Sustainable Pathways for Successful Small Businesses in Chelsea, Massachusetts

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SUSTAINABLE PATHWAYS FOR SUCCESSFUL SMALL BUSINESSES IN CHELSEA, MASSACHUSETTS

Fabián Torres-Ardila, Ph.D., Associate Director, Lorna Rivera, Ph.D., Director
Carolina Rojas-Pion, M.A., Research Assistant, Daniela Bravo, B.A., Research Assistant
Henry Chavez, B.A., Research Assistant
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Executive Summary

In September 2020, the Mauricio Gastón Institute at the University of Massachusetts Boston and the Donahue Institute at the University of Massachusetts Amherst partnered to develop a Small Business Needs Assessment for the City of Chelsea, Massachusetts. The goal was to produce policy recommendations for addressing the needs of the Chelsea business community.

This Small Business Needs Assessment Study has involved deep community engagement with hard-to-reach populations in Chelsea, a mostly Latino and immigrant community. The Gastón Institute was responsible for leading the study’s qualitative research and community engagement activities with Spanish-speaking and immigrant business owners in Chelsea.

The findings from this study suggest that:

• Small business owners play a critical role in the socioeconomic development of Chelsea, and they need a supportive environment to achieve success and sustainability.

• Small business owners report significant disparities in access to critical financial support, especially during the Covid-19 pandemic, and they seek more transparency when it comes to grant- and relief-awarding procedures.

• There is a critical need to expand the City’s current initiatives to include more culturally responsive approaches to reaching small businesses owned by Latinos, including making sure that services are available in Spanish. For any new approach or policy to be successful in its implementation, City administrators and small business advocates must recognize the Spanish language as a legitimate vehicle for conducting and promoting businesses in Chelsea.

• There is a need to recognize and embrace Latino-owned small businesses for their impact on the overall “well-being” of Chelsea, beyond their economic contributions.

• While our research identifies a critical need for providing technical and legal assistance and services that are multilingual and accessible to all small business owners in Chelsea, we also found that in the city there are key individuals within the small business community who are committed to educating their peers about tax obligations and licensing procedures. These individuals serve as important conduits between City government and the small business community.

In response to these challenges, this study has identified recommendations in two key areas:

1. Structural Recommendations:

Recommendation #1: Create a Chelsea Center for Small Business Development.

Recommendation #2: Support new and existing ideas that promote Chelsea as an entrepreneurial city.

Recommendation #3: Nurture leadership skills and foster the development of small businesses.

Recommendation #4: Facilitate the understanding of regulations, guidelines, deadlines, and other administrative processes and provide bilingual resources to non-English speakers.

Recommendation #5: Explore opportunities to partner with CBOs (community-based organizations) to identify an outreach coordinator.

2. Emergency Recommendations:

It is urgent that the City create a more unified strategy that can address the immediate needs of small business owners during the COVID-19 pandemic and recovery stages. The research team recognize that this work could already be underway with support from the local and state governments.

Recommendation #6: Continue addressing immediate needs created by the COVID-19 pandemic.

Recommendation #7: Increase the availability of financial programs to address short- and mid-term needs of small businesses owners.
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INTRODUCTION

This report focuses on the critical role that small business owners and entrepreneurs play in the socioeconomic development of a predominantly Latino community like Chelsea, Massachusetts.

At the Mauricio Gastón Institute at the University of Massachusetts Boston, our mission has been to inform policymakers and the public about issues vital to the state’s growing Latino community and to provide research, analysis, and information necessary for more effective public policy development. Our long track record of conducting collaborative mixed-methods research, especially with Latino immigrants from Central and South America, has allowed us to identify and recommend culturally appropriate outreach strategies that aim to benefit all Latino residents across Massachusetts. In this case, we were responsible for leading the study’s qualitative research and community engagement activities with Spanish-speaking business owners and residents of Chelsea.

Historically, Chelsea has been a city of immigrants and the city’s economy has depended on industries that employ immigrants. Chelsea played a key role in the manufacturing of sailing ships in the 1800s, and later became a leading manufacturer of rubber, adhesives, and shoes. Between 1864 and 1890, Russian and Eastern European immigrants, especially large numbers of Russian Jews, settled in Chelsea; by the 1930s nearly a third of the city’s residents were Jewish.

Today, Chelsea is the second most densely populated city in Massachusetts and its population consists predominantly of Latinos, who have been a primary driver of the city’s overall population growth. Latinos comprise 70 percent of the population, with similar proportions of Black residents as at the state level but far fewer white and Asian residents. A large proportion of Chelsea residents, more than 45 percent as of the latest data from the U.S. Census Bureau, are foreign-born. This is a much higher proportion than the nearly 17 percent of immigrants found in the state as a whole. The majority of foreign-born residents in the city (85 percent of this group) are from Latin America – El Salvador, Honduras, Guatemala and Colombia, followed by residents from the Dominican Republic in the Caribbean. The proportion of city residents from the four Latin America countries has grown substantially since 2010. The remaining 15 percent of foreign-born city residents are from the continents of Africa, Asia and Europe. Given the high numbers of recent immigrants, as might be expected, a large number of households in Chelsea speak languages other than English. Nearly one quarter of these are considered limited English-speaking households in contrast to only six percent of this type in the state as a whole. Of this group of limited English-speaking households, the dominant majority speak Spanish, with 10 percent speaking other European languages including Portuguese, and only three percent speaking Asian languages. The ramifications of an increasingly Latino community that is geographically so close to Boston require that City administrators adopt new cultural and social lenses when seeking to promote small business sustainability while encouraging new entrepreneurs.

