



# The Impact of COVID-19 on Hispanic & Latinx Business Owners

**A Hello Alice Impact Report**  
In Partnership with Mastercard

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El Paso, Texas



## A Letter to Hispanic and Latinx Founders and Allies

When my husband and I first acquired Symphony Strings Music Co. in October of 2015, I can honestly say we had no idea what was in store for us. We understood our love for music and our community and hoped that we could appropriately incorporate the two.

Over the course of the past five years, we have not only provided quality orchestral instruments and products but also the means for musicians of all ages to have the opportunity to grow through programs like private lessons and our city's youth orchestra. We love to create additional outlets for the El Paso community, whether that be a concert after a fun summer camp, playing the national anthem in front of our soccer stadium, or spreading holiday joy at retirement homes.

That all stopped with the spread of COVID-19. Almost immediately, we switched to curbside services, ceased all in-store lessons, and strongly encouraged appointments. Not less than a week later, the local school district began implementing protocols for online learning, and the city soon announced the shutdown of non-essential businesses. Unfortunately, this resulted in the loss of revenue on our retail items, instrument repairs, and returned rental instruments, which provides a large portion of our monthly residual income.

Finding the Hello Alice community and being named one of the first COVID-19 emergency grant recipients provided the lift we needed to not give up. We were able to create a safe environment in our store with several hand sanitizer stations, screen guards in our retail areas, and enhanced instrument sanitizing protocols. We were also able to hire additional help, even in a time of complete uncertainty.

This summer has been devoted to preparing for back to school season, which is hands down our busiest stretch of the entire year. We work tirelessly to ensure all teachers' required supplies are in stock, and that maintenance and cleanings are completed for instrument rentals before they go out for another semester.

This year we were forced to be extra creative and develop several different options to assist both teachers and families. Our customers can now rent instruments online, follow detailed instructions on how to size their musicians at home, order accessories for curbside pickup,

and schedule any needed appointments. Though technically our sales numbers are not the same as previous years, we count our blessings that we can continue operating.

We're happy to continue this hard work because we know the difference music can make, especially in young children. Research proves that when students participate in learning a musical instrument, both sides of their brains begin to work simultaneously with their body movement, which results in increased brain development in children. Students who participate in music are more likely to be successful in their academic studies, gain self-confidence, and build a sense of belonging even for students who may not "fit in" in the traditional sense.

We are working on future events and cannot wait until we can all come together for the love of music once again. Our community is what keeps us going, and as long as they have us, we will remain working our hardest to enrich the musicians and families we encounter.



**Jessica Sotelo**  
Symphony Strings Music Co.

## The Ongoing Impact of COVID-19 on Latino-Owned Businesses

It is an historic time in our United States, as we endure a COVID-19 pandemic and persevere to a more just arena of inclusive economics. The Latino Business Action is a 501(c)(3) not-for-profit organization which collaborates with Stanford University to champion the Stanford Latino Entrepreneurship Initiative (SLEI). SLEI explores and expands knowledge of the Latino entrepreneurship segment in the U.S. economy.

LBAN's goal is to double the number of \$10+ million, \$100+ million, \$1+ billion Latino-owned businesses by 2025. Our efforts continue to unleash the economic earning potential of Latino entrepreneurs by understanding and addressing structural impediments to scaling their businesses and by identifying and analyzing the opportunities and national economic implications of Latino business development.

Our nation's convergence of immense challenges have widened the capital and access gaps that existed for Latinx entrepreneurs pre-pandemic. In addition to adversely affecting our Hispanic entrepreneurial ecosystem, these conditions also peril our American economy. Why? Based on data from the LBAN-funded Stanford Latino Entrepreneurship Initiative, the growth in the number of Latinx business owners continues to rapidly outpace the U.S. average. The number of Latino business owners in the United States continues to grow significantly faster than the U.S. average. Over the past 10 years, the number of Latino business owners grew 34%, compared to 1% for all business owners in the United States.

Closing funding, capital and access gaps for Latinx entrepreneurs, then, is an American economic imperative.

Consequently, the revelations from Hello Alice on COVID-19 and its impact on Hispanic small business is, as well, an imperative. This powerful research will influence municipal, county, state and federal policy that could mean the difference between life and death of a great number of Latinx businesses across the U.S. and Puerto Rico. In August, the LBAN-funded **Ongoing Impact of COVID-19 on Latino-Owned Businesses** research brief was released by the Stanford Latino Entrepreneurship Initiative.



