

# California Rebuilding Fund Insights



# Welcome to Your 60dB Results

These loan recipients are the customers of 12 CDFIs that together processed 1,334 loans between Jan 2021 – June 2022 and distributed \$73 million in COVID relief to small businesses.

Between June – September 2022, we spoke to 287 California Rebuilding Fund loan recipients.

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# Project Summary

60 Decibels is partnering with CRF USA, Calvert Impact Capital and Kiva to understand the impact of the California Rebuilding Fund on small businesses who received loans from the Fund. Partner Organizations came together, via an innovative structure and collaborative funding model, to better understand and address common challenges in accessing and deploying capital for historically underserved communities.

By hearing directly from small business owners about their experience and outlook, banks, investors, and policymakers can be responsive and supportive in preserving businesses and jobs.

Our aim was to understand the impact of the California Rebuilding Fund by listening directly to those impacted by receiving loan capital from the Fund.

## Partner Organizations



# Headlines

Here are the most interesting findings from interviews with 287 small business owners in California.

## What capital options did small businesses have in California?

**The California Rebuilding Fund loan served many first-time business borrowers.**

- 46% have never borrowed money for their business prior to applying for this loan
- 66% have never applied online for a business loan prior to this experience
- 63% indicate they could not have easily found a good alternative to the California Rebuilding Fund loan

## What impact did the loan have on small businesses in California?

**The California Rebuilding Fund loan served as a critical capital injection for many businesses.**

- 68% report they can better manage their finances now than before receiving the loan
- 67% say their ability to maintain jobs has increased because of the loan
- 77% say their stress levels related to finances has decreased as a result of the loan
- 21% believe they would have closed permanently if not for accessing the loan

## How well equipped are small businesses moving forward?

**Additional capital support is an anticipated need for most respondents.**

- Of the 94% who reported having cash reserves, the average amount in reserve was enough to cover 5 months' worth of business expenses
- 64% reported they will need additional capital in the coming 12 months
- 27% would use it as working capital; 22% for hiring more staff; 21% for expanding their business

# Key Insights We Set Out to Answer

## ● Who Did The California Rebuilding Fund Reach?

- > Demographic Profile
- > Business Profile

## ● Accessing Capital

- > Prior Access to Business Loans
- > Availability of Alternatives
- > Comparison to Online Lenders
- > Important Loan Characteristics
- > Loan Application Improvements

## ● Experience

- > Satisfaction
- > Application Experience

## ● Impact

- > Changes on Employees' Quality of Life
- > Perceived Impact
- > Additionality of Loans
- > Loan Repayment

## ● Business Finances

- > Cash Reserves
- > Financial Inclusion
- > Additional Capital Support
- > Property Ownership

“[CA Rebuilding loan] was fairly easy to apply for and it seems to be easier to get approved for funds. It's easier to apply for the loan rather than a credit card or anything from a bank.”

- Female owner

# Demographic Profile

California Rebuilding Fund loans were designed to provide underserved communities with emergency capital.

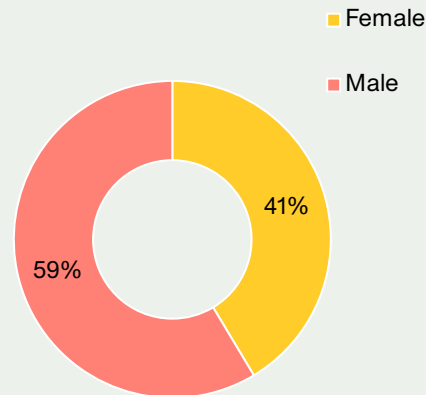
Based on demographic data provided with the sample, which was gathered from business owners during the application process, it appears that more than 3 in 5 are BIPOC-owned and 2 in 5 are women-led businesses.

The survey sample is representative of the wider California Rebuilding Fund loan recipients, with more than 3 out of 5 being BIPOC-owned businesses.

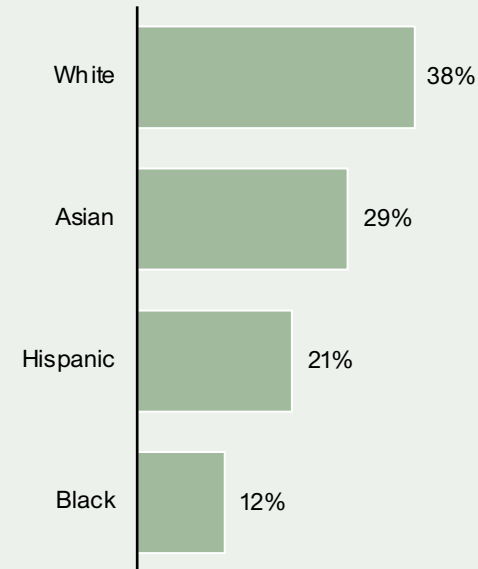
## About the Small Business Owners We Spoke With

Data relating to borrower characteristics:

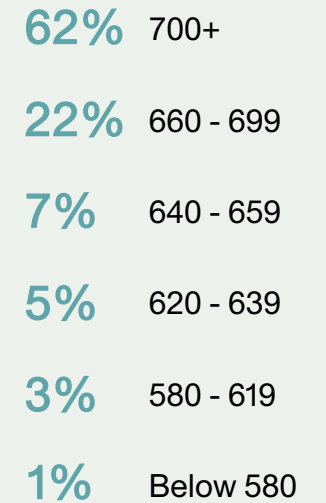
**Gender\*** (n = 263)



**Race\*** (n = 208)



**FICO Score\*** (n = 285)



\*Note: These data points were provided by CRF USA

# Business Profile

A variety of industries are well represented among the small businesses we spoke with. Professional Services is the most represented at 22%.

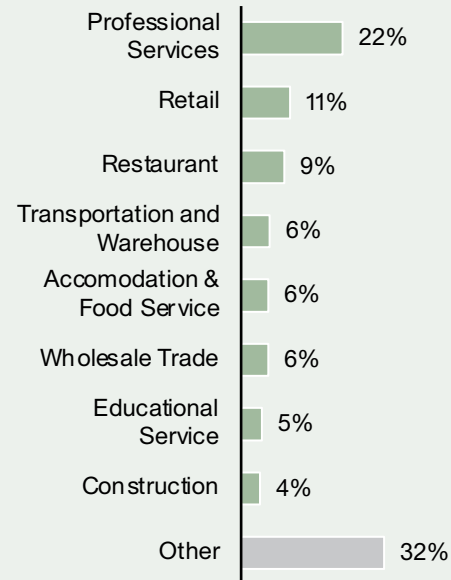
While the median number of employees has not changed between the time of application and the survey date, the average number of employees increased from 4 to 7. This could indicate businesses are beginning to recover from the effects of COVID-19.

91% of respondents have been in business at least 3 years and 49% had revenues less than \$250k.

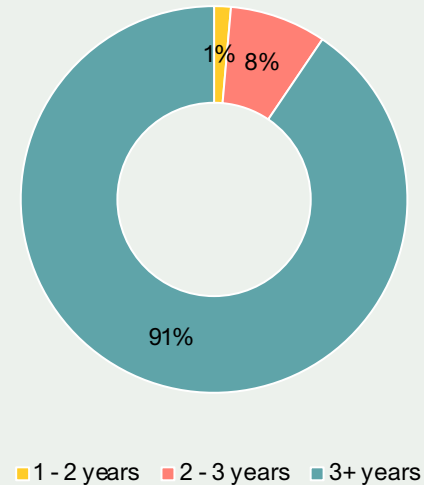
## About the Small Businesses We Spoke With

Data relating to borrower characteristics: (n = 287)

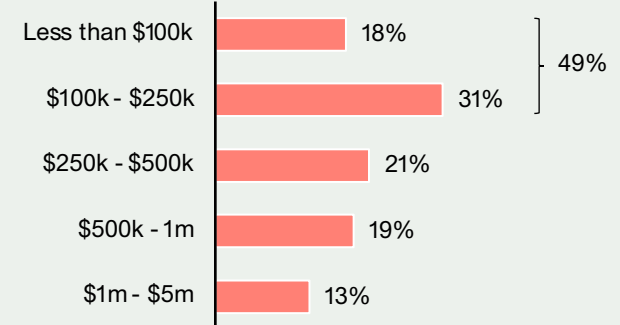
### Top Industries\*



### Tenure\*



### Revenue\*



### Number of Employees

**4** Average number of employees at application

**7** Average number of employees at survey

\*Note: These data points were provided by CRF USA



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- > Property Ownership

“The fact that you guys are able to do these loans for us who are struggling is very helpful...You follow the steps and you get your loan.”

