

HELLO
ALICE

ACE
NextGen



The State of AAPI Small Business Owners



Christina Perla,
CEO of Makelab
New York, NY

05.2021

Hello Alice
Impact Report

Table of Contents ✨

3	Executive Summary
4	COVID-19 Impacts
5	Get to Know the Owners
7	Demographics
9	Business Profile
13	Owner Sentiment
17	Closing Letter
18	Where We Go From Here
19	About Hello Alice

Executive Summary

In observance of Asian American and Pacific Islander (AAPI) Heritage Month, Hello Alice set out to better understand the more than 17,000 AAPI small business owners on our platform. As the largest community of underrepresented entrepreneurs in the United States, we collect a wealth of anonymous user data and survey responses from our growing body of grant applications. In partnership with the Global Entrepreneurship Network, Southeast Asia Resource Action Center (SEARAC), Welcome to Chinatown, and ACE NextGen, we are able to harness this data for a comprehensive look at **who AAPI small businesses are** and **what challenges they face**.

This report appears at an unprecedented time for AAPI entrepreneurs. The COVID-19 pandemic has compounded existing problems for these small businesses, and AAPI owners tell us that their number one challenge continues to be **access to capital**. In addition, the recent wave of anti-Asian hate incidents has heavily impacted these owners' ability to **operate their businesses**.

We're happy to report that there are reasons for celebration, too. Our data measures the tremendous contributions AAPI small businesses make to their communities. Not only do they create valuable jobs, but AAPI owners on Hello Alice are **committed to making a positive impact** through their businesses, including by hiring staff from diverse backgrounds, paying living wages, and donating to nonprofits.

Throughout this report, you will hear the stories of individual AAPI entrepreneurs and encounter data that reveals the context in which they operate. We hope this document becomes a rallying point for organizations and individuals working to support AAPI entrepreneurs this month and every month.

COVID-19 Impacts

Every small business owner has felt the crunch of the COVID-19 pandemic in one way or another, but there are unique and acute challenges facing the 1.9 million small businesses owned by Asian Americans and Pacific Islanders. A recent report from the New York Federal Reserve and AARP found that [90% of small Asian American firms lost revenue in 2020](#), and a separate survey from our partners at the Asian Pacific Islander American Chamber of Commerce & Entrepreneurship (National ACE) reports that [only 19% of AAPI businesses were fully open and operating normally as of December 2020](#). The number of AAPI business owners is estimated to have [decreased by more than a quarter since the pandemic began](#).

Some of this decline can be explained by structural problems that have plagued other groups of New Majority entrepreneurs. Hello Alice data shows that AAPI small business owners are more likely to operate in the sectors most affected by pandemic public health orders, and language barriers and lack of banking relationships have [limited their access to vital relief programs such as the Paycheck Protection Program](#).

In addition, we cannot ignore the impact of anti-Asian violence on the rise across the country. A recent report [recorded 3,795 hate incidents targeting AAPI individuals since March 2020](#), with small businesses listed as the primary site for discrimination. Nearly [three in five U.S. Asian adults say that these events have impacted their mental health](#). As John C. Yang, the executive director of the nonprofit Asian Americans Advancing Justice, [told reporters](#), “Asian-American businesses are dealing with two viruses.”

A better understanding of these contributing factors will allow us to pursue effective, long-term solutions. We can already look forward to new rounds of federal aid, including the [Restaurant Revitalization Fund](#) that provides grants for food and beverage businesses — the number one sector for AAPI small business owners, according to Hello Alice data. But our research also shows that the average AAPI business generates modest revenues and ranks access to capital as its number one challenge. Exploring ways to revitalize and sustain AAPI business owners into the future will ensure their continued success and ongoing contributions to both their local communities and our larger economy.