In this research brief, Stanford Latino Entrepreneurship Initiative's research highlights the ongoing impact of COVID-19 on Latino-owned businesses. We followed up with the same group of Latino-owned businesses that took our survey in March and also surveyed a larger sample of 7,000 Latino and white business owners. In our first pulse survey, we highlighted that the effects of the pandemic were both immediate and largely negative for Latinos. For the same group of businesses, between March and June, the overall impacts remain negative. However, the negative impact on business operations seems to be growing.

We also find that employer businesses as a whole are experiencing universal, negative impacts from the pandemic. In our national sample of Latino-owned employer businesses, we find that Latinos have fewer resources to weather the ongoing storm. Latino-owned businesses have less cash on hand and when requesting funding from the Payroll Protection Program, Latinos have their PPP loans approved at half the rate of white-owned businesses. An even smaller proportion of Latino-owned businesses gets their full funding relative to white owned-businesses, 3% compared to 7%. We found one surprising exception: 82% of SLEI Education Scaling Program alumni received PPP funding compared to 18% of scaled Latino-owned businesses and 28% among scaled white-owned businesses. On the whole, despite not being able to access PPP funding at a similar rate to their white counterparts, Latino business owners remain equally optimistic about being able to recover from the negative effects of the pandemic. While the future for many remains uncertain, SLEI research will continue to gather data on the ongoing and long-term impacts of the pandemic for the Latino business community, an essential and rapidly growing part of the U.S. economy.

By combining these research efforts and disseminating widely, we have the unique opportunity to save Latinx businesses across the U.S. and Puerto Rico, which is not only beneficial to our Hispanic entrepreneurial cohort, but the American economy overall.



**Mark L. Madrid**  
CEO, Latino Business Action Network / Stanford  
Latino Entrepreneurship Initiative

## Hello Alice's COVID-19 Business Resource Center

Hello Alice is hosting the COVID-19 Business Resource Center and Industry Hubs ([covid19.helloalice.com](https://covid19.helloalice.com)) in partnership with the **U.S. Chamber of Commerce Foundation, eBay Foundation, Global Entrepreneurship Network, Salesforce Essentials, Silicon Valley Bank, Verizon, and UBS**. Through the Center, business owners can connect with peers likewise affected by this pandemic and experts to get the help they need in real time, including comprehensive access to financial support, government programs, real-time policy updates, enterprise discounts, virtual events, and step-by-step guides targeted at specific industries as they prepare to reopen. Through the Center, small business owners were provided with the opportunity to apply for \$10,000 COVID-19 Business for All Emergency Grants on a rolling basis that include mentorship for every applicant. This is just part of a collective effort to ensure #BusinessForAll during the COVID-19 pandemic and beyond.

Data gathered from the community of over 200,000 small business owners educates thought leaders on the barriers and opportunities faced by small business owners. Small business owners, likewise, are encouraged to utilize this data and join us in advocating for the needs of entrepreneurs. Aggregate trends and insights ensure New Majority founders, including women, people of color, military-connected owners, entrepreneurs with disabilities, and members of the LGBTQ+ community, are represented both for their successes and the hurdles they overcome. This data report is intended to be a tool for enterprise companies, policy makers, and thought leaders to better serve the unique needs of the Hispanic and Latinx small business community.

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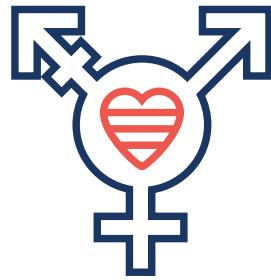
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## Data on Hispanic & Latinx Owned Businesses

This report compiles data from:

# 14,566

Hispanic & Latinx  
Entrepreneurs



55% identify as women

44% identify as men

0.2% identify as non-binary

0.08% identify as gender non-conforming

0.2% prefer not to say



7% identify as  
LGBTQ+



8.7% identify as  
military-connected



## Current Status of Hispanic & Latinx Owned Businesses

The COVID-19 pandemic presents unprecedented challenges for small business owners. To better understand business owners' current needs, the Hello Alice COVID-19 Business for All Emergency Grant application collected demographic information, funding requirements, and operational challenges. The results, collected since March 2020, show that:

- **85%** of Hispanic & Latinx entrepreneurs are calling on the government to step up and give them access to more emergency grants ranging from **\$10k-\$25k**.
- Grants between **\$10-\$25k** would be put toward many things, including lost sales, as **73%** of Hispanic & Latinx entrepreneurs said that has been the biggest business impact.
- With growth of **10%** in revenue over 10 years, Latinx small business contributed nearly **\$500B** in annual revenue in 2019, to the U.S. economy in 2019.<sup>1</sup>
- Small Latinx-owned companies, those that generate less than **\$1M** in revenue, most likely get business financing from personal and business credit cards. They find it hard to get approved for larger financing amounts of **\$100,000** or more.<sup>1</sup>
- Latinx-owned firms with revenues of more than **\$1M** most often apply for financing with business credit cards, bank loans, and other types of credit. They have a 31% to 55% percent success rate when applying for large amounts of over **\$100,000** in most funding categories.<sup>1</sup>



