



COVID-19 IMPACT REVIEW

CEO Jim Bzdyra offers perspective

Q: What was the impact of COVID-19 on CEDF's clients?

The impacts, I'm sure, are similar to most small and mid-sized businesses across Connecticut. We're now in July and many of our businesses actually have been shuttered for much of the last 100 days including all of our restaurants, tattoo parlors and salons — a lot of businesses that the state deemed nonessential.

Fortunately, they're starting to reopen. But to a large degree, no revenues were coming in, yet expenses still had to be paid.

And some of our clients, certain manufacturers, retailers that sold food and others, even though they've been able to remain open, their revenue was dramatically impacted.

There's also been a mental impact on our business owners in terms of their morale, their well-being and fighting through every day to keep their businesses afloat as best they can.

What did the organization do to help?

CEDF has done a lot of things to help out not only our existing borrowers but other small businesses across the state. And three of them immediately come to mind. One is we continue to have a tremendous educational effort about all of the assistance programs. We've done that through our Business Education Center and our Business Advisors working hand-in-

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CEDF clients struggle ahead cautiously but optimistically

By Daphne Saloomey

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While the coronavirus pandemic has brought pain and forced the world to adjust to a new, uncomfortable normal, it has impacted small businesses harder than other sectors.

For many Connecticut small business owners, adapting was difficult, especially because many of their previous business models relied on in-person interactions with customers — impossible for most under the Governor's restrictions.

Renee Berube, owner of Renee's Working Girl Catering Service, which also operates a bistro in Putnam, felt like she was on an emotional rollercoaster. "We were getting



Renee Berube

"We really needed to get some kind of funding. So we tried to lean on CEDF a little and to listen to their podcast and everything they were telling us to sort through all of that and give us the good information and stuff we really needed to know." -- Renee Berube

ready for the season and it fizzled out," Renee said. "But it was kind of shocking at first and then I was mad at one point and just upset at one point... we were looking forward to getting into a good season and then it just all went away."

Lisa Lord, owner of Twist Yarn Shoppe in Niantic was disheartened by how she had to modify the way she did business in order to accommodate the restrictions of contactless interactions. "It's not what I went into business for, to do that kind of work," Lisa said, "I wanted to be with people — I did community events; I held knit-alongs; I was at the table that everyone came into to sit and knit and I loved seeing people and helping them one-on-one, and all of that was put to a halt."

The pandemic alerted Robert Webb, owner of Charter Oak Scanning, **See CEDF Clients, Page 2**

CEDF Clients

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a photographic scanning and digitization service in Stonington, to how unprepared his business was to handle such unexpected emergency situations. “It sort of was a wake up call. With a small business, you’re so busy trying to grow your business, stay in business and move along, you really don’t do very much disaster planning,” he said.

While every business owner experienced a different emotional toll, many were united in feeling fear for the future of their operation after taking the financial blow of catastrophically reduced revenue. “I think that any business owner would be lying if they didn’t tell you that they thought, for at least a few seconds, that maybe this is the time to throw in the towel,” Renee said.

But rather than giving up, many business owners looked for government assistance loans or grants that could help support them. While they needed extra financial assistance, however, many found the complexity of the applications to be overwhelming. “The SBA loan application, it’s very taxing,” said Stephen Richmond, owner of the Hartford franchise of Painting with a Twist. “Taxing in the ways that they want tax information — personal and business for the last three years — profit and loss sheets, balance sheets, your birth certificate. They want your whole life.”

When Annie Bobbitt, owner of a Maid Brigade franchise applied for the Paycheck Protection Program loan in hopes of bringing in money to pay her employees who had been unable to work for weeks, she faced a delay in hearing back. “I finally beat my way into my bank to get someone to talk to me and they

said ‘you didn’t upload paperwork when you uploaded the loan documents.’ And I said I did but, you know, those were brand new systems that they had built,” Annie said.