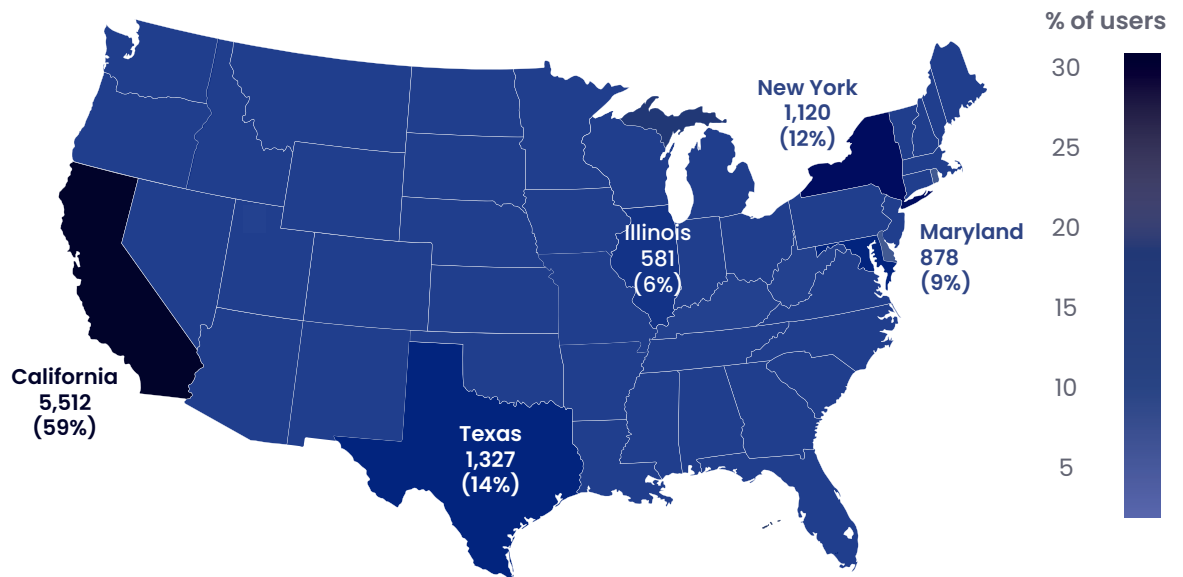
Get to Know the Owners

There are approximately 17,000 Asian American and Pacific Islander entrepreneurs on Hello Alice operating small businesses across the United States. More than **two-thirds** of owners are located in **California**, with **New York, Texas, Maryland, and Illinois** also ranking as top locations for AAPI small business owners. The states with the most AAPI entrepreneurs correspond with the states with the largest AAPI populations.

This report compiles data from:

17,000+ AAPI business owners

Sample size: 9,417

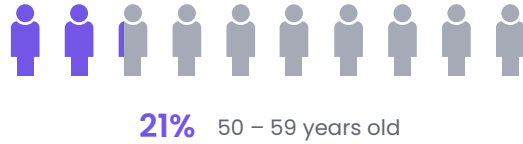
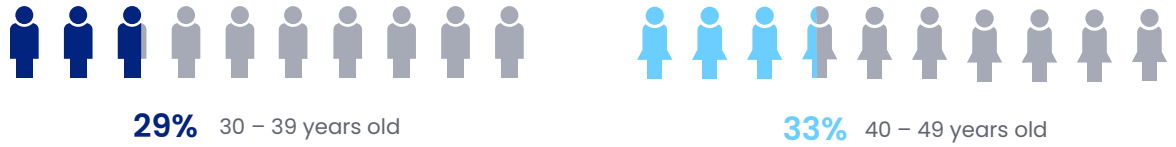


"We plan to reinvest in building a new online phone application, touchless ordering system, sustaining payroll for our team, as well as interior improvements to better protect our staff who work the food line in the front of house."

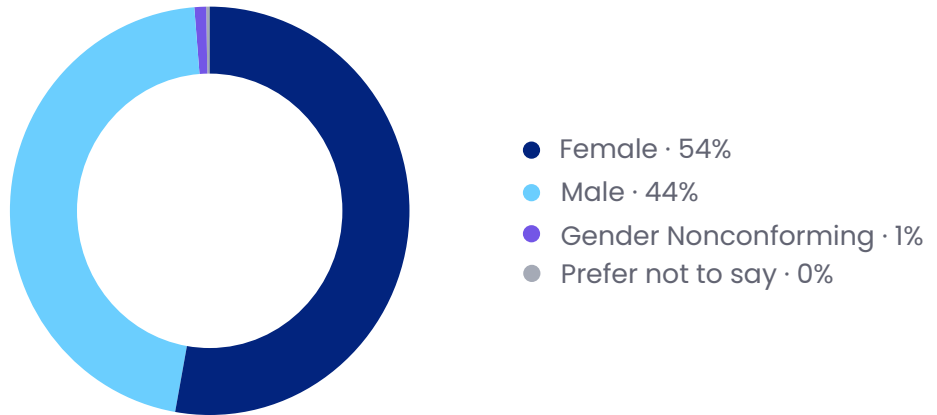
— **Alvin Shen**, Co-Founder, [Best Coast Burritos](#) in Emeryville, CA

Get to Know the Owners

Asian American and Pacific Islanders are starting and running business at every age, with more than half of these entrepreneurs **over the age of 30**. In addition, more than half of AAPI small business owners on Hello Alice are **women**.