**36%** of Hispanic & Latinx entrepreneurs need **\$10k-\$25k** in capital in order for their business to survive the COVID-19 crisis



**26%** of Hispanic & Latinx entrepreneurs need **\$5k-\$10k** in capital in order to survive the COVID-19 crisis



**20%** of Hispanic & Latinx entrepreneurs need **\$25k-\$50k** in capital in order to survive the COVID-19 crisis



The coronavirus pandemic has affected small business owners in many ways. **The Hispanic COVID-19 Business Resource Center** offers resources to Spanish-speaking entrepreneurs, access to capital, and community to make it through this difficult time.

## Top Industries of Hispanic & Latinx Businesses



15% of Hispanic & Latinx entrepreneurs are in **"Other" Industries**.

33% of Latinx parents and primary caregivers have seen their businesses either shut down or experience significant drops in revenue.<sup>2</sup>



13% of Hispanic & Latinx entrepreneurs are in the **Food & Beverage Industry**



13% of Hispanic & Latinx entrepreneurs are in the **Professional Business Services Industry**



10% of Hispanic & Latinx entrepreneurs are in the **Beauty/ Self-Care Industry**



10% of Hispanic & Latinx entrepreneurs are in the **Consumer Goods/ Retail/ E-Commerce Industry**



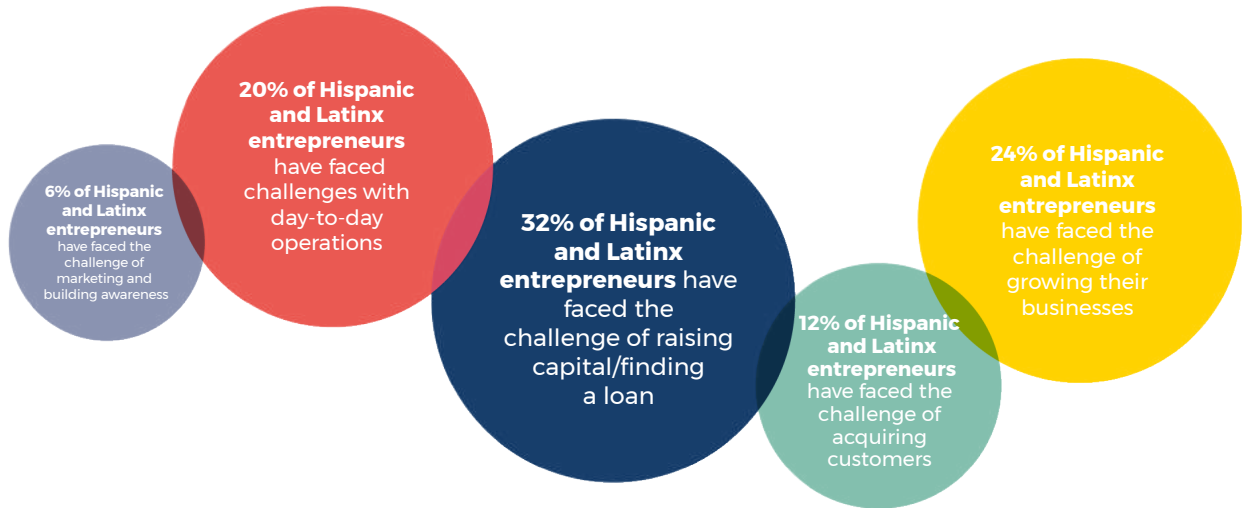
Overall the construction industry accounted for the largest percentage of approved PPP dollars: **\$44.9 billion**, more than **13%** of the total.<sup>3</sup>

- Our data shows that construction is not a top industry of Hispanic & Latinx founders, which could be why of the **39%** of Hispanic & Latinx business that applied for a PPP loan, only **55%** of those were approved for the full amount of their application<sup>4</sup>
- We are living in a new "working-from-home" economy where **42%** of the U.S. labor force is now working from home full time. However, this operational norm is not uniformly distributed among businesses. Only **28%** of scaled Latino-owned businesses have a majority of employees that can work from home, compared to **44%** among white-owned businesses.<sup>5</sup>



**Business Owners:** If you're looking for more financial resources for small businesses during COVID-19, check out this **free guide** for a step-by-step walkthrough.

