

# Early Lessons from the COVID-19 Pandemic:

## DESIGNING AN INCLUSIVE SMALL AND NEW BUSINESS RECOVERY

**We are living in a time of complex issues unfolding all around us – a lingering global pandemic, an uncertain economy, natural disasters, gun violence, war – the list goes on and on.** These challenges can intensify existing social and economic inequalities, as they often have disproportionate impacts on communities and their businesses that are already struggling. The COVID-19 pandemic has provided a window into how relief and recovery from such challenges can either exacerbate or lessen inequalities, dependent upon how these efforts are designed and carried out.

In our recent report by Smart Incentives and the Kauffman Foundation, "[COVID-19 and Entrepreneurial Firms: Seeding an Inclusive and Equitable Recovery](#)," we review federal, state, and local responses to support small and new businesses through the pandemic and recovery. We examine both widely known efforts such as the Paycheck Protection Program (PPP), as well as innovative state and local programs that used recovery funds to reach a more diverse pool of businesses. Three key insights emerged that can guide program leaders and policymakers in their design thinking to tackle future challenges in a way that is agile, responsive, and intentional about equity.



**KEY INSIGHT 1: Programmatic equity and inclusion goals can complement economic growth objectives. Including diverse groups of entrepreneurs and small business owners in the development of such programs can improve their design.**

Equitable outreach efforts and content that is culturally appropriate for diverse groups of business owners is important to maximize reach and impact. Alongside this, there is a need to engage directly with diverse groups of entrepreneurs early and often in the design, implementation, and refinement of business recovery and support programs. Such engagement helps ensure that the right questions are being asked and the right resources are being provided to meet the unique needs of impacted communities. These efforts require authentic discussions with a commitment to co-creation of programmatic responses.

**KEY INSIGHT 2: Program designers need more guidance from federal and state government on the development of reporting metrics.**



Metrics and reporting are critical pieces of the program design process because they help program leaders understand whether they are reaching diverse businesses and whether they are having their desired impact. While numerous resources are available to help develop reporting metrics, more guidance on which metrics to track and how is needed, as these decisions are often left up to program leaders and thus can result in inconsistent and ineffective data collection. Transparency and accountability in reporting metrics are also critical.



**KEY INSIGHT 3: The tracking of equity and inclusion metrics should be paired with purposeful program design and feedback loops.**

As important as tracking the right metrics, is the analysis of those metrics and using the learnings to iteratively make improvements to program design. Equity and reporting guidelines can help embed a structure to support more equitable and transparent outcomes. Ideally programs should be tracking who they are serving and how, as well as business outcomes, to enable evaluation of the impact of programs on the small businesses they are serving. Such analysis can highlight areas of opportunity to further refine program offerings to maximize survival and resiliency among businesses across the community.

Investing in careful program design and reporting mechanisms can amplify the effects of new and small business program funding. Leaders, policymakers, and entrepreneurial support organizations (ESOs) should recognize that such investment is necessary to ensure that programs become more equitable and inclusive for all small businesses and new entrepreneurial firms. Ultimately, building the capacity and pathways for all entrepreneurs will increase local economic growth potential.

*Read more about federal, state, and local pandemic recovery programs and our key insights into how future programs can support more inclusive recovery and prosperity in the [full report](#).*