- Female owner

# Accessing Business Loans

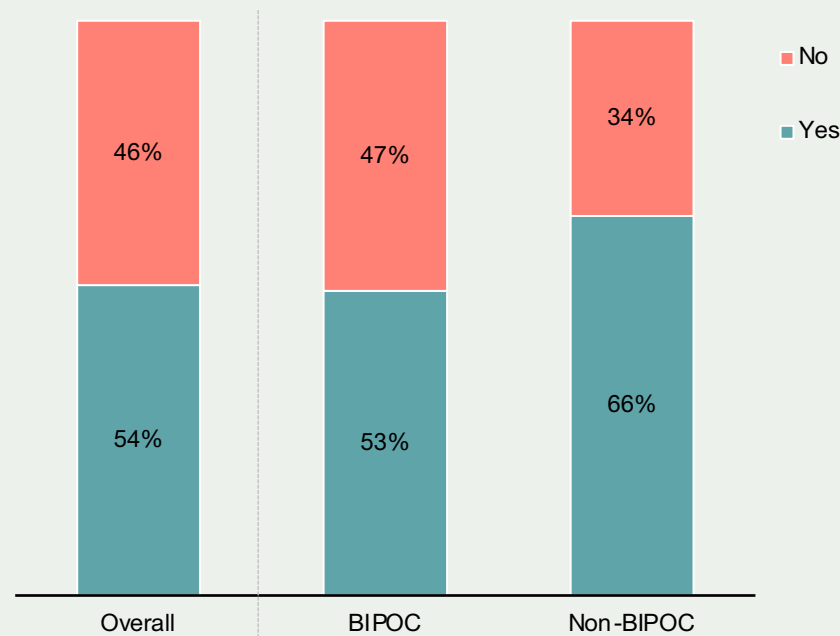
We wanted to understand the capital landscape of small business owners in California by asking if they had ever borrowed money for their business.

BIPOC-owned businesses are less likely (53%) to have borrowed money previously compared to their White (66%) counterparts.

More than half of the respondents we spoke with are borrowing money for their business for the first time with the California Rebuilding Fund loan.

## Business Loan

Q: Have you ever borrowed money for your business before applying for this loan? (n = 287\*, 129 BIPOC, 79 White)



\*Note: Overall n value includes both BIPOC and Non-BIPOC respondents, as well as those who did not disclose their race.

# Availability of Alternatives

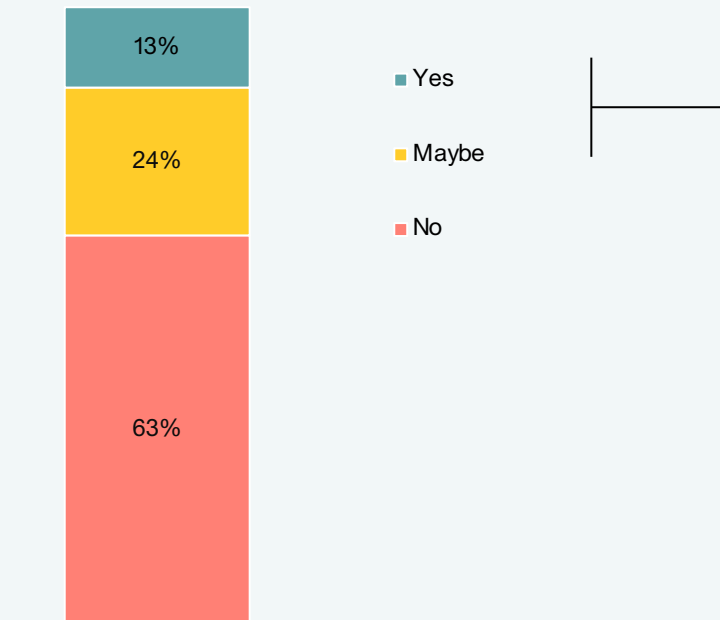
Availability of alternatives provides insight into the competitive landscape and the degree to which the California Rebuilding Fund is providing a scarce product/service.

For the one third of respondents who could find an alternative, 26% would most likely turn to the SBA or another bank loan.

Over 2 in 3 respondents indicate they could not have found a good alternative to the California Rebuilding Fund loan.

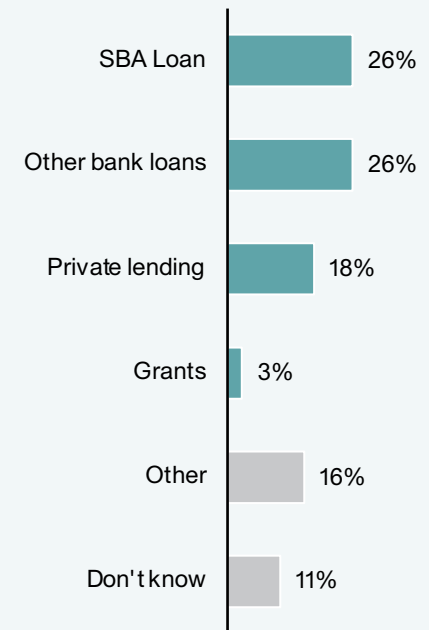
## Access to Alternatives

Q: Could you easily have found a good alternative to the California Rebuilding Fund loan? (n = 287)



## List of Alternatives

Q: What would that alternative be? (n = 38)



# Comparison to Online Lenders

2 in 3 respondents have never applied for an online business loan prior to the California Rebuilding Fund.

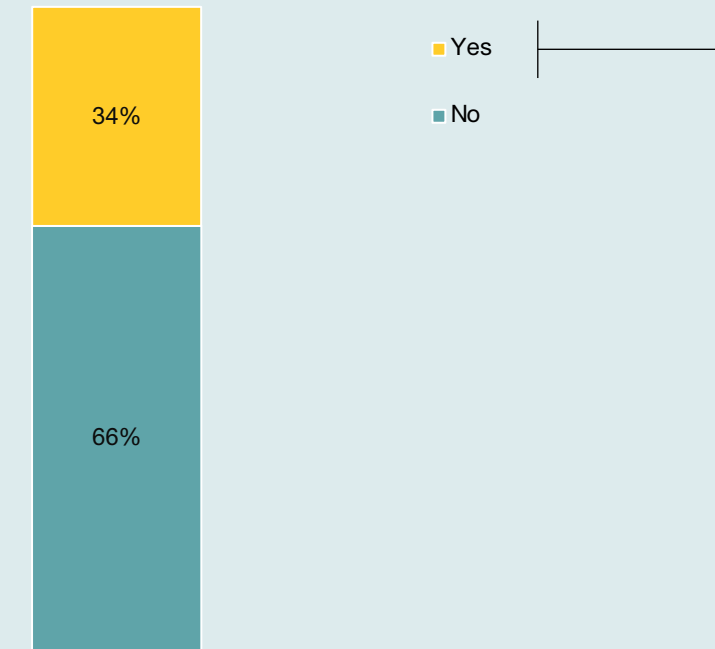
For most respondents, the California Rebuilding Fund loan was their first experience applying online for a business loan.

Female respondents have slightly less experience (73%) applying for online loans as compared to male respondents (62%).

For the 34% who had prior experience with an online lender, over half report a better overall experience with the California Rebuilding Fund loan.

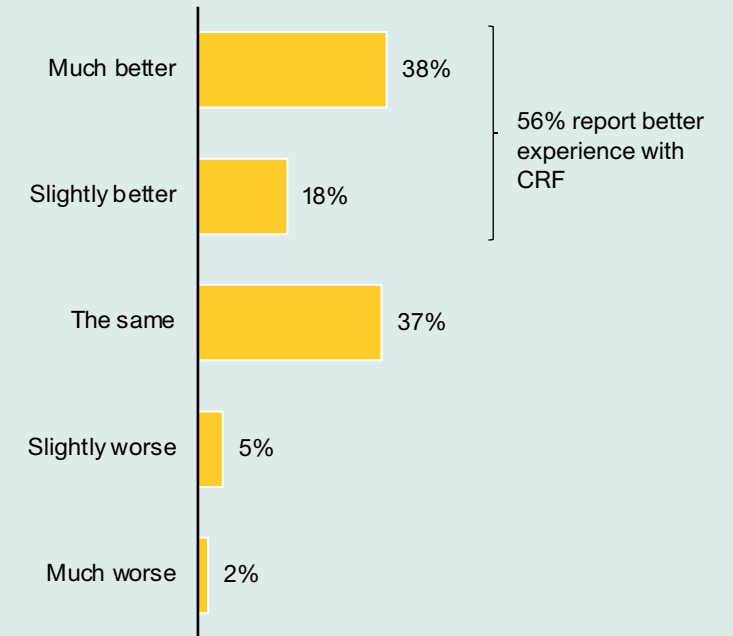
## Prior Application for Online Business Loan

Q: Have you ever applied for an online business loan? (n = 287)



## Comparison to Other Lenders

Q: How did your experience with California Rebuilding Fund's online application compare with other online lender(s)? (n = 98)



# Important Loan Characteristics When Applying

Respondents cite a low interest rates & quick approval processes as the most important loan characteristics when applying for the California Rebuilding Fund loan.

We asked respondents to choose what was most important to them when they applied for the loan.