Over the past couple of years, the City administration has enacted changes to support, reinvest, and revitalize Chelsea’s economy. While the entire state of Massachusetts is facing COVID-19 pandemic-related challenges, Chelsea has been one of the state’s epicenters of COVID-19 infections. Amid the pandemic, the urgency of identifying best practices and policies for economic development has never been greater in Chelsea.

This report compiles the key findings and recommendations that resulted from conducting a qualitative study with small business owners and other individuals who play important roles in advocating for and supporting this community. Assuming an asset-based approach rather than a deficit-based one (Green & Haines, 2011), our study focuses on the skills and knowledge of small business owners and identifies a myriad of possibilities for City administrators to build upon existing practices and behaviors to further promote and support the local economy of the city.

1 Although the term “Latinx” (pronounced La-teen-ex, Latinks, or Latinx in Spanish) has recently emerged to refer to people of Latin American descent as a broad and more inclusive term for Hispanics, its use has remained controversial and rare among this population. In this report, the authors have decided to respect the terminology that participants of this study used to refer to themselves and their community in Chelsea when they were interviewed. For example, we found that participants made use of the following terms to refer to the population of Latin American descent residing in Chelsea: Latino culture, Latino community, Hispanic community, Comunidad hispana, Hispans, Paseiros latinos, Población latina, Comunidad latina, Gentes latinas, Población latina, Clientes latinos, Latino businesses, Latino organizations, Latino city, Negociantes latinos, and Latino business community, among others.

2 U.S. Census Bureau, American Community Survey, 2014-2018 5-Year Estimates

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Methodology

The study adopted an asset-based approach in order to conduct the research. This research approach highlights the assets of communities, rather than their deficits, and reflects an important shift in the mindset and practice of many policy makers. Researchers conducted 11 individual interviews with small business owners, along with 2 focus groups and 3 individual interviews with small business advocates. Through these focus groups and semi-structured interviews with small business owners and advocates, we gained a better understanding of the dynamics between the main business stakeholders and the role they play in promoting the development and sustainability of small business in the City of Chelsea.

As this study was carried out during Covid-19 pandemic restrictions, all interactions took place via ZOOM. Interviews and focus groups were conducted during the months of November and December 2020. To recruit participants, we reached out to small business owners with the assistance of City officials. They provided a list of small business owners who have previously applied to city grants, and researchers approached those small business owners via email to request their participation. To widen the scope of participant, requests to participate in the project were also posted in English and Spanish on the city's social media accounts.

Small business advocates were reached via referrals from other participants and City officials. All recordings and focus groups, ranging from 40 minutes to an hour, were recorded and copious notes were taken. All recordings were transcribed verbatim. The research team analyzed a subset of verbatim transcripts with the purpose of creating an initial codebook that could be applied to the rest of the transcripts. The coding process was iterative: two different researchers coded each interview. Frequent meetings between researchers were held to ensure both reliability and inter-coder agreement; when a revision of the coding framework was necessary, interviews were re-coded. The verbatim transcripts were coded and analyzed in the software program NVivo, Version 12.

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<th>Pseudonyms</th>
<th>Sector</th>
<th>Role</th>
<th>No. Employees</th>
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Table 2. List of Small Business Advocates Who Participated in the Study

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<td>Juan</td>
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<td>Antonio</td>
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<td>Gary</td>
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<tr>
<td>Melvin</td>
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Limitations

As with any study, this one has several limitations that must be acknowledged. The first limitation is the small number of participants. A small sample size limits the extent to which the findings can be generalized. Future research should reach out to a larger number of potential respondents to ensure a more comprehensive view of the small business community. Finally, due to the Covid-19 and statewide restrictions on research with human subjects, the team was limited to contacting participants virtually. Considering that the technological divide is greater for the Latino population, it may be significant that we were only able to recruit small business owners who had access to technology and were computer literate.

Small business advocates included individuals and/or City officials who hold and/or have held positions in organizations or City departments associated with promoting, supporting, and servicing small business owners in Chelsea.
Methodology

The study adopted an asset-based approach in order to conduct the research. This research approach highlights the assets of communities, rather than their deficits, and reflects an important shift in the mindset and practice of many policy makers. Researchers conducted 11 individual interviews with small business owners, along with 2 focus groups and 3 individual interviews with small business advocates. Through these focus groups and semi-structured interviews with small business owners and advocates, we gained a better understanding of the dynamics between the main business stakeholders and the role they play in promoting the development and sustainability of small business in the City of Chelsea.

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FINDINGS AND DISCUSSION

By collecting perspectives from small business owners and advocates, we were able to develop a preliminary picture of the small-business landscape in Chelsea. We were also able to explore the relationship between various stakeholders. By talking to small business advocates, we were able to better understand the intersection of city revitalization and economic development and obtain a better idea of the role that small business owners play in such important decision-making processes. Both small business owners and advocates agree on the need for the City administration to adopt better approaches to communicating and responding to daily problems, especially during the Covid-19 pandemic. Our research identified a critical need for a more culturally responsive approach to reaching small businesses owned by Latinos, as well as ensuring that services are available in Spanish. The lack of a city-wide strategy is resulting in missed opportunities and general confusion for small business owners.

Opportunities and Entrepreneurship in Chelsea

Strong and promising Latino market. Most small business owners described the advantages of running a small business in Chelsea, highlighting the way they cater to community needs. The demographic changes that have taken place in Chelsea over the last decade represent new economic opportunities for these entrepreneurs. Participants provided evidence of factors that facilitate business creation and promote success—for example, knowledge of market niches. In other words, by belonging to same ethnic/racial (co-ethnic) groups, small business owners understand better the potential customers they hope to reach. In this way, small business owners who are co-ethnic with their customer base possess an insider knowledge that can translate into successful business strategies.

