



The Fax Partnership East Colfax Business Needs Assessment Findings

Between March and May 2019, the Fax Partnership (the Fax) conducted a needs assessment of 215 East Colfax businesses located between Colorado Boulevard and Yosemite Street (excluding the Mayfair BID). Sixty-five businesses completed the Fax's survey, representing a 30 percent response rate.

A wide range of business sectors participated and the top five are: automotive; groceries/convenience stores; professional services, such as cleaning services, locksmiths, funeral services, insurance and staffing agencies; restaurants/coffee shops; and personal care, such as barber shops, hair salons and spas.

All participating business sectors include:

- Automotive (car dealers and repair shops)
- Grocery stores
- Convenience stores
- Professional services (cleaning services, locksmiths, funeral services, insurance companies and staffing agencies)
- Restaurants
- Coffee shops
- Personal care (barber shops, hair salons and spas)
- Nonprofits (community organizations and churches)
- Specialty shops (tattoo shops and hemp stores)
- Home & garden (hydroponics, hardware stores and nurseries)
- Medical services (dental and animal clinics)
- Bars (brewery and nightclubs)
- Liquor stores
- Marijuana dispensaries
- Motel/hotels
- Book stores
- Clothing

Participants identify themselves as speaking, in addition to English, the following languages:

- Amharic
- Spanish
- Hebrew
- Arabic
- Russian
- Burmese

Participants identify themselves within the following demographic categories (participants had the option to select all that applied):

- White (46%)
- Immigrant and/or refugee (40%)
- Women (40%)
- African American (14%)
- Hispanic or Latino (6%)
- Asian (3%)
- Veteran (2%)
- LGBTQ (2%)

This analysis contains four main sections: business information overview (such as length of time operating on East Colfax, customer base and operational plans); property ownership status, interests and challenges; business challenges; and business support, communications and promotional preferences.

Methodology

The Fax Partnership was awarded funding from the City and County of Denver's Economic Development and Opportunity in 2018. A portion of the grant supports the development and execution of a local business needs assessment. The Fax launched a business support office in January 2019.

A non-scientific survey was created in February 2019 based on benchmarking other needs assessment strategies from similar-scale cities, consulting with community partners, such as Denver's Small Business Development Center and Mi Casa Resource Center, and piloting the survey with a handful of East Colfax businesses.

The Fax promoted the survey in a variety of ways from March through May 2019:

- Forming an ambassador network of key business and community leaders as an extension of the Fax's outreach efforts.
- Creating a postcard and distributing the mailer to the 215 businesses on the East Colfax corridor (excluding the Mayfair BID).
- Meeting with nearly 150 businesses at their location, in-person (with nearly 50% of businesses visited multiple times). Average length of time per visit varied and ranged from three to 30 minutes.
- Crafting emails to more than 40 businesses that regularly use their email address.
- Sending direct Facebook posts to 10 businesses that have active social media accounts.
- Announcing the survey at the East Colfax Neighborhood Association monthly meeting in May 2019.

Sixty percent of local businesses were contacted at-minimum two different times (for example, in-person visits, email, Facebook message, mailer). One in four local businesses were contacted a minimum of three different times.

Key Findings

- East Colfax is a unique, culturally vibrant and diverse community in Denver. Survey respondents identify as speaking, in addition to English, nearly 10 different languages with 40 percent identifying as an immigrant and/or refugee and nearly 40 percent of businesses being owned or co-owned by women.
- Business owners are proud to be part of the East Colfax community where a majority of their customer base is located. Due to residential displacement, many

business owners are concerned about and interested in exploring strategies for retaining and diversifying their customer base.

- Three out of four local businesses who do not own their commercial property are either actively exploring options to purchase or are interested in learning more about how to purchase property.
- The majority of businesses on East Colfax (61%) have been operating for five years or less. The probability of survival increases with the age of a business, indicating these businesses are potentially vulnerable.
- Business owners highly value building relationships with City staff including the police.
- Business support services, including one-on-one consulting as well as group trainings and networking opportunities, are welcomed by most business owners.

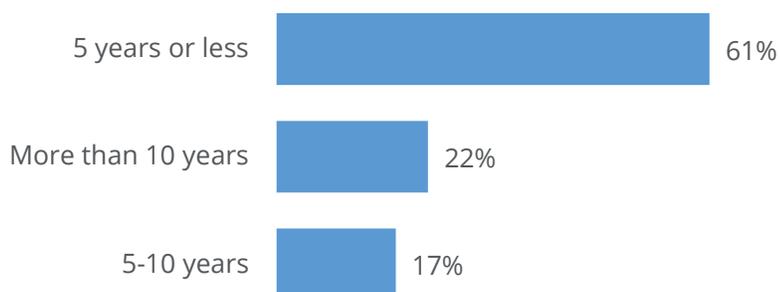
Business Information Overview

In this section, respondents provide perspective on the length of time they've operated their business on East Colfax, their customer base, and operational plans for the future.