Luckily, CEDF clients were able to turn to their Business Advisors for advice and guidance. “She would help me over the phone, answer some questions I had, like if I was confused on a question that the applications had,” said Jamie Scott, of her Business Advisor. The owner of More Than Words, LLC, a custom apparel business in Torrington, continued: “She was very informative, very helpful, easy-to-get-a hold-of and she was very responsive when I needed her.”

Other business owners leaned on their Business Advisors as a source for emotional strength as they dealt with the tumult. “I’ve been doing this for eight years so I really know what we’re doing and I didn’t need any guidance in terms of what to do. I went to [my business advisor] for support,” Annie said. “It wasn’t a lot of advice specific to my business, it was more like moral support. But it was invaluable.”

Troubles aside, most business owners were grateful for any monetary assistance they received. “I’m



Stephen Richmond

“She (Business Advisor Jennifer Avallone) was very helpful in giving me online websites of where to go. I mean, I got that (EIDL) \$1,000 so fast and that was all due to Jenn... So, that helped a lot.” -- Lisa Lord



Jamie Scott

blessed to have gotten the (PPP) loan,” Annie said, “The PPP loan has paid the payroll since because

business has been really slow.”

In addition to applying for help to make sure their businesses stayed afloat financially, business owners also worked hard to figure out new ways to continue providing goods and services to customers in the safest ways possible. “I’ve been more busy now, with the business being closed, than I was when it was open,” Stephen said.

Many buckled down to make the best out of a bad situation, using the extra time they found when business was down to revamp. “We’ve had some time to really be able to reinvent and focus on the bistro and also go through



Kelley Brown



Angy Gardner

her business for three months, but, she made use of the stretch by completing tasks she didn't have the time for before such as updating her filing and painting the office.

Lisa spent her time learning how to operate Twist Yarn Shoppe's social media platforms so that she could directly engage with her customers. "I didn't even really know my social media well because my daughter used to do it, so I really had to get my game up. And I did," she said.

In the process of adapting to doing business during the pandemic, some business owners have invented new services that they will continue to maintain even when life does return back to normal. For example, Stephen began selling take-home painting kits, which ended up being a hit with customers.

Not all business owners can enjoy this silver lining, however. In fact, some businesses have been unable to maintain business at all. According to Annie, Maid Brigade was closed for nine weeks as none of her customers felt comfortable inviting a

all of our policies and procedures and assess: Does this work? Does this not work?" Renee said.

Kelley Brown, owner of Granby's Back in Touch Wellness Center, which specializes in massage therapy, had to completely close

team of people inside their homes to clean. Annie understood their caution and, while she was unable to continue doing business, she didn't stop reaching out to customers. "Every week I'd send out an email saying this is what's going on," Annie said. "That constant communication, I think, to a degree, developed the relationship more than we had before."

Kelley also found communication with her clients to be key when her massage therapy clinic was shut down. "I have a great email system where I was able to send out newsletters and updates about things that were happening," she said. "We also used our social media platform more, just sort of putting out there what it means to support a small, local business."

The interaction wasn't solely one way, either. Both Annie and Kelley found their customers to be responsive

and generous. Some sent money in to keep the cleaning teams at Maid Brigade going while they were without work and some of Kelley's customers pre-paid for gift certificates and sessions for the future.

During this time, businesses are dependent not only on the hard work of their owners, but also on the customer understanding how old procedures need to change.

Fortunately, many business owners have found that their customers are cooperating with the new rules and restrictions necessary to carry out business safely. "Everybody that works here cooperates, but you can't demand customers do," Robert said. "But, so far, we've been very lucky, you know, everybody comes in wearing a mask and they keep a distance which will help us keep going."

With regard to the future, many business owners are optimistic but still remaining cautious — wanting to pursue a slow and steady course back to normal. "It's still a critical time and we're in a bit of the unknown, but we have to be optimistic and we'll keep pushing until somebody says stop," Robert said.

"I believe we're going to be fine," said Angy Gardner of Uncle D's Blazin BBQ in Norwich. "When something happens and we have to do things differently, we just have to sit down and figure something out because for right now this is our normal."