The motivation for starting small businesses in Chelsea, rather than in any other city, serves as a frame of reference in decision-making processes. Small business owners tend to know the area very well and are fully aware of the residents’ characteristics, their needs, and their purchasing power. Such insider knowledge has proved to be successful as it combines social factors—pride in being from Chelsea—with the desire to be an entrepreneur. City administrators and small business advocates can build on that knowledge and use it to support new entrepreneurial ideas and promote Chelsea as a city where business ventures can be materialized.

Small businesses foster socio-economic development. Small business owners in Chelsea are highly committed to the well-being of the community in Chelsea. Being able to provide a service is as important as making a profit. Our research shows that business owners, particularly Latino, are motivated to act by a sense of what is the right thing to do. Some of the behaviors and practices documented here are evidence of the motivation to act in such a way as to benefit others, without the expectation of additional compensation. Such commitment has become more evident due to the Covid-19 pandemic, highlighting the social roles that small businesses play for Chelsea residents. Solidarity and support in times of crisis are important dimensions of social interactions and relationships between business owners and community residents who are their customers.

“Opportunity for entrepreneurs in Chelsea...”

“One of the greatest advantages is that I live here. I know my community and know the people from different ethnicities that I can serve, but I mostly work with Hispanic people.”

Elena – Day Care Owner

“This is the environment we established our business in Chelsea because most of the population is Latino, and we know that there are many small businesses of hard-working people.”

Oscar – Multiservice Manager

“I know there’s a lot of [people from my native country here] in Chelsea but there’s not a lot of [restaurants from that region] in the area and this place made really good income without anyone ever taking care of it, so I thought ... it had a lot of potential to make a lot more profit than what it was doing at the time.”

Valerie – Restaurant Owner

“To help people...”

“What we want is to help people, to help the community to be guided, to have a better education and not let themselves be misguided by rumors ... and they go on making mistakes, so we try to guide them.”

Carmen – Multiservice Owner

“The urgency of being here...”

“The urgency of being here [in Chelsea] is because we have been working here and we see the need to be with the families.”

Amelia – Day Care Owner

“A lot of businesses...”

“A lot of businesses were forced to close so we eliminated our monthly fee for three months. Some businesses closed for 4 months ... we decided not to charge for those months either. [The pandemic] has affected us, but we feel glad because we too can help clients, right?”

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Strong and promising Latino market. Most small business owners described the advantages of running a small business in Chelsea, highlighting the way they cater to community needs. The demographic changes that have taken place in Chelsea over the last decade represent new economic opportunities for these entrepreneurs. Participants provided evidence of factors that facilitate business creation and promote success—for example, knowledge of market niches. In other words, by belonging to the same ethnic/racial (co-ethnic) groups, small business owners understand better the potential customers they hope to reach. In this way, small business owners who are co-ethnic with their customer base possess an insider knowledge that can translate into successful business strategies.

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This altruistic motivation is relevant for immigrant entrepreneurs as it shows a strong notion of community and collective responsibility. Small business owners have a lot in common with other city residents and understand the immigrant experiences and challenges that are unique to these communities. More importantly, our study demonstrates that small business owners rely on each other for support and sharing resources and information. Recognizing and embracing Latino-owned small businesses for how they influence the overall “well-being” of Chelsea can translate into direct support for the community at large. The data collected indicates that small business owners’ support for members of the community/customers stems from a sense of solidarity and a desire to help others.

Small business owners conduct successful business in multiple languages, and particularly in Spanish. Categorizing the Spanish language as an asset rather than a liability has the potential to gain more Spanish-speaking customers from across the State, and beyond. Despite differences in the national origin of the Latino small business owners in this study, their shared experiences of immigration and the Spanish language are positively regarded when it comes to understanding the success of businesses. For any new approach or policy to be successful in its implementation, City administrators and small business advocates must recognize the Spanish language as a legitimate vehicle for conducting and promoting businesses in Chelsea.

Entrepreneurial drive. As in other studies of Latino and immigrant entrepreneurship, our research participants exhibit a high drive for entrepreneurship manifested through their family history of business ownership and persistence to overcome business obstacles are positively related to successful outcomes.

“‘It was mostly my mom’s idea…. She and most of her family have been businesspeople, particularly my aunt, but all my family, uncles, nephews, cousins… we have always worked with them and we decided to become independent…. That is where the idea [for the restaurant] came from.”

Julia – Restaurant Owner

“We come from a business family. We grew up doing business. When I started my business, I did not think I was going to get this far. My training comes from what I got from my family, that’s it.”

“Mom taught me how to cook when I was ten years old, so she instilled these values […] and I feel like I am living her dream for her…. I know it had been always her dream to own a restaurant, so I made it.”

Teresa – Boutique Owner

Antonella – Restaurant Owner

Our study also provides evidence for a profound sense of optimism about what the future holds for small businesses in Chelsea and for a realization that they play a critical role in the socioeconomic development of their community. By recognizing and embracing the value of small business owners and the unique entrepreneurial paths—whether as immigrants or as non-immigrants—that led them to create their businesses in the first place, city administrators and other professionals can go beyond an individualistic understanding of resilience and collaboration.