15% fell in the following age groups:
under 18, 18 – 29, 60 – 69, 70 or older.



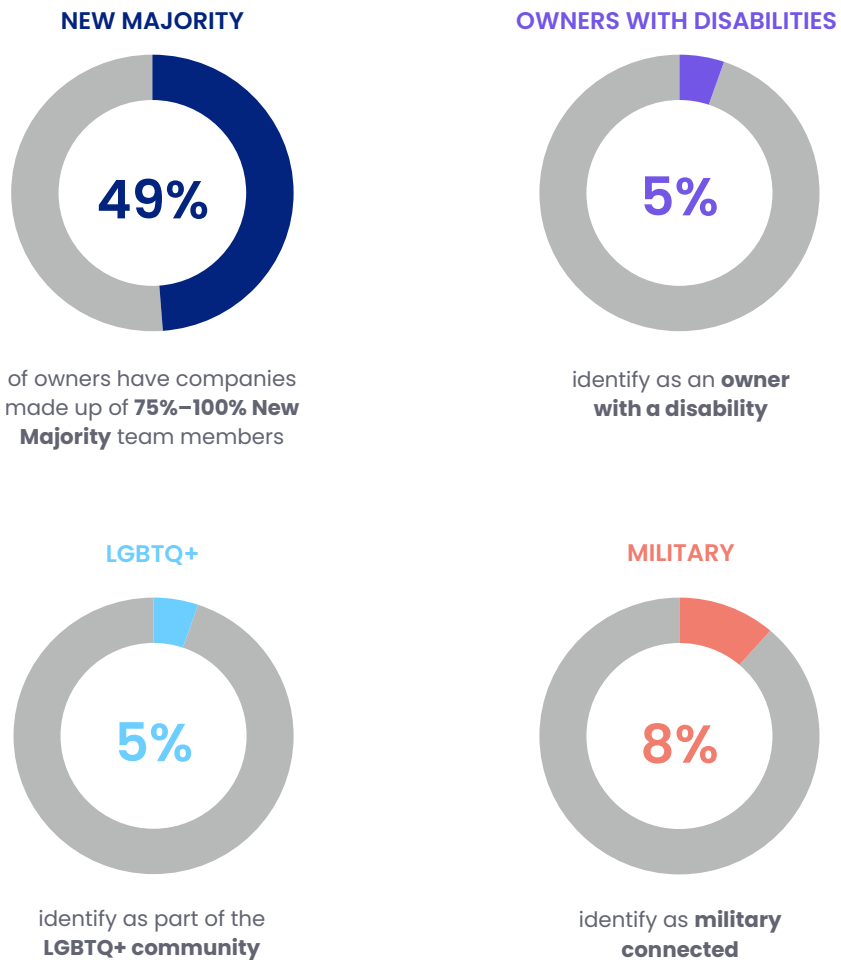
Demographics ✨

New Majority

Not only are AAPI owners **diverse**, they are also **committed to hiring diverse staff**.

AAPI owners on Hello Alice represent nearly all New Majority segments, with significant representation among those with disabilities and the military-connected and LGBTQ+ communities.

Notably, nearly half of AAPI owners report that 75–100% of their staff represent at least one New Majority demographic.



“K & S provides CNC machining service to customers in the aerospace industry. People would be surprised to know that my business is owned and operated by a minority woman who is a former educator.”

— **Monthiene Sundara**, President, [K&S Precision Cut Parts Manufacturing](#) in Fort Worth, TX



If you’re a New Majority business owner looking for funding, check out [this free step-by-step Hello Alice](#) guide on Applying for Minority-Owned Business Grants.

Business Profile ✨

Top Industries

AAPI-owned businesses primarily operate in the industries most impacted by social distancing guidelines and stay-at-home orders, including restaurants, salons, and wellness boutiques. These businesses have also faced widespread [anti-Asian stigma and vandalism](#), exacerbating the pandemic’s economic hardship.



22% are in **Food and Beverage**



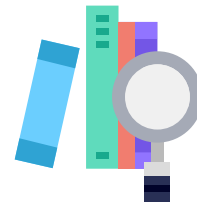
13% are in **Healthcare and Wellness**



12% are in **Beauty and Self-Care**



11% are in **Consumer Goods, Retail, or E-Commerce**



10% are in **Other industries**

32% fell in the following industries: **Professional Services, Arts/Entertainment/Recreation, Social Enterprise/Education, Technology, Real Estate, Manufacturing/Logistics, and Construction.**



“There are three other employees at Town Dentistry, all women. We are mothers, daughters, and wives trying to do the best we can in our situations. It is not easy, but we are grateful and trying to keep smiling through what life gives us.”