## Biggest Challenges Faced by Hispanic & Latinx Businesses During COVID-19



**Fred Samora** is a United States veteran and the founder of Samora's Lunch Wagon. The Lunch Wagon serves breakfast and lunch to various small business across the Montevideo, Minnesota, area. Samora's business represents **the second most common** industry for Hispanic and Latinx grant applicants – food & beverage businesses.

According to the **Federal Stimulus Survey Findings by Global Strategy Group**, “Business owners of color didn't ask for much, but didn't receive it either. A majority (**51%**) of Black and Latinx small business owners who sought assistance requested less than **\$20,000** in temporary funding from the federal government. Only about 1 in 10 (**12%**) received the assistance they requested. Almost two thirds report they have either received no assistance (**41%**) or are still waiting to hear whether they will receive any federal help (**21%**)”.<sup>6</sup>

Before the pandemic, less than half of Latinx-owned firms report they had sufficient liquidity (cash and savings) to operate their business for five or more months.<sup>7</sup>

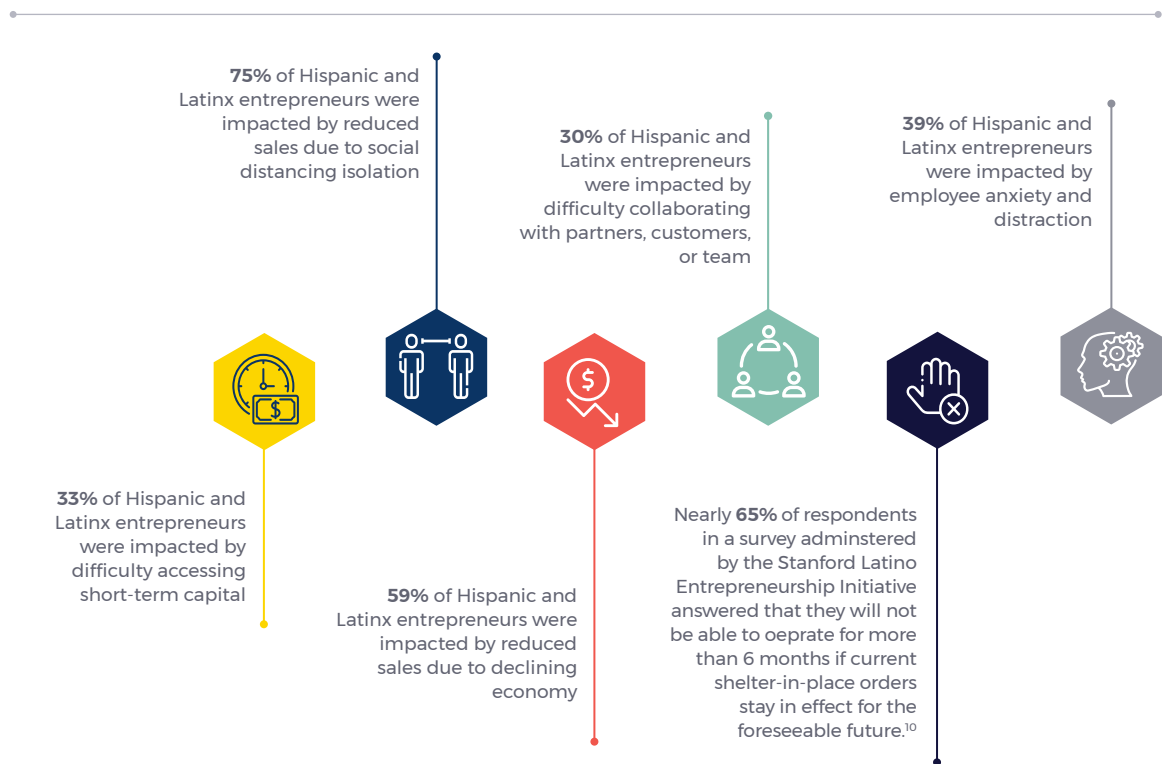
Based off a Stanford survey, **65%** of Hispanic & Latinx businesses reported that they will not be able to operate for over six months if current restrictions persist.<sup>8</sup>



**Business Owners:** If you're looking for more financial resources for small businesses during COVID-19, check out this **free guide** for a step-by-step walk through.