In fact, small business owners in Chelsea are not isolated because they have strong social networks of support. For example, day care owners that we spoke to mentioned they belonged to a child development network, where they find and share resources and information and have discussions about free training courses, licensing and meeting all the requirements for running a daycare center. In this way, their social networks offer channels for information exchange about expanding markets, aid, licensing, and other processes to support their businesses. City administrators and other small business advocates can access these social networks and reach small business owners who might not respond to them directly.

Assets, Know-How, and Expertise

Marketing and advertising. New marketing practices and strategies are being implemented to address the challenges of losing customers and facing higher costs. Likewise, our findings demonstrate that small business owners expose a variety of strategies that enable them to cope with competition and financial uncertainty during the Covid-19 pandemic. Some of these strategies require that business owners re-define their marketing practices and expand their customer base beyond their immediate geographic area. However, there is evidence of a lack of practice and experience with marketing practices using tools such as social media in its many variants.

“We don’t advertise, rather we use personal references. If I do something for you, and you are happy with the work and my efficiency, you will tell your friends and your family about me. That is how I do my business, and the people who know me, know I work from Monday to Sunday.”

Carmen – Multiservice Owner

“We have a website that was created 5 to 6 years ago. The problem is that we have not paid enough attention to maintenance, and only last year we began to update it. We have someone working on that…. I hope that we can see some results soon. Honestly, we have not done any advertising.”

Oscar – Multiservice Manager

“‘I have to be honest with you, I need to work on [marketing my business], I know. The only way that I have this number of customers is because they have known me for a long time…. I have a Facebook account, but I am not the kind of person to check it that closely. I am there, but I could do more.”

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**Entrepreneurial drive.** As in other studies of Latino and immigrant entrepreneurship, our research participants exhibit a high drive for entrepreneurship manifested through their motivation to start a business, their constantly assessing new business opportunities, and their resourcefulness in seeking sustainability during difficult times. Having a family history of business ownership and persistence to overcome business obstacles are positively related to successful outcomes.

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Strategies for running and maintaining a business during the Covid-19 crisis. In times of crisis, small business owners have made difficult decisions and applied innovative entrepreneurial strategies to maintain their business and earn profits. Although not all the businesses included in this study were hit the same way by the Covid-19 pandemic, all the owners were actively monitoring their finances to deal with losses and/or were reflecting on financial uncertainty. We also collected evidence of the efforts to guarantee customer satisfaction and safety by adhering to new requirements of social distancing and disinfection. Furthermore, the concern that the Covid-19 pandemic could last longer than previously believed has motivated some small business owners to learn new skills or acquire new knowledge and to find new ways to gain new customers.

“...with Covid-19] because sales have gone down and everything else has gone up, so sometimes it's a little difficult to increase the prices or something like that because we want to retain our customers, so we are struggling. We are promoting things on Facebook, internet, through friends, and in that way, we attract new customers, ‘good treatment,’ we strive to make the client feel good in this place, comfortable.”

Elena – Restaurant Owner

Financial strategies. Our research demonstrates that small business owners in Chelsea venture into business creation with capital that tends to come from family and friends. Small business owners stated they could not access financial institutions because of complicated procedures to qualify for a business loan.3 In the rare cases when they obtained a bank loan, it was usually a personal loan, which has different criteria, not a business loan. At no point in our interviews did small business owners express interest in applying for a business loan through ordinary banking systems. This finding is aligned with research on the ways in which banking and lending institutions are often not accessible to minority-owned businesses (Delgado, 2011).

“[The capital for the restaurant came] mainly from family savings, my mom’s, mine, my brothers’, and my sisters’. A little bit from everyone.”

Antonella – Restaurant Owner

Compliance is a challenge. Our research identified a myriad of procedures that small business owners need to carry out to keep their businesses updated and in compliance with local regulations. Business owners we interviewed demonstrated a great deal of “know-how” to ensure the continuity of their business on a daily basis. Yet they are challenged by obscure procedures to apply for grants, request licenses, meet deadlines for applications, and understanding selection criteria. They may sense a lack of transparency and therefore mistrust in the City’s programs. While our research identifies a critical need for providing technical and legal assistance and services that are multilingual and accessible to all small business owners in Chelsea, we also found that in the city there are key individuals within the small business community committed to educating their peers about tax obligations and licensing procedures. These individuals serve as conduits between City government and the small business community.

“...we are promoting things on Facebook, internet, through friends, and in that way, we attract new customers, ‘good treatment,’ we strive to make the client feel good in this place, comfortable.”

Elena – Restaurant Owner

“Even being able to work, or taking a risk to be able to work, clients did not want to come to this area. Many of those I could work with, I did it through my phone. They would send me pictures of their W-2s or their W-9s or other documents that I needed to do their taxes. When the taxes were ready, I would go by their houses and leave the package in their mailbox. Everything copied and ready to be sent by mail. Already stamped so that the only thing needed was to take it to a drop box.”

Carmen – Multiservice Owner

“Yeah, I got a personal loan, and I financed the rest with the [previous] owner.”

Elena – Restaurant Owner

“From the very beginning, our initial investment was basically our own work... We saw our work as an investment in our business... Maybe, due to this, we did not find the lack of [external] investment so hard, because we were financing ourselves.”

Oscar – Multiservice Manager

3 This finding is aligned with research conducted nationally around the difficulty for immigrant small business owners to obtain financial credit, and their ambivalence towards the US credit system, explain in part by their suboptimal experiences with the financial system. See (Wherry et. al, 2019, page 80)}
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### Compliance with City regulations
Our research found that unnecessary bureaucratic procedures and lack of efficiency in managing license applications and/or renewals create additional obstacles for running a business in Chelsea. The study also shows that some small business owners were not totally satisfied with the quality of some municipal services like parking. In general, there is a negative perception held by small business owners about the City’s support for small businesses due to complicated licensing procedures and other cumbersome bureaucratic procedures, and this has resulted in feelings of being neglected and devalued.