— **Jennifer Chin**, President, [Town Dentistry](#) in Pearl River, NY

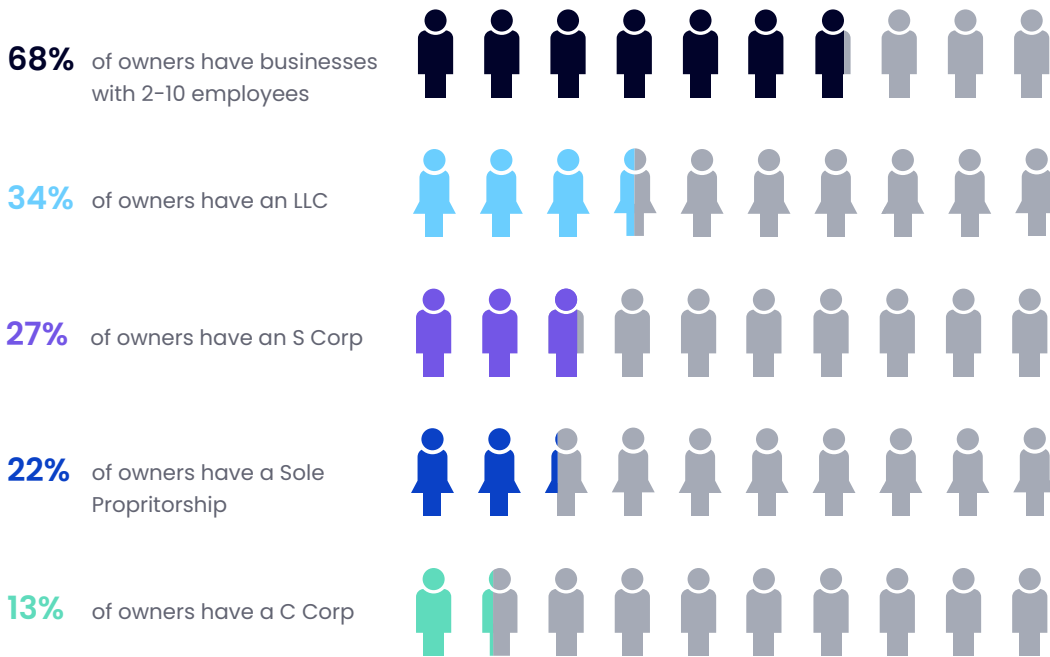
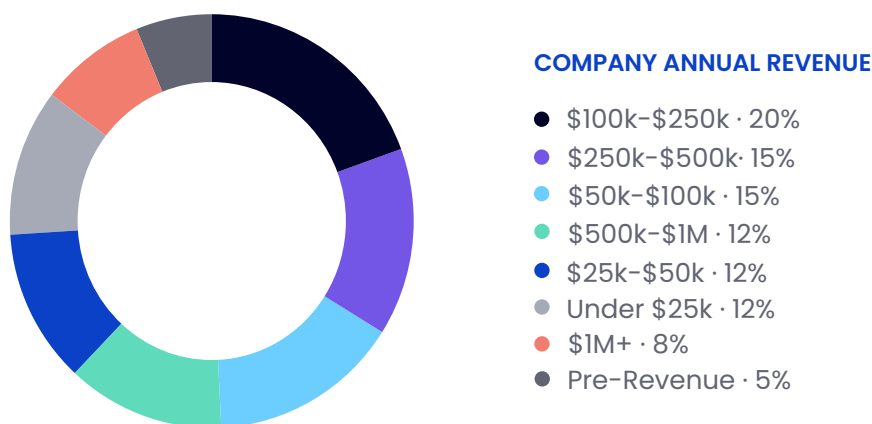


If you’re a New Majority business owner looking for a business certification, check out [this free step-by-step Hello Alice](#) guide on Choosing a Minority Small Business Certification.

Business Data

The vast majority of AAPI owners operate **true small businesses**, with roughly two-thirds reporting annual revenue of less than \$250,000 and fewer than 10 employees.