Either way, the coronavirus pandemic has marked a period of intense change that will likely have permanent effects on small businesses. Stephen suggests that business owners ensure that they are positive ones. "One of the good things that can come out of this, hopefully, is that businesses and small businesses can find ways to reinvent themselves."

CEDF has been a great help, keeping me aware of things that are going on, especially the money that I owed them put in forbearance, keeping me abreast of SBA issues, and things like that. You couldn't ask for more..."

-- Stephen Richmond



Robert Webb

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hand with all of our clients. Also, we added a number of webinars about resources and dealing with the emotional aspects of managing your business.

We were one of the first organizations in the state to host a webinar about the Economic Injury Disaster Loans from the SBA and we had nearly 1,000 views of that program.

We also have hosted webinars about the Paycheck Protection Program (PPP) loans and dispatched emails about the Connecticut

DECD loans or grants available from foundations. So I feel very proud to say from an educational perspective, we've done a great job reaching out to many, many small

businesses across the state to get them the most timely information we can on those programs.

The second big thing we've done is our Business Advisors consulted with our clients on a day-by-day basis to see if they needed loan payment deferrals from our organization. Restaurants and the large number of businesses deemed as nonessential, having been closed for all of April, May and much of June, those businesses could not make payments to their landlords, to their suppliers or to us. So for many of our clients, we allowed them to have a three month payment deferral with us to just take that burden off of their business. Hopefully it helped take that burden off of their minds as well.

And the third example is we have fielded countless phone calls, emails and

texts, not only from our clients, but from other business owners across the state. Again, we've given them a tremendous amount of advice and counsel, and I hope, some degree of reassurance, every single day since the middle of March.

Did CEDF become a PPP lender?

The CARES Act instructed the SBA to use the banks to get those loans out to small businesses. Because the Community Economic Development Fund obviously is not a bank, but a non-bank community lender, we were not in that first round eligible to originate PPP loans. Later the refunding of the PPP made a provision for non-bank lenders

Make sure you are up to speed and up to date with all of your financials. That became incredibly important...

to apply, which we did, however, the backlog at the SBA was such that our application was not processed by the time the program closed June 30.

Are there lessons for small business owners from this crisis?

There's three that jump to mind. One is make sure you maintain accurate and timely books and records. Make sure you are up to speed and up to date with all of your financials. That became incredibly important as the PPP loan requirements and others asked small business owners for up to date financials. Unfortunately, a lot of small business owners did not have updated financials.

The second one is that the internet is more important than even you thought—in terms of reaching out to your customers, your vendors, your partners and

being the communications lifeline to the outside world. All businesses, no matter how small, must have a functional website and social media profiles that are up to date.

The third piece — whether it's 2020, or 1920 — as a business owner, you must know who your customers are. Know who your best customers are. And keep in continual touch with them all year. Make sure your customers know what you're doing in terms of new sales, promotions, and how your business is going. So when there's a crisis, your customers know how to quickly reach you, what you're doing and you know, in turn, how your customers are progressing.

What is the condition of small business in Connecticut today?

As the state begins to fully reopen I sense there's a lot of optimism out there. In

our client base, none of our business owners have permanently closed yet. And I take that as a very positive sign. I believe, in general, across Connecticut, there have been relatively few permanent closings.

The entrepreneurial spirit is alive and strong in our state. The business owners, our borrowers, even if their businesses were shuttered, or were only operating at 20% or 30% of the normal capacity over the last four months have done a remarkable job keeping their spirits up and moving forward as best they can.

I still believe there's a fair amount of pain ahead. And unfortunately, there will be some businesses that may not be able to remain open, but overall I'm very optimistic.

The Community Economic Development Fund Foundation, Inc.

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CEDF is a mission-driven 501(c)(3) Connecticut economic development organization. We provide loans to qualified small businesses that can't get bank financing, and we support our borrowers with business advisory services and educational programs.