### Challenges and Opportunities for Reform

- **Daniel – Online Business Owner**: 
  "Currently, I do not need a permit to run it [my business], but I will be needing a permit. As a matter of fact, I’m in the process with City of Chelsea to get a permit and part of that process has also been registering my company as an LLC, notifying the state and federal government. It’s a new company, and so I’m getting to those stages as far as registering. But one of the questions that should come up is… understanding of taxes because you’re getting clients and you know are the state and the City getting their tax.”

- **Teresa – Boutique Owner**: 
  "When you have businesses, small like mine, [City Hall] makes things very difficult, so I’d like more support… Just changing the name of [my business], City Hall did not want to do it… I have felt a bit of disadvantage in terms of support. I don’t see City Hall or other local officials focusing on supporting Hispanic businesses. So, I feel like the kind of businesses like mine, it’s like they don’t appreciate it… My store has been there for more than 10 years and [it] pays a lot in taxes.”

- **Oscar – Multiservice Manager**: 
  "You need to open a bank account for your business so that you get your statements so we can process your taxes.” They feel safer not doing that… but once we explain them the benefits, that kind of education is good for them and for everyone else, really.”

- **Julia – Restaurant Owner**: 
  "As educators, we would like that the city we lived in, gave us some support… In reality, we as educators, and I talk for my colleagues as well, have not seen this sort of support from the City. Let us say, we are forgotten.”

- **Elena – Child Care Owner**: 
  "It was a bit complicated the issue of obtaining the liquor license… Usually, we pay around $5,500. Another restaurant owner told us that in other [nearby] cities, the licenses were free, they didn’t have to pay to renew them. I thought something like that could also happen here.”

- **Teresa – Business Owner**: 
  "I would like for the city to improve… the platforms that it uses […] for filing a business license because I’m using the City’s platform and […] it’s clunky […] it’s not like it should be. I should be able to send information you know get a reply within, you know, 24 hours… That’s a big problem particularly for new entrepreneurs that are new to the game… Things are moving fast, it is irritating if you’re moving at a certain speed and your city can’t catch up with you, right?”

- **Daniel – Online Business Owner**: 
  "I do not need a permit to run it [my business], but I will be needing a permit. As a matter of fact, I’m in the process with City of Chelsea to get a permit and part of that process has also been registering my company as an LLC, notifying the state and federal government. It’s a new company, and so I’m getting to those stages as far as registering. But one of the questions that should come up is… understanding of taxes because you’re getting clients and you know are the state and the City getting their tax.”

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**Increased costs caused by the Covid-19 pandemic**

The impact of the Covid-19 has been felt the hardest in communities of color, including Latino and immigrant communities like Chelsea. Small business owners in this study are still experiencing low revenue and experiencing losses at a fast rate. We found evidence of the different ways owners face these challenges. For example, adapting new business models and becoming creative due to necessity have been fundamental for their survival. We also found that small owners feel responsible for their employees and struggle with paying their salaries. Participants shared some of their experiences when applying for federal and local financial aid, and City grants. We heard comments referring to a lack of transparency about financial assistance, the convoluted language of the applications, and some puzzlement about who was benefitting from the grants and loans. Some owners believed that only those businesses that were located in certain areas—particularly on Broadway and mostly restaurants—were benefitting from federal and state aid. These findings point to a need to manage recovery aid in more transparent and equitable ways. Due to the pandemic, small business owners in Chelsea are in critical need of free financial and rental assistance.

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Daniel – Online Business Owner

"This is an example. [business owners] come and say they want to do their taxes ... so, we need to start from the beginning. ... [we tell them] ‘You need to change your ways’ ... 'you need to open a bank account for your business so that you get your statements so we can process your taxes.' They feel safer not doing that ... but once we explain them the benefits, that kind of education is good for them and for everyone else, really."

Oscar – Multiservice Manager

"For example, [small business owners] were filling some applications for a loan, and I admit that my English is not very good, so I asked the woman there to help me fill it out and she said no. She said it had to be personal and blah blah. ... I didn’t fill it out because they were asking so many things that ... I didn’t have the support, maybe."

Teresa – Boutique Owner

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Challenges of Running a Small Business in Chelsea

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I can’t even close down my business ... until my lease is over.... I would like a law that could tell [my landlord], ... ‘Lady, because of what is happening, she can close down, and you cannot charge her.’

Teresa – Boutique Owner

“We are taking a big hit on the credit card fees. It is outrageous what they are charging us, especially ... in a pandemic now. You know, we are trying to avoid contact and they [credit card companies] are not making it easy for us.”

Antonella – Restaurant Owner

‘Beef in particular, as well as vegetables... Gloves, which are necessary, sometimes you couldn’t even get them. Right now, they are $90 or even $100 a box. And those are supplies that we need to buy at any price.”

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“Everything now is individual, and I think that it will continue like that. Those were the changes that came with this situation. Before [the pandemic], children shared everything. Now, they don’t share, each student has his/her own table, chair. Everything is individual.”

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Recommendations: The Path Forward for Small Business Owners in Chelsea

This research culminated in a set of clear recommendations that can inform strategic decisions about the present and future of all small business owners in the City of Chelsea. Our research team identified several opportunity areas and prioritized the following key recommendations to address long- and short-term challenges that surfaced over the course of this study. Each of the following recommendations is aligned with a previously discussed finding.
"I can’t even close down my business … until my lease is over…. I would like a law that could tell my landlord, ‘Lady, because of what is happening, she can close down, and you cannot charge her.’"