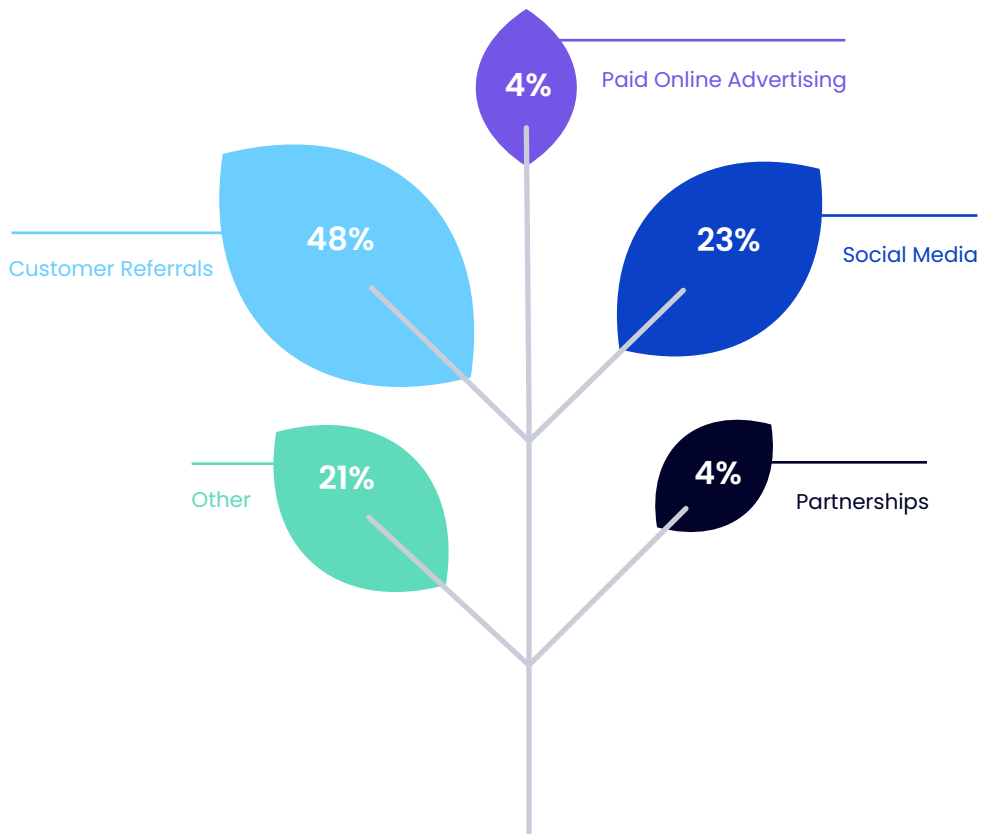
The most common business structure for AAPI small businesses is LLC, followed closely by S corporations and sole proprietorships.



If you're an AAPI small business owner looking for resources and advice on how to grow and succeed, check out [this resource](#) from the NAAC, the National Asian American Coalition Small Business Center.

Customer Acquisition

AAPI businesses value strong customer relationships and are connected to their communities. In total, **48%** of AAPI-owned businesses report **customer referrals** as their top acquisition channel. Nearly **one-quarter** of AAPI owners said their most important channel was **social media**.



“We have dedicated much of our resources towards Operation PPE, a grassroots network of 350-plus volunteers that are 3D printing PPE around the clock for medical professionals on the front lines. This is a movement that we initiated, organized, and currently manage (all pro-bono).”

— **Alvin Huang**, Founder, [Synthesis Design + Architecture](#) In Los Angeles, CA



If you're an AAPI small business owner in Virginia, Maryland, or Washington, D.C. looking for resources, check out [this resource](#) from the Asian American Chamber of Commerce.