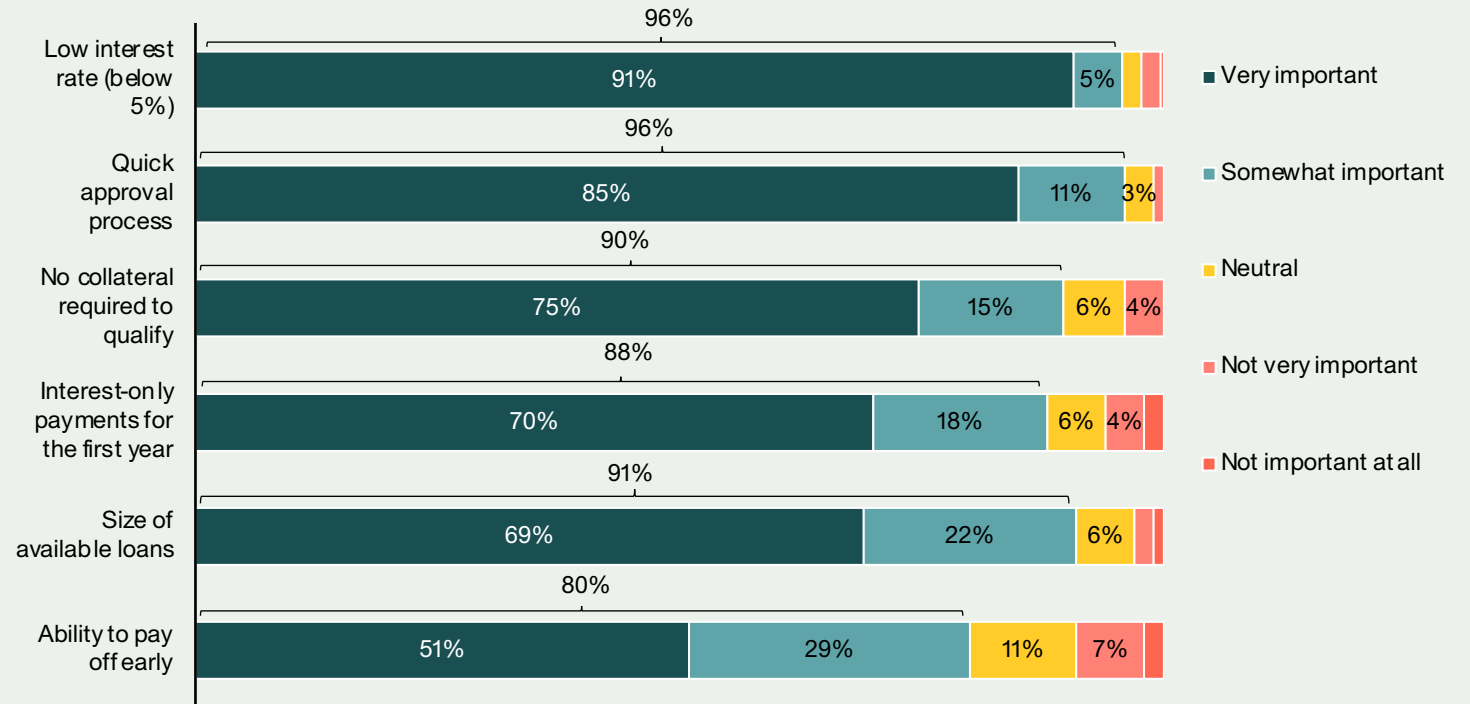
96% report low interest loans as an important consideration, 96% want fast loan approval, and 90% don't want to provide collateral to qualify.

These results highlight the importance of favorable financial loan terms when designing financial products for CA small businesses.

How can these results be integrated into designing future financial products?

## Most Important Loan Characteristics

Q: When applying for the California Rebuilding Fund loan, how important were the following for you? (n = 287)



# Loan Application Improvements

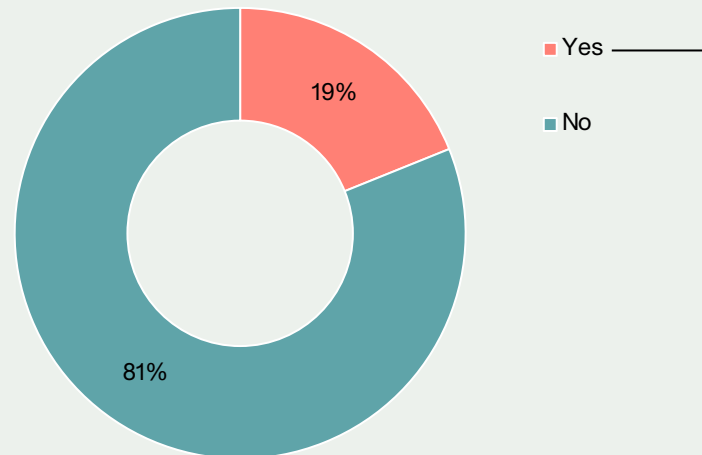
81% of loan recipients don't think the online application process could be improved.

Of the 19% who said the application could be improved, 19% mentioned they want improvements to the user experience and 17% wanted clearer instructions.

1 in 5 respondents have a suggestion for improving the online application.

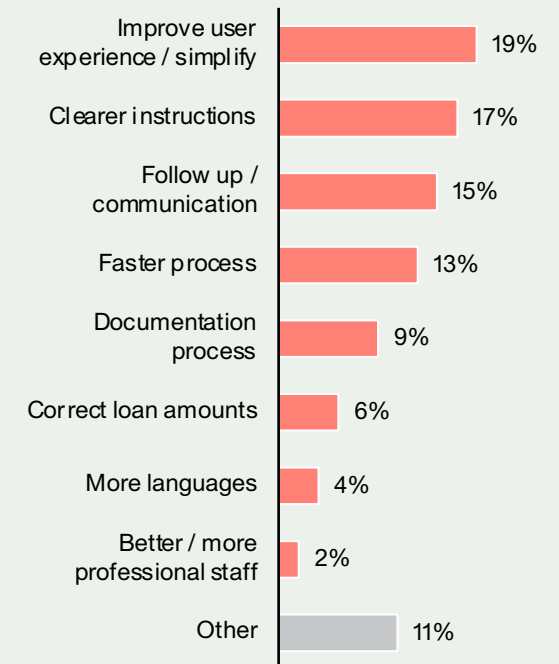
## Loan Application Improvements

Q: Is there anything about the online application that you think could be improved? (n = 287)



## Suggested Improvements

Q: Please explain: (n = 54)



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  - > Changes on Employees' Quality of Life
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  - > Additional Capital Support
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“Most of us in the business were looking for funds during the pandemic. The difference for us was that we were able to talk to people.” - Male owner

# Customer Satisfaction: Net Promoter Score

California Rebuilding Fund has a Net Promoter Score<sup>®</sup> of 71, which is excellent and suggests that borrowers are satisfied.

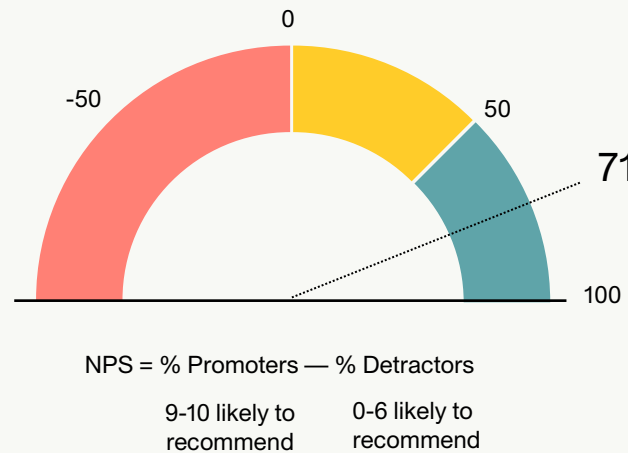
The Net Promoter Score<sup>®</sup> is a gauge of satisfaction and loyalty. Anything above 50 is considered excellent. A negative score is considered poor.

Asking members to explain their score demonstrates what they value and what creates dissatisfaction. This follows on the next slide.

We found no major differences by gender or race.

## Net Promoter Score<sup>®</sup> (NPS)

Q: On a scale of 0 to 10, where 0 is very unlikely and 10 is very likely, how likely are you to recommend working with California Rebuilding Fund to a friend or family? (n = 284)



**60 Decibels Global average**      **43**  
500+ companies

**United States average**      **53**  
32 companies

**Financial Inclusion average**      **43**  
140 companies

**CDFI average**      **69**  
6 companies

# NPS Drivers

Promoters value the easy process, the favorable interest rates, and helpful staff.

78% are Promoters :)

## They love:

1. Easy process  
(48% of Promoters / 35% of all respondents)
2. Favorable interest rates  
(28% of Promoters / 21% of all respondents)
3. Helpful staff  
(19% of Promoters / 14% of all respondents)

“Easy to apply, interest rates are low and terms to pay are really low.”  
- Male owner

### Tip:

Highlight the above value drivers in marketing.  
Promoters are powerful brand ambassadors — can you reward them?

15% are Passives :\

## They like:

1. Good customer experience  
(21% of Passives / 3% of all respondents)
- But complain about:**
1. Slow process  
(5% of Passives / 1% of all respondents)

“The rep I was working with was very helpful and you know, clearly listened to what my needs were.” - Male owner

### Tip:

Passives won't actively refer you in the same way that Promoters will.  
What would it take to convert them?