Teresa – Boutique Owner

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Recommendation #1: Create a Chelsea Center for Small Business Development.

Our research has found that in general small business owners in Chelsea could benefit from having a direct and immediate, person-to-person, multilingual, local point of contact that provides them with tailored assistance and resources when it comes to their individual needs. We firmly believe that such a local point of contact has the potential to become a successful business-incubator if it takes into account the entrepreneurial traits of small business owners in Chelsea, their resilience, creativity, and commitment to the well-being and progress of the whole community. The authors of this report envision such local point of contact in the form of an office or center that would be administered by City of Chelsea directly and staffed with competent personnel willing to establish strong relationships with the business community. Such a local point of contact has the potential to generate and promote consistent and systematic ways to communicating with small business owners who might currently not respond to City initiatives or trust their local government. In addition, through partnership and cooperation with local organizations that serve small businesses—such as the Chelsea Business Foundation and the Chamber of Commerce, among others—a Chelsea Center for Small Business Development could potentially become a one-stop for the small business community facilitating access to capital and resources.

More specifically, a Chelsea Center for Small Business Development could assist and serve small business owners in the following ways:

1) Running a successful business is a complex task and access to capital is critical, particularly in times of crisis. Our findings show that there is some confusion about existing sources of aid and funding, and many times small business owners do not know where to look or what to look for in finding additional assistance. Through a Chelsea Center for Small Business Development, the City of Chelsea could facilitate access to capital, resources, and provide guidance to applying for aid packages. Small business owners in Chelsea could benefit from having personalized conversations with knowledgeable business counselors and advocates that know well the landscape of Chelsea and can identify essential needs and provide immediate resources for solutions that are effective and impactful.

2) Interpersonal relationships between municipal government and the small business community are critical for the whole community. Our participants expressed a gap in communicating with the City that we believe can be addressed by developing strategies that promote strong and lasting relationships. One of the tenets for a Chelsea Center for Small Business Development would consist of supporting small business owners in such a way that it leads to developing trust and recognition of the different ways small businesses reflect Chelsea’s character and shape the city’s identity. For instance, well-crafted messages that are multilingual and personalized have the potential to attract owners who otherwise would not reach out to their officials for advice and guidance. Bilingual and/or multilingual professional staff who are also culturally competent can work as a bridge between the City and the small business community. Staying in touch with a local entity is a critical step that could help build trust in other larger regional and national entities as well.

3) Although this report does not make specific suggestions regarding the internal structure of a Chelsea Center for Small Business Development, the authors recommend that such a local entity operate together and in-sync with community-based organizations and continue building on already existing partnerships that the City administration has been developing and fostering in the last years.

Recommendation #2: Support new ideas and promote Chelsea as an entrepreneurial city.

Chelsea’s small business owners have knowledge of market niches and insight into the Latino and non-Latino markets they want to reach. We found plenty of ways in which small businesses meet the multi-dimensional needs of city residents and support the community beyond making a profit. This characteristic of the community of small business owners can contribute to the important goal of fostering a sustainable, equitable economy for the city. A Chelsea Center for Small Business Development can build on “insider knowledge” and use it to support new entrepreneurial ideas and promote Chelsea as a city where business ventures can be materialized.

A Chelsea Center for Small Business Development can also help develop inclusive marketing initiatives that build on the pride of being from Chelsea and/or living and working in Chelsea, while building upon small business owners’ existing assets, hopes, and enthusiasm. For example, capitalizing on multicultural diversity and richness, the Chelsea Center for Small Business Development could help develop initiatives that highlight the growing Latin American and Caribbean cuisine and promote the city as a destination for authentic ethnic food.

Recommendation #3: Nurture leadership skills and foster the development of small businesses.

Small business owners’ indicators of success include social, cultural, and human capital dimensions as well as operational and economic. These indicators can help expand the traditional understanding of success and include small businesses owners as key players in the socio-economic development of Chelsea. In fact, Latino small business owners in this study employ and recruit Chelsea residents. The Chelsea Center for Small Business Development can identify key individuals within the small business community and work directly with them in organizing training and consultation opportunities to nurture leadership skills and foster small business development and sustainability.

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Recommendation #4: Facilitate the understanding of regulations, guidelines, deadlines, and other administrative processes and provide bilingual resources to non-English speakers.

Our study participants expressed some dissatisfaction with the ways in which grants, licensing, and other administrative processes are often conducted in English-language only and found limited Spanish-language support. This situation generates an additional hurdle for Latino small business owners and make it more difficult for them to apply for grants, request licenses, understand deadlines, application guidelines, selection criteria, among others. To begin addressing this problem, it would require, first and foremost, assessing the kind of services that are available in additional languages, so that the extent to which small business owners have critical support in Spanish and other languages can be determined and inform the improvement of such services.

In this way, a Chelsea Center for Small Business Development can serve as a reliable, multilingual source of public information about grants, procedures, licensing, legal information, and other resources available in the city. It also can foster partnerships with local organizations with the specific intent of broadening technical assistance and services for small businesses. It can potentially facilitate the use of technology and enhance environmentally friendly opportunities for business development.

Recommendation #5: Explore opportunities to partner with CBOs (community-based organizations) to identify an outreach coordinator.