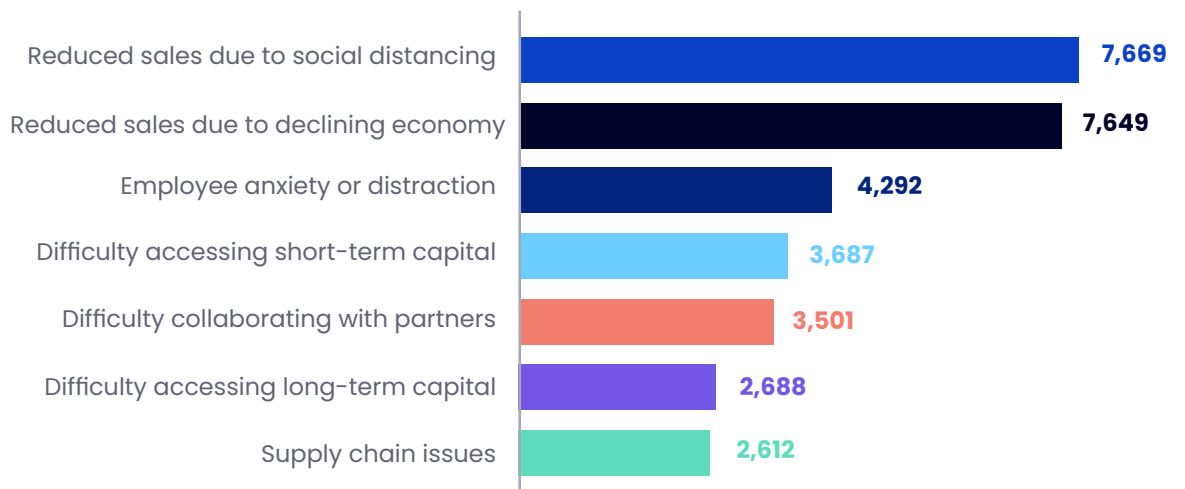
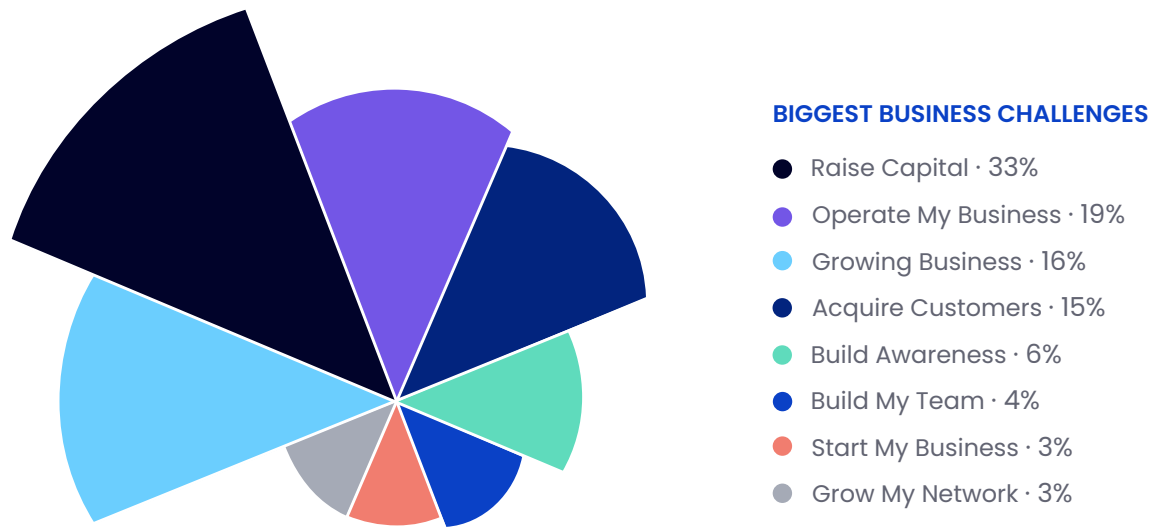
Owner Sentiment ✨

Greatest Business Challenge

When we asked AAPI small business owners about their greatest business challenges, the most common responses were **raising capital** and **operating my business**.

Asked specifically about how the COVID-19 pandemic has impacted their business, AAPI owners cited **reduced sales** and **employee anxiety or distraction**.

These responses suggest that the pandemic intensified existing challenges faced by AAPI owners. Finding solutions for capital access and putting an end to anti-Asian hate will go a long way toward solving many of the short- and long-term problems limiting AAPI business growth.



If you're a small business owner looking for funding opportunities, take advantage of Hello Alice's [funding center](#), where you can find up-to-date information on funding opportunities for small businesses.

Support Needed

Two-thirds of AAPI-owned businesses have **pivoted their businesses** to adapt to the pandemic, and 30% of these owners say they need between \$10k–\$25k in capital to survive the impacts of COVID-19.

In response, AAPI owners are calling on the government for a variety of support, including more **emergency grants, rent relief, and tax deferrals or waivers**.