7% are Detractors :(

## They want to see:

1. Better communication  
(26% of Passives / 2% of all respondents)
2. Bad repayment terms  
(11% of Passives / 1% of all respondents)
3. Lack of transparency  
(11% of Passives / 1% of all respondents)

“Transparency, as far as expectations when your paying the loan back.”  
- Male owner

### Tip:

Negative word of mouth is costly.  
What's fixable here?

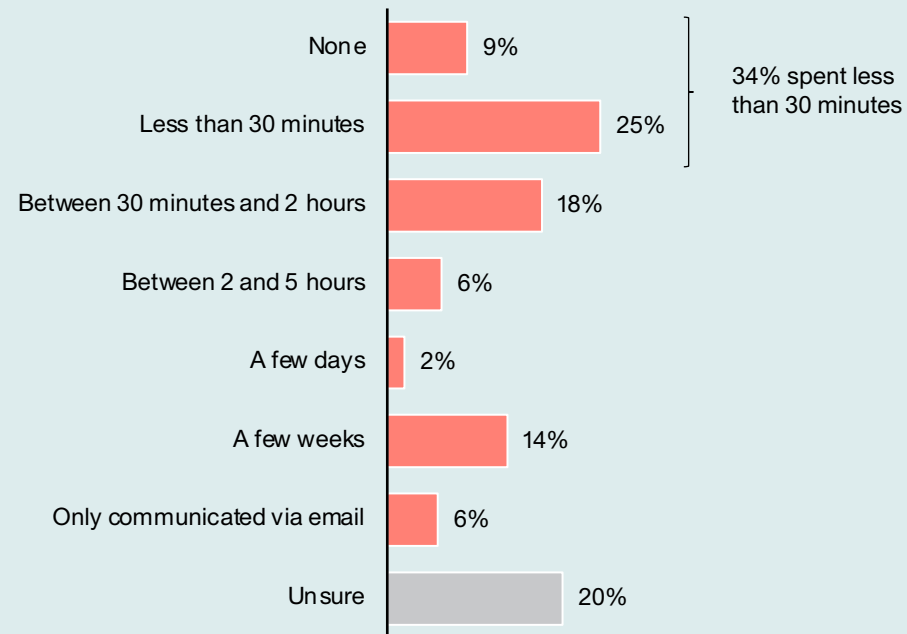
# Time Spent On Loan Application

One-third of loan recipients report an agent from the CDFI spent less than 30 minutes with them on the loan application.

The loan application process was efficient for applicants and CDFIs.

## Time Spent

Q: How much time, approximately, did an agent from [CDFI] spend with you on your loan application?  
(n = 270) Open-ended, coded by 60 Decibels.



# Application Experience

Over 9 in 10 recipients agree that loan terms are clear and understandable, and that loans were disbursed quickly.

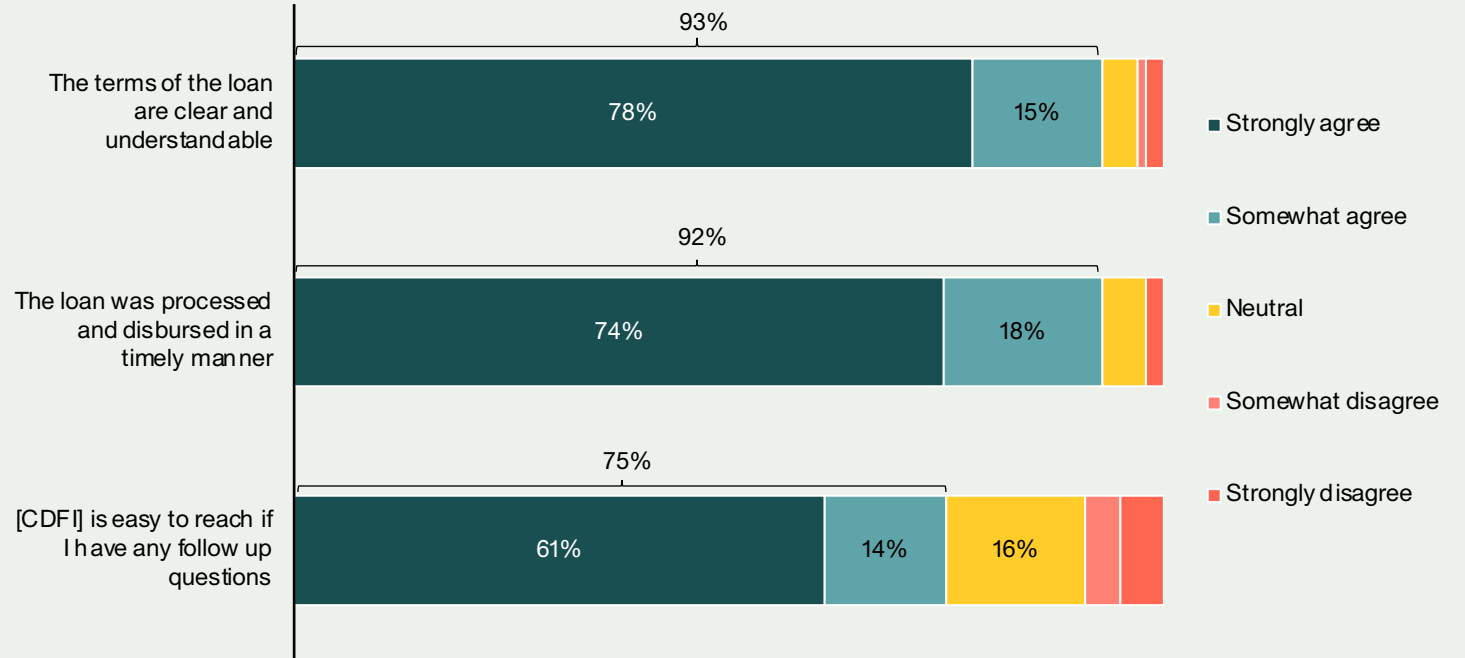
The majority of recipients had positive experiences with the lending organizations. More than 9 in 10 agree that loans were processed in a timely manner and that the terms are clear and understandable.

The only area which could use improvement moving forward is related to the human interaction; recipients would like an easier follow up experience.

We found no differences between genders or race.

## Application Experience

Q: To what extent do you agree or disagree with the following statements: (n = 287)



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## ● **Impact**

- > **Changes on Employees' Quality of Life**
- > **Perceived Impact**
- > **Additionality of Loans**
- > **Loan Repayment**

## ● Business Finances

- > Cash Reserves
- > Financial Inclusion
- > Additional Capital Support
- > Property Ownership

“The agent that helped us was extremely knowledgeable and friendly and took the time to help us. We were one of last recipients for the rebuilding fund loan and 0 interest loan and we were down to the wire with just around \$100,000 available...”

- Female owner

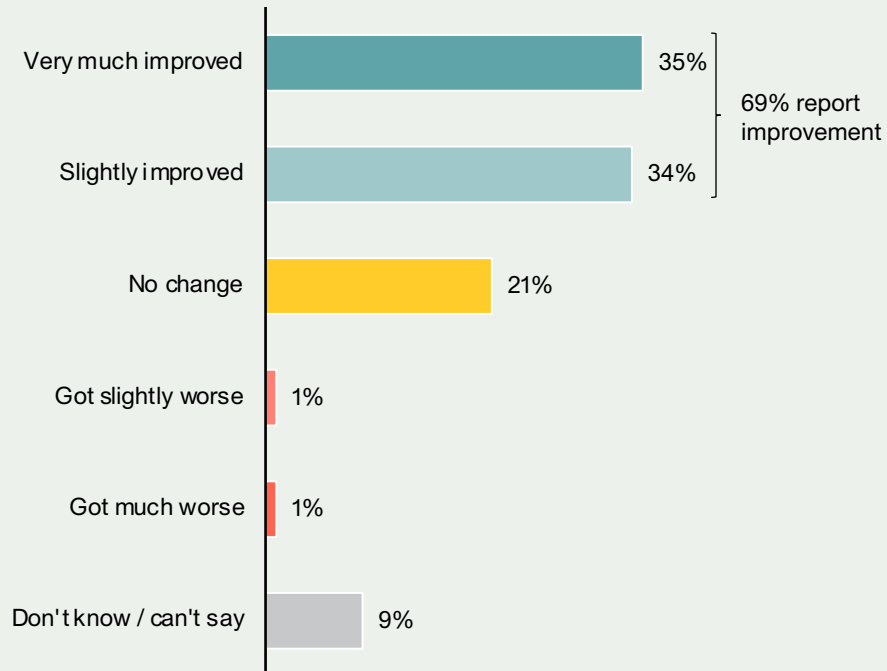
# Employee Quality of Life

To gauge depth of impact, we asked recipients to reflect on whether their employees' quality of life has changed because of the California Rebuilding Fund loan.

Nearly 7 in 10 recipients indicate their employees' quality of life has improved as a result of receiving the California Rebuilding Fund loan.