Our research found evidence of a cultural and linguistic divide between Latino small business owners and the City government. This disconnect seems to emerge from a lack of knowledge on how to reach out to these small business owners and a lack of bilingual and multicultural capacity by City officials. City government would benefit by including Latino staff at all levels of the administration, thereby reflecting the interests of the majority Latino residents of Chelsea. This is paramount to the success of any social and economic initiative in Chelsea and could help improve the current relationship between the City government and its Latino communities.

The Chelsea Center for Small Business Development must include bilingual and multicultural staff so that practices and initiatives are reflective of Chelsea residents’ values and interests. It is also critically important to recognize and embrace Latino-owned small businesses as more than economic enterprises, with the ability to influence the overall well-being of the community. The City government must continue advancing this acknowledgment that the Spanish language is a legitimate vehicle—and in fact an asset—for promoting businesses in Chelsea.

In addition to these five key structural recommendations, we also believe it is urgent that the City create a more unified strategy that can address the immediate needs of small business owners during the COVID-19 pandemic and recovery. We recognize that this work is already underway with support from the local and state governments.

Recommendation #6: Continue addressing immediate needs created by the COVID-19 pandemic.

The City’s support for small business owners during the COVID-19 pandemic needs to continue focusing on recovery by directing public resources in ways that are equitable and reach all different sectors of businesses in Chelsea. As of April 2021, some of the urgent actions that need to continue, include:

• Creating an inventory of all current small businesses that continue to struggle and are at risk to close, so that their specific needs can be identified, and targeted financial assistance can be provided (payroll, rent, tax relief, etc.).

• Supporting and guiding small business owners through re-opening stages including any assistance they may need with employee screening, PPE, social distancing, vaccination, and/or cleaning and sanitation proceedings.

• Extending and fostering partnership with local organizations, such as the Chelsea Business foundation, for channeling federal and state financial aid for small businesses that outreach to all sectors is maximized, grant and application materials are multilingual, and small business owners receive information in a timely fashion.
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Recommendation #7: Increase the availability of programs to address short- and mid-term needs of small businesses owners.

A variety of initiatives are needed to support small businesses beyond the COVID-19 crisis and guarantee equitable recovery.

1) As we have mentioned before, access to capital is critical. The City of Chelsea could partner with local banks and other financial institutions and create multi-lingual programs designed to help small business owners access capital and take them to the next level by providing them with an in-depth learning experience on topics such as marketing skills, social media and branding, credit, loans, etc. Such programs could in turn attract new entrepreneurs and increase the trust in the financial system.

2) As most of our participants were women, the City of Chelsea could partner with local organizations like the Chelsea Business Foundation and La Colaborativa, and offer workshops/webinars focus on the resiliency, creativity, and needs of women who own small businesses in Chelsea.

3) Explore the possibility of partnering with non-profit organizations for the creation and support of the so-called “Lending Circles.” One model program can be found in an initiative by the San Francisco-based “Mission Asset Fund,” where participants obtain zero interests payments, and where the monthly payment is reported to credit bureaus to support participants building and/or repairing their credit scores (https://www.missionassetfund.org/lending-circles/).

4) Explore the possibility of partnering with educational institutions such as UMass Boston, Gastón Institute, Bunker Hill Community College, and non-profit organizations such as Amplify Latinx to create and support initiatives fostering and motivating leadership for future Latino entrepreneurs. These initiatives could include monthly workshops and meetings and should include the possibilities of internships for young entrepreneurs.

5) Explore initiatives to develop start-up programs targeting potential entrepreneurs—Latinos and non-Latinos—who have limited resources. These programs could develop future entrepreneurs’ skills to produce their own business plan, introduce different business models, and support their applications to obtain funding for their business. These initiatives could be conducted in partnership with educational organizations and non-profit organizations such as the UMass Boston School of Management, Bunker Hill Community College, the UMass Amherst Massachusetts Small Business Development Center Network, Amplify Latinx, and many others.

**Conclusions**

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| Small business owners in Chelsea are highly entrepreneurial and well-networked, and they build community. | • In general, small business owners lack comprehensive support to help them run their enterprises. They lack timely and reliable information about loans and grants, city regulations, and compliance.  
• Many Latino small business owners lack enough access to resources and guidance in Spanish. Participants refer to the fact that often the city has English-only application forms and small business owners do not have support to fill them out. In addition, the majority of city staff with whom their interact about their business either do not speak English or, in the few instances when they do speak Spanish, it is at the most basic level hindering communication on complex issues.  
• Small business owners need programs and policies that guarantee ongoing entrepreneurial training and guidance, immediate financial and technical support, and the dissemination of reliable bilingual information. | Recommendation # 1  
Create a Chelsea Center for Small Business Development. This will be an asset-based organization and business incubator to help all small business owners navigate resources while building a bridge between City government and the community. This center will also accommodate and facilitate recommendations 2 through 5 (below) regarding entrepreneurship, leadership skills, reliable public information, and bilingual and bicultural support. |
| Small business owners have insight into the markets they want to reach. | • Small business owners lack comprehensive support that considers their insider and market knowledge. There is a need to increase the offering of initiatives that build upon the entrepreneur spirit and knowledge about the market that the small business owners bring to the city.  
• Existing and future small business owners in Chelsea need entrepreneurial support programs aiming at expanding and building upon specific markets in the City (e.g., authentic Latin American and Caribbean food). | Recommendation # 2  
Support new ideas and promote Chelsea as an entrepreneurial city. |
| For small business owners, success is more than just economic—it is viewed in terms of how it benefits the community. | • Small business owners lack recognition for their cultural and social contributions to the community of Chelsea and need to be recognized and valued for their commitment to help, educate, guide, and support the community.  
• Many Latino small business owners lack reliable information and guidance in Spanish about most administrative and/or regulatory processes. | Recommendation # 3  
Nurture leadership skills and foster the development of small businesses. |
| Small business owners expressed frustration about the ways in which grants, licensing, and other administrative processes are conducted. | • Small business owners ask for clarity about how financial and administrative processes are conducted.  
• Latino small business owners lack reliable information and guidance in Spanish about most administrative and/or regulatory processes. | Recommendation # 4  
Facilitate the understanding of regulations, guidelines, deadlines, and other administrative processes and provide bilingual resources to non-English speakers. |
| We found a lack of trust in governance and feelings of being undervalued. Participants felt neglected by the City administration and some expressed feelings of abandonment. | • Small business owners lack a person of contact (or staff within the City administration) willing to talk to them and show them respect and appreciation for their cultural and socioeconomic contributions to the city. | Recommendation # 5  
Explore opportunities to partner with CBOs (community-based organizations) to identify an outreach coordinator. |
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ACKNOWLEDGEMENTS