## Biggest Impacts on Hispanic & Latinx Owned Businesses

For Hispanic and Latinx entrepreneurs, the most common COVID-19 impact has been **reduced sales** due to the social distancing measures that have been implemented. Approximately 10,000 of the over 14,000 Hispanic and Latinx entrepreneurs have expressed this to be the **biggest impact** during this crisis. The Paycheck Protection Program (PPP) only did so much. In fact, it is estimated that one in four will run out of cash before the end of the year.<sup>9</sup>



**Christina Diaz**, is the founder of Affordable Roofer and More located in Littleton, Colorado. This small business specializes in hydroexcavation and cleaning culverts, inlets, valve boxes, and expansion boxes for residential and commercial businesses. Due to social distancing rules, Affordable Roofer has been unable to offer its services. Christina joins nearly **two-thirds** of other Hispanic & Latinx owners who have experienced a **loss in revenue** due to social distancing.

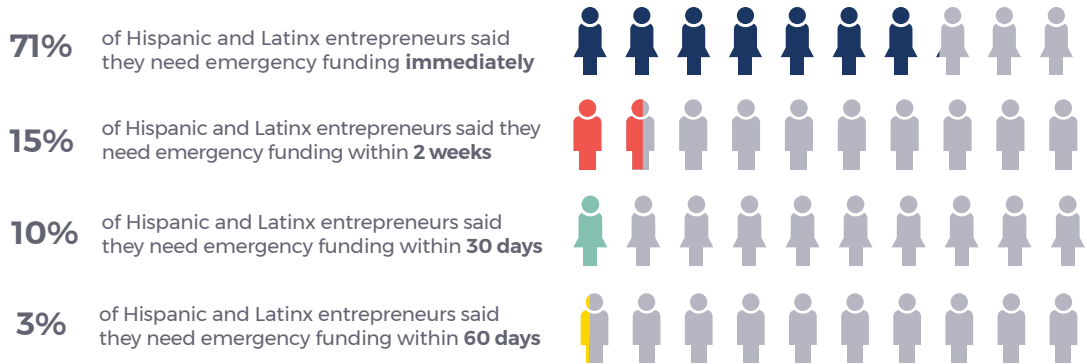


**Business Owners:** If you're facing difficulty collaborating with partners, customers, or your employees, this step-by-step walkthrough on **how to host a virtual meeting can help.**

## Emergency Funding for Hispanic & Latinx Businesses

The overwhelming majority of Hispanic and Latinx business owners – nearly **three out of four** – reported they needed **emergency funding immediately** in order to survive the COVID-19 pandemic. For **nine out of every ten** entrepreneurs funding was needed in **two weeks or less** from the onset of the pandemic. The graphic below captures the dire financial situations of Hispanic and Latinx business owners across the country.

**33%** of Latinx small business owners reported their business has seen a drop in revenue and/or closed due to COVID-19. “The fact that 1 in 3 Latino families have seen their businesses negatively impacted by COVID-19 is an inauspicious sign for the economic health of the small-business sector”.<sup>11</sup>



Emergency grants have been the most requested funding type from the government for Hispanic and Latinx applicants. This rings true for business owner **Jessica Minnick** of Detroit, Michigan. Jessica is the founder of Not Sorry Apparel, a clothing brand that encourages people to live life unapologetically and true to themselves. Emergency grant funding would help Jessica as her **“two biggest revenue streams** – our physical store location and our B2B accounts – have been **shut down** since **March 12.**”

<sup>11</sup>Brookings



## Where to Go From Here

Since our launch in 2017, Hello Alice has hosted resources and opportunities for Hispanic and Latinx business owners, who make up **13.4%** of our total platform community. We are and always will be committed to equal access for these business owners. Our data shows that there needs to be a concentrated and conscious effort to support Hispanic and Latinx business owners to overcome the challenges posed by the COVID-19 pandemic. We have responded with the most up-to-date opportunities, resources, and step-by-step guides to help Hispanic and Latinx business owners reopen safely and successfully all for free at <https://hispanic.helloalice.com/>. Together we will emerge from this crisis stronger than before.

Finally, Hello Alice recommends the following actions based on our data:

- **Rent Relief.** **54%** of Hispanic and Latinx entrepreneurs have asked the government to step in and assist with rent.
- **Emergency funding.** **71%** of Hispanic and Latinx entrepreneurs say that in order for their business to survive, they need emergency funding now.
- **Business support.** **24%** of Hispanic and Latinx entrepreneurs have struggled with growing their business.



## About Hello Alice

Hello Alice ([helloalice.com](https://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 217,000 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.

## Sources

- <sup>1</sup>The Business Journals
- <sup>2</sup>Brookings
- <sup>3</sup>The Business Journals
- <sup>4</sup>MassINC Polling Group
- <sup>5</sup>Stanford Business
- <sup>6</sup>Global Strategy Group
- <sup>7</sup>The Business Journals
- <sup>8</sup>Stanford University
- <sup>9</sup>Stanford Business
- <sup>10</sup>Stanford Business
- <sup>11</sup>Brookings



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