CAPITAL NEEDED TO SURVIVE COVID-19

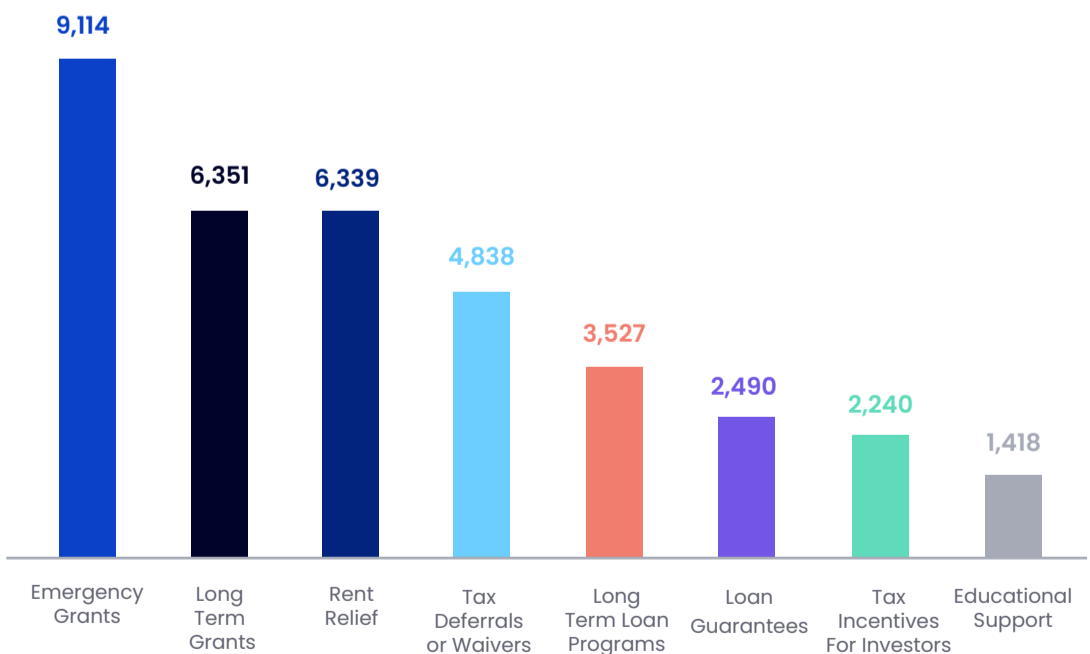
- \$10k–\$25k · 30%
- \$25k–\$50k · 27%
- \$5k–\$10k · 15%
- \$50k–\$100k · 14%
- \$100k–\$250k · 7%
- Other · 4%
- \$250k–\$500k · 3%



PIVOTING BUSINESS MODEL DUE TO COVID-19 IMPACTS

- Yes, temporarily · 52%
- No, but I'm considering · 20%
- No, I don't plan to · 14%
- Yes, permanently · 14%

SUPPORT NEEDED FROM THE GOVERNMENT



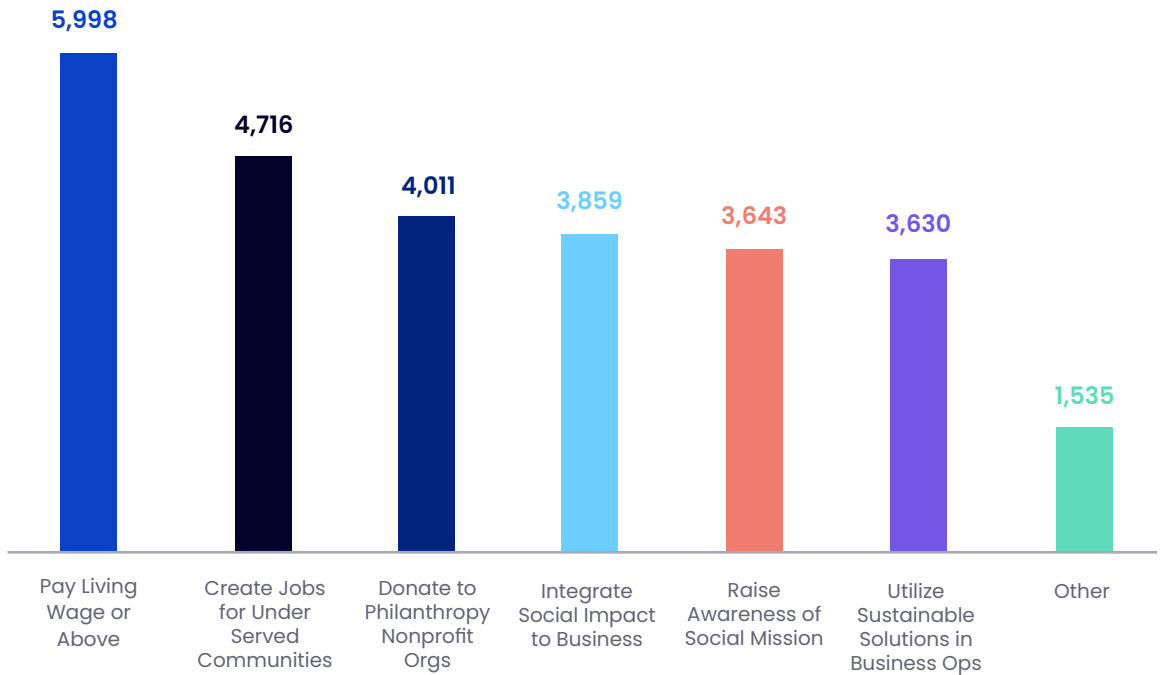
If you're an AAPI small business owner looking for COVID-19 impact support, check out the [COVID-19 Business Resource Center](#) for up-to-date resources on how to grow your business during the COVID-19 pandemic.