## Perceived Quality of Life Change

Q: Have your employees' quality of life changed because of the loan? Has it: (n = 278)



### Very Much Improved

“I think we are able to pay our staff and be able to promote some employees that have been qualifying for a promotion.” - Female CEO

### Slightly Improved

“I didn't have to lay people off. I was able to put together new systems to make things easier at the office.” - Male CEO

### No Change

“No change in a good way. Still continue doing business as normal.” - Male owner



# Employee Quality of Life: Top Outcomes

Recipients were asked to describe – in their own words – the positive changes their employee’s were experiencing because of the California Rebuilding Fund loan.

The top outcomes are shown on the right.

Others included:

- Salary increases (12%)
- Ability to afford rent / mortgage (11%)
- Stability (9%)
- Improved working conditions (7%)

Recipients talk about their employees keeping their job, maintaining peace of mind, and being able to purchase supplies and equipment for the business because of the California Rebuilding Fund loan.

## Top Three Self-Reported Outcomes for 68% of Recipients Who Say Employee Quality of Life Improved

Q: Please explain how your employee’s quality of life has improved. (n = 190, multiple responses allowed). Open-ended, coded by 60 Decibels.

36%

spoke about **covering payroll and keeping employees**

(23% of all respondents)

“It was good because I kept on paying them, when I got the loan I told them not to worry, I could keep paying them.” – Female owner

17%

mentioned **peace of mind**

(11% of all respondents)

“Just given us some breathing room. I was able to not worry so much as we were going through COVID.” – Male owner

17%

mentioned **ability to purchase supplies and equipment**

(11% of all respondents)

“We were able to invest in the inventory we needed to keep doing shows.” – Male owner

# Perceived Impact

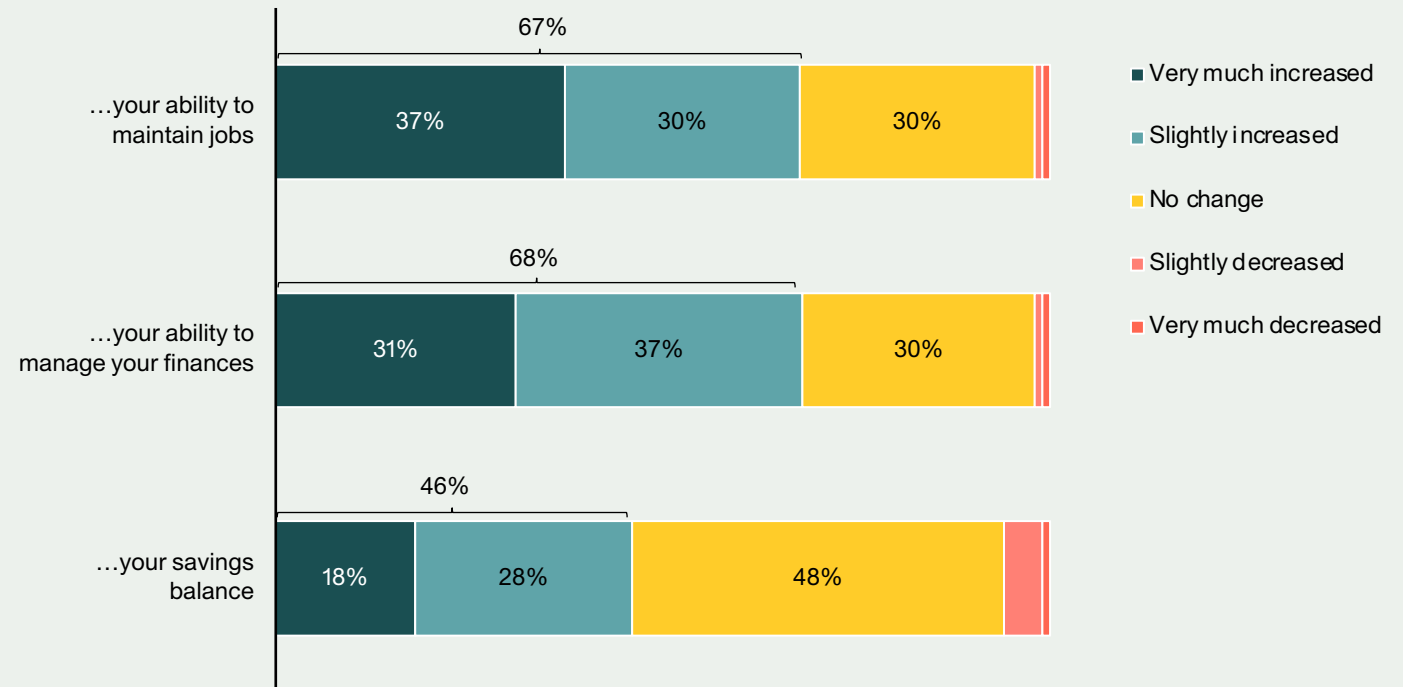
Nearly 7 in 10 respondents report an increased ability to maintain jobs and manage their finances because of the loan.

We also asked business owners to reflect on the impact of the California Rebuilding Fund loan on business operations.

Less than half of businesses report improved savings because of the loan.

## Perceived Impact

Q: Has ... changed because of the loan? (n = 287)

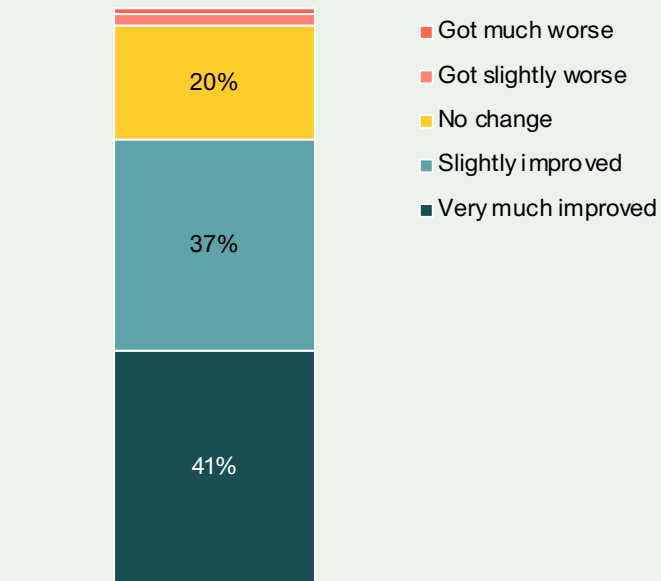


# Perceived Impact: Stress Levels

Nearly 8 in 10 respondents report improved stress levels because of the loan.

## Perceived Impact

Q: Has your stress levels relating to your finances changed because of the [cdfi] loan? (n = 287)



# Additionality of Loans

The California Rebuilding Fund loan had a significant effect on increasing owners' resiliency, maintaining staff hours, and employment.

As a way to gauge how effective the loan was at increasing small-business resilience, respondents were asked what would have happened to their business if they never gained access.

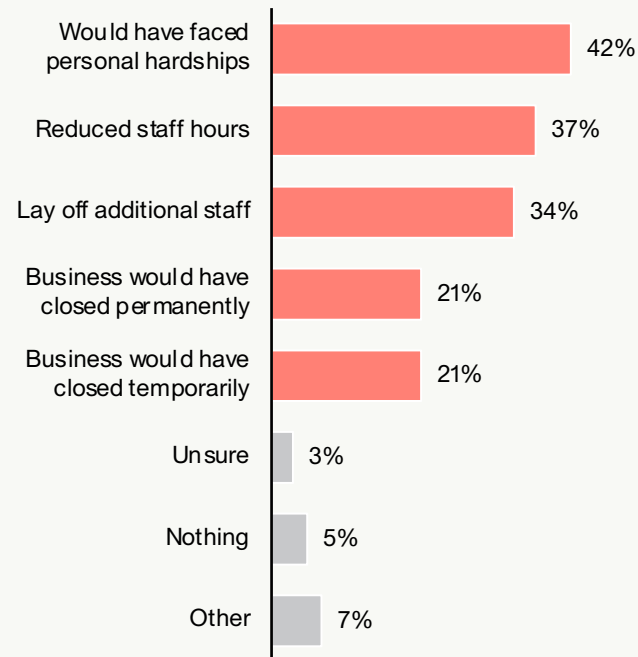
2 in 5 would have faced personal hardships, and around 1 in 3 likely would have reduced staff hours or laid off additional staff.

BIPOC clients mentioned they would have been more affected than White clients for each of these options.

Particularly, BIPOC clients were more likely to report they would have had to close either temporarily (26%) or permanently (28%) compared to White clients (10% for both)

## Business Outcomes Without Loan

Q: If you did not have access to the loan from the California Rebuilding Fund, what do you think would have happened to your business? (n = 287) *Open-ended, coded by 60 Decibels.*



# Loan Repayment

Although 1 in 3 recipients consider their loan repayment a burden, 4 in 5 are 'very confident' they will be able to repay their loan.