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APPENDIX

Appendix I: Small Business Owners Individual Interview Questions Protocol

Rationale for pursuing a small business or self-employment or entrepreneurship:
1. What education or training helped you prepare for running your small business?
2. What other factors impacted your decision to start your business? Probing questions: family experience in the business; joined with friends who have experience in the business; mentoring/coaching from friends or family?

Informal and formal start-up costs:
3. What financial support strategies did you use to help start your small business?

Relationship with community and local-based organizations:
4. What community or outside resources have you used to support your small business?
5. Why have you used those and not others?
6. What have made you deter from using certain resources?

Informal and formal survival strategies:
7. How have you been able to keep your business running?
8. What financial strategies have you used and which ones have been the most effective?

Marketing, Social Networking, and Social Media Strategies
9. Have you used any marketing strategies? Probing: TV advertising, local newspapers, social media, word of mouth? How is efficacy measured? What have been the results?

Location/ethnic enclave and rates of success:
10. What are the advantages or disadvantages of having your small business in Chelsea, Mass.?

Barriers and Access to Tools and Infrastructure
11. Which types of barriers have been most challenging in starting up and/or running your business (for example, training in how to run a business; costs of space; permitting; access to financing; others)?
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| Small business owners are struggling financially with the uncertainty brought up by the Covid-19 pandemic. | Small business owners in Chelsea are in urgent need of payroll and rent relief, as well as Covid-19-related protective gear and cleaning supplies at wholesale cost. | Recommendation #6  
Offer programs to address immediate needs created by the COVID-19 pandemic. |
| A variety of initiatives are needed to support small businesses beyond the COVID-19 crisis. | | Recommendation #7  
Increase the availability of financial programs to address short- and mid-term needs of small businesses owners. |

### ACKNOWLEDGEMENTS

This study would not have been possible without the collaboration of small business owners in Chelsea and many other individuals representing various organizations who gave us their time and opinions during the highly stressful times of the Covid-19 pandemic. We thank you for your engagement and your commitment to improving the life of the community of small business owners in Chelsea.

### APPENDIX

#### Appendix I: Small Business Owners Individual Interview Questions Protocol

**Rationale for pursuing a small business or self-employment or entrepreneurship:**
1. What education or training helped you prepare for running your small business?
2. What other factors impacted your decision to start your business? Probing questions: family experience in the business; joined with friends who have experience in the business; mentoring/coaching from friends or family?

**Informal and formal start-up costs:**
3. What financial support strategies did you use to help start your small business?

**Relationship with community and local-based organizations:**
4. What community or outside resources have you used to support your small business?
5. Why have you used those and not others?
6. What have made you deter from using certain resources?

**Informal and formal survival strategies:**
7. How have you been able to keep your business running?
8. What financial strategies have you used and which ones have been the most effective?

**Marketing, Social Networking, and Social Media Strategies**
9. Have you used any marketing strategies? Probing: TV advertising, local newspapers, social media, word of mouth? How is efficacy measured? What have been the results?

**Location/ethnic enclave and rates of success:**
10. What are the advantages or disadvantages of having your small business in Chelsea, Mass.?

**Barriers and Access to Tools and Infrastructure**
11. Which types of barriers have been most challenging in starting up and/or running your business (for example, training in how to run a business; costs of space; permitting; access to financing; others)?
12. What resources could best help to solve those barriers?
13. What are your biggest challenges related to workers in your business?
14. What resources could best help with those challenges?
15. Right now, in two years, and in five years, what are the biggest challenges to your business?
16. In the short term, what types of services, supports or other resources would be most helpful to help you expand and grow your business in Chelsea?
17. What could help you access these services, supports, or resources?
18. In the long term, what types of services, supports, or other resources would be the most helpful to help you expand and grow your business in Chelsea?
19. What could help you access these services, supports, or resources?

End of the interview:

20. Is there anything you would like to add or any answer you would like to expand on?

Appendix II: Focus Group Questions Protocol with Small Business advocates

1. In what capacity does your organization work to support small business in Chelsea?
2. How would you characterize the small business community in Chelsea? What is it most known for? What are its major activities? Where is it thriving?
3. What are some of the areas in which small businesses in Chelsea need the most assistance?
4. What gaps in services can you identify, and how urgent are they? What types of tools or resources are most needed?
5. What challenges/barriers does your organization experience that prevent you from providing greater assistance to small businesses in Chelsea?
6. What factors would significantly increase community access to the tools or resources provided by your organization?
7. What kinds of programs and resources are needed to help you support the development and sustainability of small business in Chelsea?

REFERENCES


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References