Positive Impact

Despite facing significant hardships, AAPI small business owners continue to make a positive impact through their businesses. Our data shows that the most common strategies include paying **living wages**, **creating jobs for underserved communities**, and **donating to nonprofits**.

Ensuring the success of these small businesses will ensure the health of the neighborhoods and communities they serve.

POSITIVE IMPACT THROUGH BUSINESS



If you're an AAPI small business owner looking to support fellow owners and continue making positive impacts, [Hello Alice's Business for All](#) community has an ever-growing community of owners and supporters.

Closing Letter

May is a unique time for us to celebrate one of the fastest-growing demographics in the United States. The Asian American Pacific Islander (AAPI) community is also one of the most diverse in language, ethnicity, and culture. AAPIs own 6.2 percent of all small businesses in the U.S., accounting for nearly 2 million businesses and employing over 3.5 million workers. Our businesses play an integral part in every industry and make important contributions to our local neighborhoods. Additionally, the next generation is poised to be even more entrepreneurial, with AAPIs having the highest rate of millennial entrepreneurship compared to the general population.

Despite this progress, AAPI small business owners still face headwinds. AAPI businesses, particularly those in large cities, were impacted by the pandemic long before the lockdowns began, as early as January 2020. Even during normal circumstances, access to capital was a major barrier. Asian American, Native Hawaiian, and Pacific Islander entrepreneurs have been shown to rely on personal and family savings as a source of startup capital and avoided seeking out additional financing due to fear of rejection. Other major barriers for small business owners include limited English proficiency and access to advice due to lack of affordable assistance.

To close this gap, ACE NextGen connects, elevates, and gives back to the AAPI entrepreneur community. We are the millennial branch of the nonprofit Asian Pacific Islander American Chamber of Commerce & Entrepreneurship (National ACE). Through our local chapters and national programming, we've helped AAPI-owned small businesses weather tough times and prepare to grow as we return to normal. As an entrepreneur-led organization, we know first-hand the importance of having the right knowledge, right network, and right resources in running a successful small business.

We are excited to work with Hello Alice and our other national and local partners to provide support, education, and community to help AAPI-owned businesses seize the opportunity of growth and fulfill the possibilities of entrepreneurship across the U.S. We believe the future is bright for small business and are proud to be a part of this journey.

Ian So

Co-Founder, Program Director

ACE NextGen

Where We Go From Here

A recent survey from our partners at the Asian Pacific Islander American Chamber of Commerce & Entrepreneurship (National ACE) found that [nearly two-thirds of AAPI small business owners are optimistic about the future](#). If we are able to connect AAPI entrepreneurs with the resources and support they need, we will help foster a post-COVID prosperity that resolves the social and economic disparities that have previously limited their growth.

This starts by taking advantage of existing resources. The same survey found that more than half of AAPI owners **were not aware of government assistance programs**, and roughly one-third **assumed they did not qualify**. Hello Alice is spreading awareness of these programs to its community with [step-by-step guides to the latest federal stimulus programs](#), access to thousands of industry-specific resources, and a peer-to-peer community of more than 375,000 small business owners ready to help them succeed. We must ensure that AAPI owners claim every dollar of funding they deserve.

Similarly, we must all seize this moment as an opportunity to lift up AAPI small businesses everywhere. We need to speak, post, and share our love for these businesses. It's our collective responsibility to [report hate any hate incidents](#) and spread awareness about the threats AAPI owners face.

Finally, to AAPI small business owners, we recommend the following actions for immediate relief:

- **Join Our AAPI Town Hall**

In partnership with [SEARAC](#), [Welcome to Chinatown](#), and [ACE NextGen](#), we are hosting a virtual AAPI Town Hall on **Tuesday, May 25 at 1:30 p.m. ET** as an open forum for the AAPI community to share their experiences and for allies to learn more about how they can be supportive. [Registration is now open](#).

- **Bookmark the Hello Alice Funding Center**

Our [newly launched Funding Center](#) is regularly updated with grant opportunities from our partners and around the web.

- **COVID-19 Business Resource Center**

Look to this hub for industry-specific resources, community, and how-to guides to help your business respond to the pandemic.

About Hello Alice

Hello Alice (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 375,000 companies 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 individuals, the LGBTQ+ community, and persons with disabilities. Hello Alice exists to serve every American with an entrepreneurial spirit.



HELLO
ALICE

HELLOALICE.COM