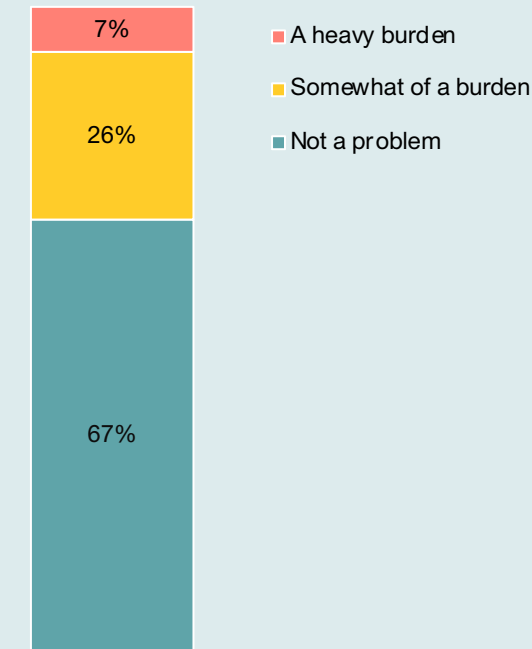
We use these two metrics to gauge recipients' potential risk of being overindebted with their California Rebuilding Fund loans.

As expected, recipients who say their loans are 'not a problem' are more likely to be 'very confident' in repaying their loan (89%) compared to those that find them to be 'somewhat of a burden' (79%) or 'a heavy burden' (35%).

There were no meaningful correlations between genders or race.

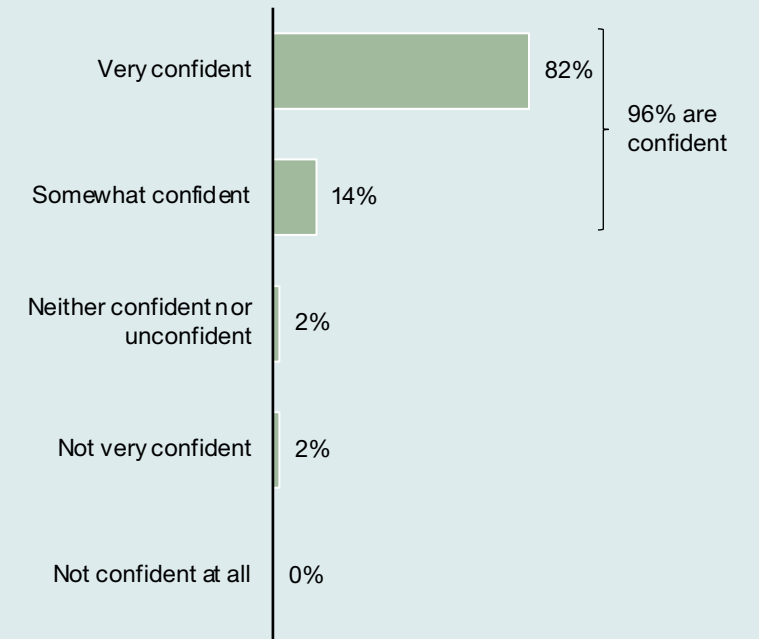
## Repayment Burden

Q: Thinking about the loan borrowing repayment, are they a heavy burden, somewhat of a burden, or not a problem? (n = 287)



## Repayment Confidence

Q: How confident are you that you will be able to repay the loan? (n = 287)



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I like that it's not a regular mainstream bank- that it helps smaller businesses. Terms and rates were very reasonable.

- Male owner

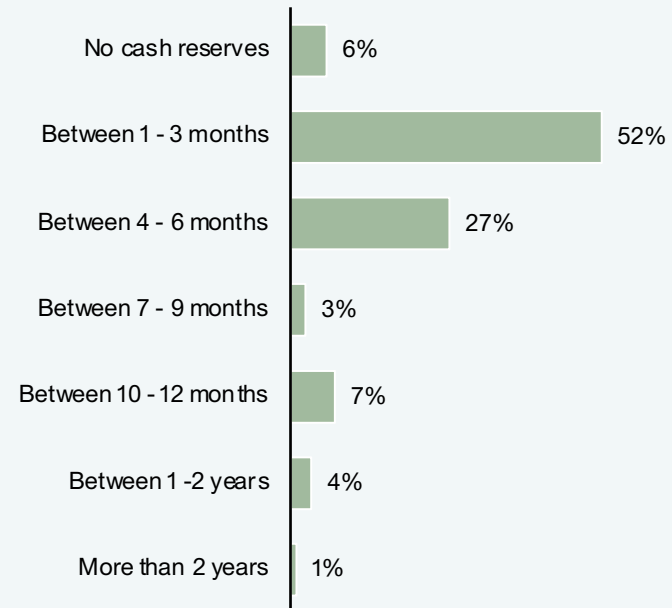
# Cash Reserves

94% of businesses we spoke with have cash reserves to cover their normal operating expenses for an average of 5 months.

We found no strong differences between genders and races.

## Months Worth of Cash Reserves

Q: Imagine your business stopped generating revenue. How long could you cover normal operating expenses with the savings / reserves you have? (n = 282) *Open-ended, coded by 60 Decibels.*





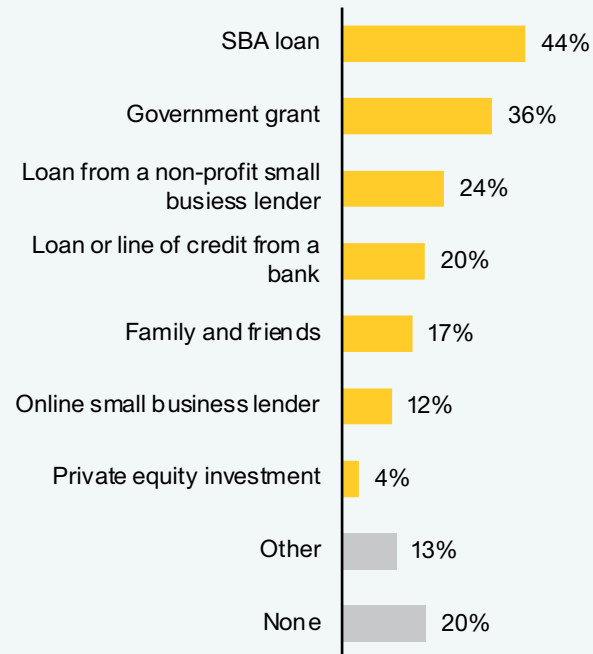
# Financial Inclusion and Sources of Capital

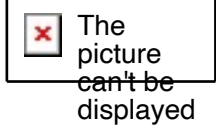
SBA loans were the most common source of capital to help their business in the past 18 months, followed by government grants and non-profit loans.

We found no strong differences between genders and races.

## Sources of Capital

Q: In the past 18 months, have you used any of the following sources of capital for your business? Please check all that apply: (n = 282), Multiple select



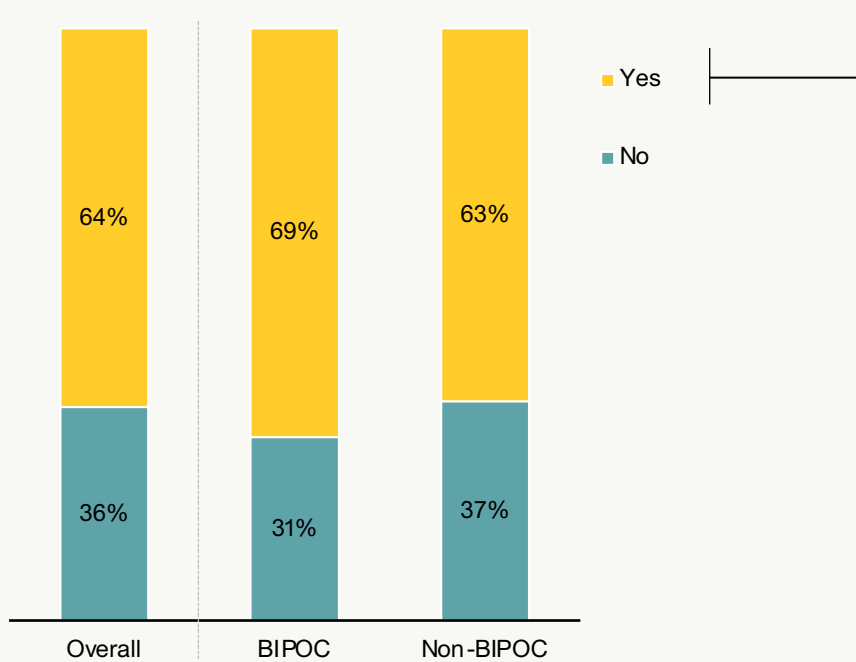


# Additional Capital

64% of businesses report they need additional capital over the next 12 months; 27% would use it towards working capital and seek an SBA or bank loan.

