

# Microbusinesses and Their Role in Chicago's Changing Economy

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# The Devastating Impact the Pandemic Has Had on the Chicago Economy

An article leveraging GoDaddy Venture Forward's data on microbusinesses

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The devastating impact of the pandemic, business closures and a transition to remote work has changed our economy. Many Americans who became unemployed, or voluntarily left their jobs during the pandemic, started businesses. Illinois and Chicago policymakers should support microbusinesses because these new entrepreneurs and smaller ventures will play a significant role in our economic recovery

GoDaddy's Venture Forward, a multiyear research effort focused on quantifying the impact online microbusinesses have on local economies, conducted a Chicago-wide survey this past summer. The survey measured the impact of the pandemic on GoDaddy's Chicago customers, the challenges these small businesses face, and their prospects for recovery. The survey yielded 364 responses and highlight the degree to which Chicagoans are starting new businesses.

Of the businesses which participated in the survey, 25% launched their businesses in 2020, with 37% indicating they left full time employment before starting their venture. Fifty-seven percent of the respondents relied on their microbusiness as a main source of income. Over one-third described their business as a start-up, while 25% identified them as "up and running." Nearly half of the businesses surveyed operate both online and in a physical location, indicating that the success of these new microbusinesses will support local communities.

Policymakers should embrace microbusinesses because of their success can create jobs and revenue. Below we highlight barriers these Chicago businesses must overcome and policies which can foster their success.

## The Challenges Facing Microbusinesses

Survey respondents indicated that access to capital was the most crucial ingredient for their success. Not surprisingly, 68% used personal savings to start their venture. Many entrepreneurs, however, do not have the personal assets to scale their businesses. These survey respondents confirmed capital is what they needed for their businesses to grow and thrive.

Respondents also indicated the ability to market their businesses to the local community, assistance with business development and help with digital strategies were necessary for them

to expand. It makes perfect sense that newly minted and expanding entrepreneurs would need support in these areas.

Over 15% of respondents indicated that affordable space is needed for them to prosper. Enacting policies that increase the prospects these microbusinesses can procure affordable space will foster their success and revitalize local business districts.

## Policies That Embrace Microbusinesses

Politicians should allocate funds to develop and promote an intrastate equity crowdfunding portal. Legislation passed in Illinois allows small businesses to raise money from their biggest fans and in exchange, provide them a small stake in the business. Unfortunately, a lack of exposure has impacted the success of Illinois intrastate equity crowdfunding. A successfully developed and marketed intrastate equity crowdfunding portal can provide small businesses, including smaller ventures, the ability to raise capital while also providing them exposure in the local community.

Chicago politicians should also focus on policies which make it easier to rent space at an affordable price. Comprehensively reviewing and likely, reducing red tape for commercial property owners can help. Providing incentives to small businesses which rent commercial space in Chicago's commercial corridors will also spark economic development in local communities.

Based on Venture Forward's survey, policymakers should explore ways to provide and/or better promote existing resources focused on business development and digital strategies. The results show how important this assistance is for Chicago's microbusinesses.

Chicago politicians should be commended on passing ordinances that make it easier to grow a home-based business and eliminate the need for most sign permits to receive City Council approval. They have also passed an ordinance that will shortly legalize sidewalk signs. Policymakers must do more for microbusinesses however, especially given the persistence of the pandemic. They should consider additional reforms that more easily allow entrepreneurs to expand their businesses at home because a microbusiness that scales can take commercial space, create jobs, and generate revenue for the city.

## Small Businesses are Hopeful

Despite a remarkably challenging environment this summer, over two-thirds of respondents had positive expectations for their business. Certainly, Omicron has caused the small business community concern and uncertainty. However, Chicago's resilient entrepreneurs will continue fighting to sustain and grow their businesses. Policymakers should strongly support microbusinesses because their growth will play a crucial part in the recovery of the Chicago economy.



## About Small Business Advocacy Council

The SBAC is a non-partisan, member driven organization that promotes the success of small business through political advocacy, support services and educational programs.

The Small Business Advocacy Council advocates for small businesses and local communities. The goals and mission of the SBAC are best fulfilled when diversity is embraced as a value and a practice. We believe the diversity of our community is a fundamental strength of our organization.

## Venture Forward

By  GoDaddy

### About GoDaddy Venture Forward

Venture Forward is a multiyear research effort by GoDaddy measuring the impact of online microbusinesses across the United States. Its results reveal the outsized economic impact of everyday entrepreneurs and lay the groundwork for policymakers and elected officials to build stronger, more inclusive local economies. If you are interested in the Venture Forward data, please contact the team via email at [ventureforward@godaddy.com](mailto:ventureforward@godaddy.com).