars show approval rate by lender type
Borrowers Bill of Rights

1. Transparent pricing and terms
2. Non–abusive products
3. Responsible underwriting
4. Fare treatment from Brokers
5. Inclusive credit access
6. Fair Collection Practices

*Source: Business Forward (2019)