## Additional Capital

Q: In the next 12 months, will your business require additional capital? (n = 287)



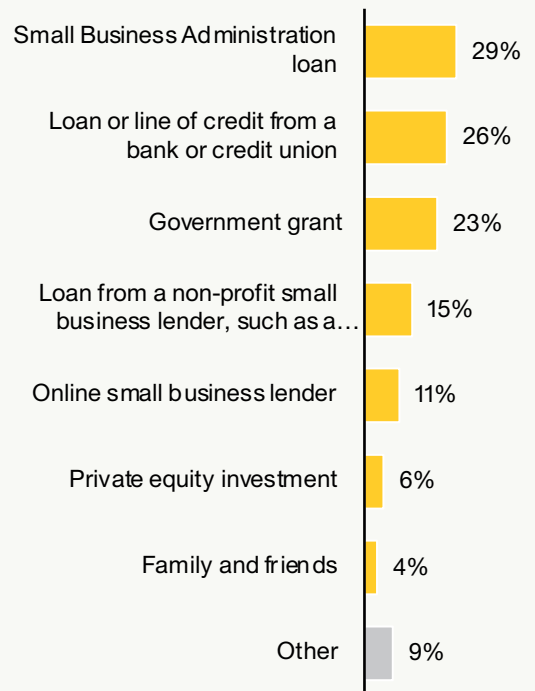
## Additional Capital Usage

Q: How would you use the additional capital? (n = 179)



## Funding Source

Q: Where would you be most likely to look for additional capital? (n = 179)



# Property Ownership

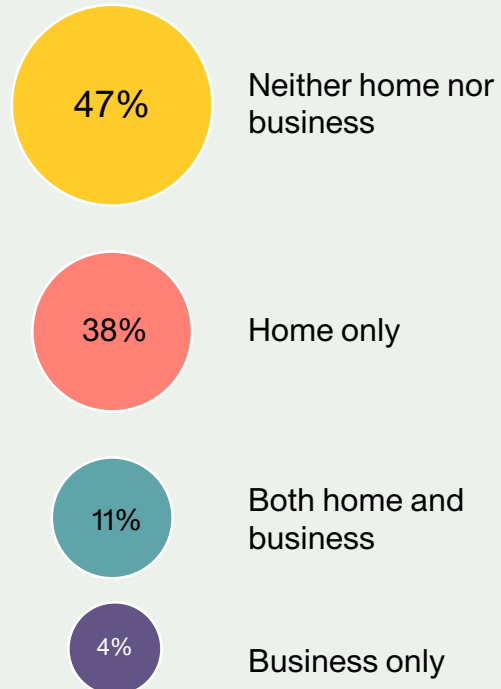
Clients that report additional capital needs in the following 12 months are more likely to not own their homes or business properties (52%) than those who do not need additional capital (39%).

Also, there seems to be a correlation between home ownership and business revenue.

Almost half of respondents own neither their home nor business property; more than half are interested in purchasing property for their business.

## Property Ownership

Q: Do you own your home or business property? (n = 287)



## Property Ownership by Business Revenue

Last year revenue	% home ownership
Less than \$100,000	24%
\$100,000 - \$250,000	32%
\$250,000 - \$500,000	41%
\$500,000 - \$1 million	44%
\$1 million - \$5 million	57%

# Appendix

- Additional Information on:
  - > Acquisition Channels
  - > Application Process
  - > Impact of COVID-19
  - > Biggest Obstacles
- Summary of Data Collected
  - > Methodology

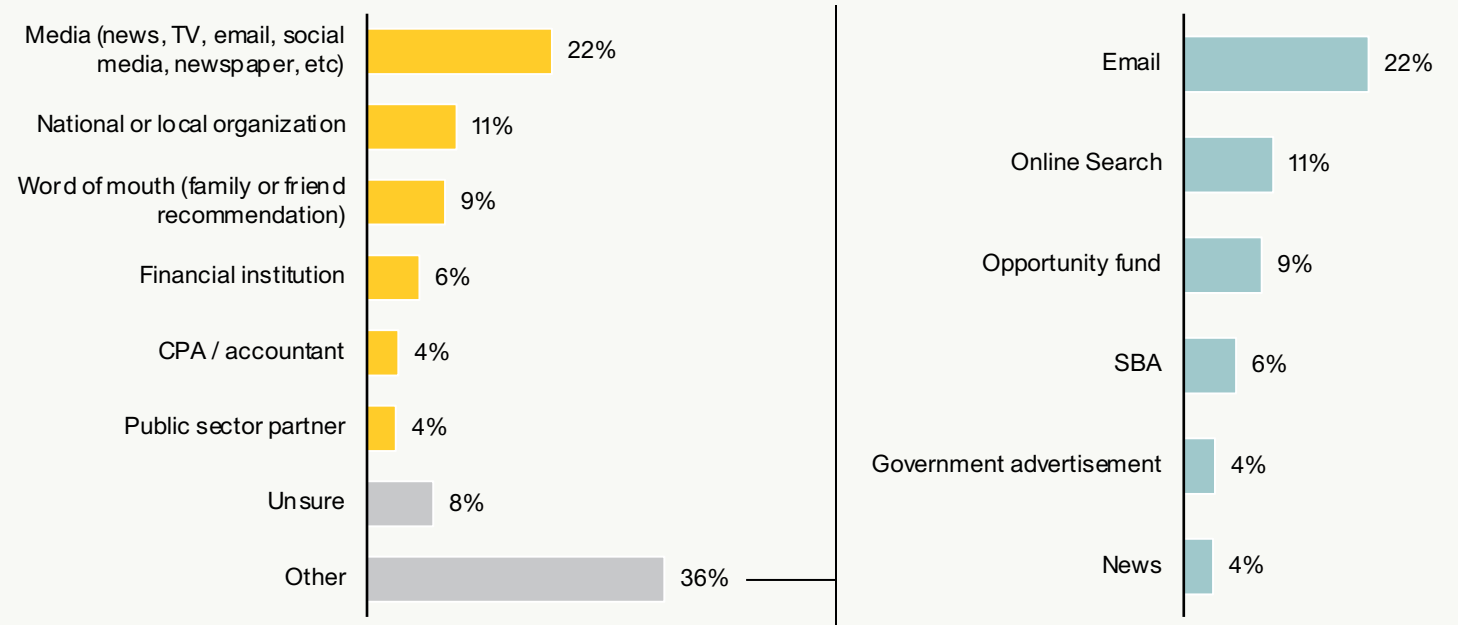
# Acquisition Channels

1 in 5 respondents first heard of the California Rebuilding Fund via the media.

To better understand the acquisition channels, we asked respondents where they first heard of the loan fund.

## Acquisition Channels

Q: How did you first hear about the California Rebuilding Fund?  
(n = 287)



# Application Process

Nearly all recipients agree that loan terms were favorable and paperwork requirements were easy to follow.

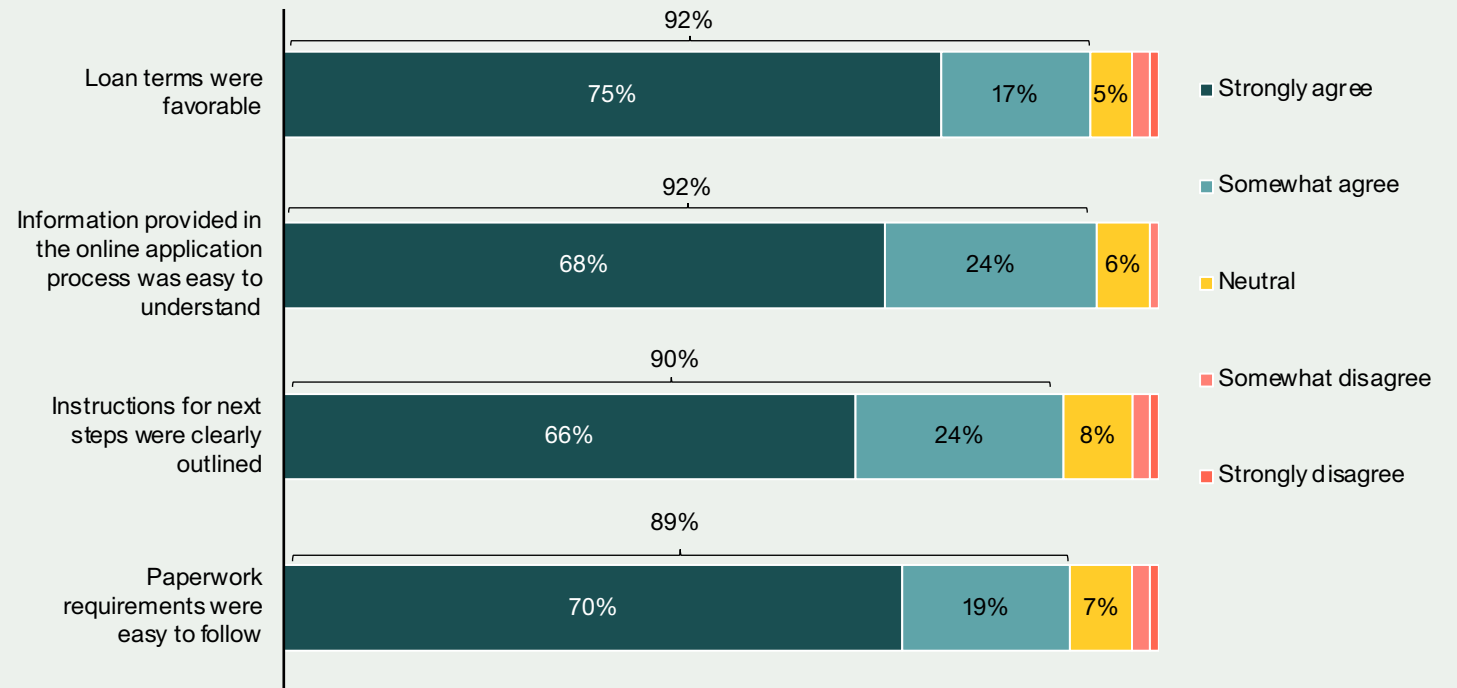
In order to see how future loan funds can improve, we asked respondents about their experience with the application process.

The majority of recipients had positive experiences with the application process.

9 in 10 agreed that information provided in the application process was easy to understand and that instructions for next steps were clearly outlined.

## Application Process

Q: To what extent do you agree or disagree with the following statements: (n = 287)



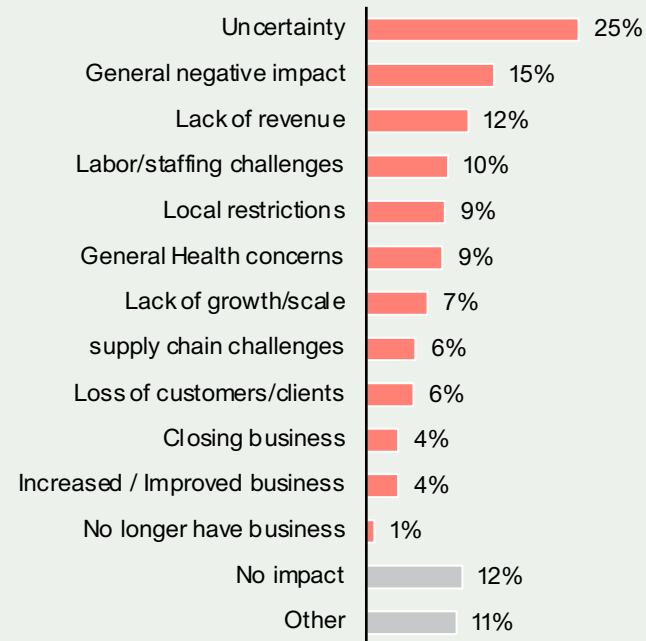
# Impact of COVID-19

We found no significant correlation between expected impact with race or gender.

1 in 4 mentioned being uncertain about how COVID would continue impacting their business in the next 12-18 months.

## Impact of COVID-19

Q: What impact do you expect COVID to have on your business in the next 12-18 months? (n = 287)



“I don't know what is going to happen how heavy it is going to come. Right now it is going to be okay. It depends on the situation compared to how it would be in the last two years. I can't do anything about it.” - Male CEO

“Unknown, because so much depends on where it's going to go. Being a florist, we have many different aspects, marriage, social, it depends on if they get shut down or not.” - Female owner

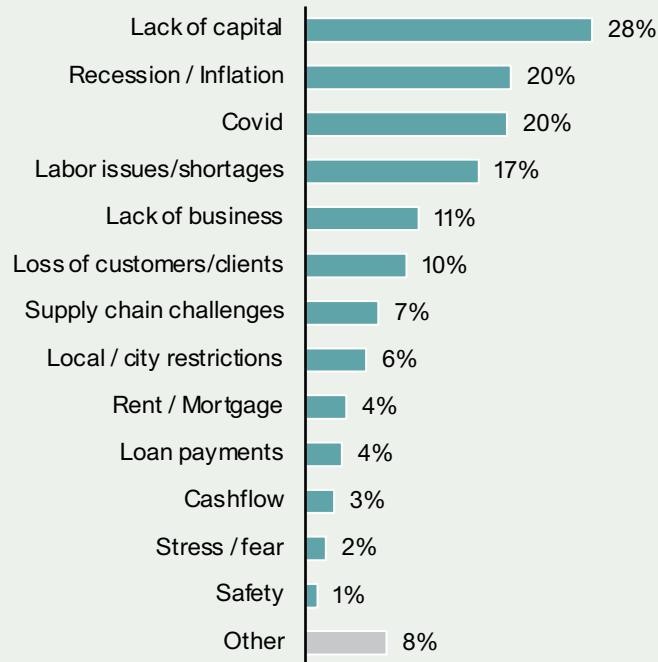
# Biggest Obstacles

Respondents reported a variety of obstacles they face at the moment with many being attributed to the pandemic.

Business owners report lack of capital and the economic situation as the biggest obstacles holding their business back from reaching its full potential.

## Biggest Obstacles

Q: What are the biggest obstacles holding your business back from reaching its full potential? (n = 251)



“Access to capital because we were able to secure 16k from [CRF] but we obviously need more than that. Accessing capital for large scale we need is definitely a barrier.”  
- Male CEO

“Money, I need more working capital for my events, free hopefully, there should have been a grant or something that was free.”  
- Female owner

“...Also the economy especially right now, when prices went up so not many people wanted our service.”  
- Gender not disclosed owner



# Appendix

- Additional Information on:
  - > Acquisition Channels
  - > Application Process
  - > Impact of COVID-19
  - > Biggest Obstacles
- Summary of Data Collected
  - > Methodology

# Summary Of Data Collected

287 phone surveys completed in June – September 2022

## Methodology

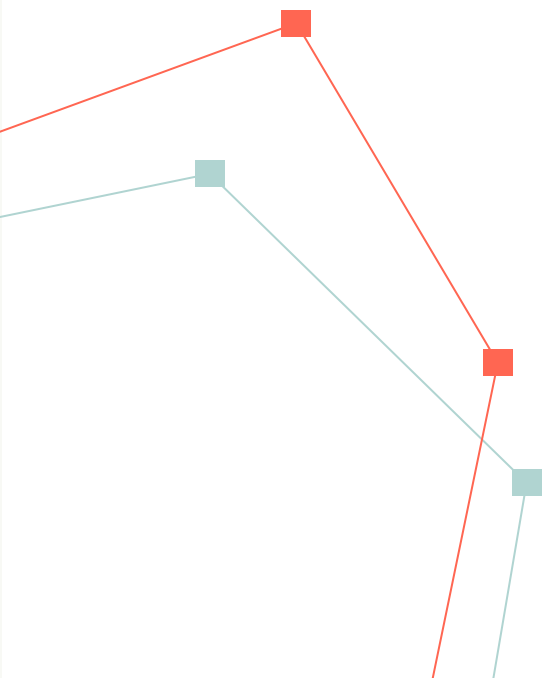
Survey mode	Phone
Country	United States
Language	English
Dates	June – September 2022
Sampling	Random sample from list of 1345

## Accuracy

Confidence Level	c. 90%
Margin of error	c. 4%

## Responses Collected

Respondents	287
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# Thank You For Working With Us!

Let's do it again sometime.

## About 60 Decibels

60 Decibels makes it easy to listen to the people who matter most. 60 Decibels is an impact measurement company that helps organizations around the world better understand their clients, suppliers, and beneficiaries. Its proprietary approach, Lean Data, brings customer-centricity, speed and responsiveness to impact measurement.

60 Decibels has a network of 750+ trained Lean Data researchers in 50+ countries who speak directly to clients to understand their lived experience. By combining voice, SMS, and other technologies to collect data remotely with proprietary survey tools, 60 Decibels helps clients listen more effectively and benchmark their social performance against their peers.

60 Decibels has offices in London, Nairobi, California, and Bengaluru. To learn more, visit [60decibels.com](https://60decibels.com).

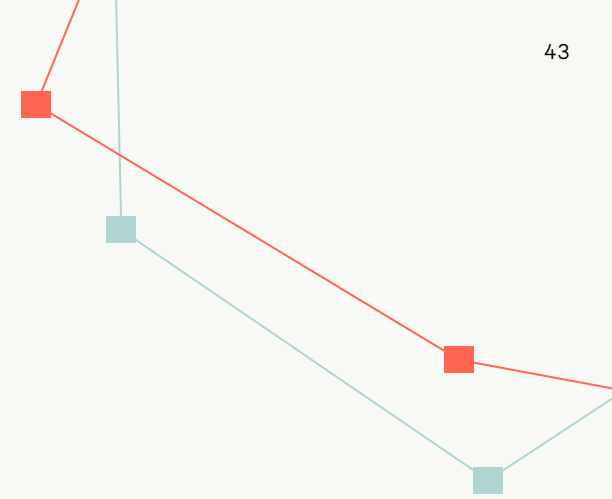
We are proud to be a Climate Positive company.

## Your Feedback

We'd love to hear your feedback on the 60dB process; take 5 minutes to fill out our feedback survey [here!](#)

## Acknowledgements

Thank you to Patrick Davis, Beth Bafford and Chris Caines for their support throughout the project.



The interest rate was good.  
It wasn't time consuming to complete.  
I didn't have to lay people off.

They  
were

>easy  
>to work with  
>and friendly

I didn't feel they  
were judgmental at  
all.

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