Length of time operating business on East Colfax. As *Figure 1* indicates, of the 65 respondents, 40 (or 61%) of businesses are 5 years or younger. Seventeen percent identify as operating on East Colfax between five and 10 years. And, 22 percent say they have operated for more than 10 years.

According to the U.S. Bureau of Labor Statistics, about half of all new businesses survive five years or more and about one-third survive 10 years or more. The probability of survival increases with the age of the business. The U.S. Small Business Administration adds that nearly 66 percent of small businesses will survive their first two years (with one-third failing in the critical first two years), the main cause being lack of experience.

Figure 1.
Length of time operating a business on East Colfax



Note: n=65.

Source: The Fax Partnership 2019 Business Needs Assessment

Customer base. Nearly half (48%) say their customer base spans the Denver-Aurora boundary. A handful share that customers even travel from other cities in Colorado and other neighboring states.

Nearly one-third (31%) of respondents say that most of their customers live within 5 miles. Eleven percent of the businesses exclusively serve customers in the immediate area (within walking distance).

Overwhelmingly, participants report that the majority of their customer base is located on or near East Colfax.

One business owner states: "It is very important that I stay where I am. I provide healthy, ethnic foods to my customers who are within walking distance. Due to increased rent and an unwillingness from the landlord to sell the property to me, I worry I will have to move my business."

Another participant shares, "We realize that we will need to be flexible and possibly mobile as East Colfax continues to change. It's not our preference, but if we need to move locations, we will. Our mission is to serve our clients wherever they are."

Operational plans. Three-fourths of participants are planning to expand their business operations in the foreseeable future. Specifically, businesses are interested in growing and diversifying their customer base. Another nineteen percent are planning to stay-the-course with operations. Only one business shared that they are planning to reduce business operations.

Property Ownership Status, Interests & Challenges

In this section, participants share whether they rent or own their property. For business owners who do not own their commercial property, the survey prompts the below follow-up questions:

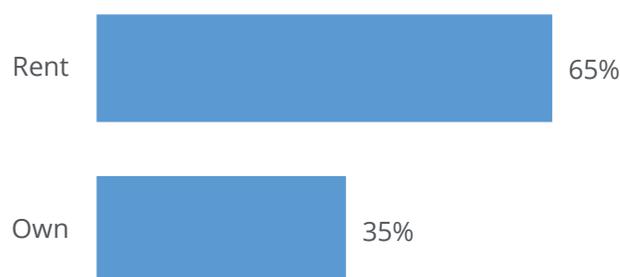
- Type of lease arrangement;
- Interest in owning property; and
- If interested, what is preventing business from purchasing.

Renters versus property owners. Per *Figure 2* below, of the 65 local businesses, 65 percent rent and 35 percent own their property.

Most participants who own their property have done so for more than five years with plans to leverage their investment as their retirement plan. Several property owners expressed the desire for better communications and customer service between City officials for responding to and complying with tax-related and building-related burdens.

- *"I've owned this property and my neighbor's property for years. This is my retirement plan. I want to make sure I am smart about when I sell and who I sell it to."*
- *"I'm planning to retire soon and would like to become the landlord, preferably renting to the same type of business which serves a great need for a vulnerable population."*
- *"I find it challenging to work with the City on building-related issues. It puts stress on me."*
- *"More transparency from the City on regulatory burdens would be helpful. There is value in bringing together city council, other City officials and local businesses to get a refresher on City policies as it relates to business and property owners."*

Figure 2.
Renters versus property owners among East Colfax businesses



Note: n=65.

Source: The Fax Partnership 2019 Business Needs Assessment

Lease arrangements. Of the 34 business (65%) who are renting, the majority are in a multi-year lease (79%). Twelve percent pay rent on a month-to-month lease, and seven percent are in an annual lease.

Three out of four local businesses that are renting are either actively exploring options to purchase property or are interested in learning more about how to purchase property.

- *"I am very interested in purchasing our property. It is important to my customers that I stay in this location. I have tried to have many conversations with my landlord. I have enough money for the down payment, yet my landlord still does not want to sell."*
- *"Our previous landlord was just bought out by a larger corporation. Since then, we have continued to experience increases in rent. They are charging us more than \$500 for maintenance, such as snow removal. It's always me and my fellow business partners*

who are doing the maintenance and general up-keep. We would greatly appreciate some support to better understand our rights as a tenant with the contract we're locked into."

- *"Our company really wants to buy the remainder of the block and expand our operations."*
- *"We have first-right-of-refusal when the owner is ready to sell. We are anxious to purchase, but we know we can't rush it and will have to wait until the owner is interested in selling."*
- *"It all depends on the price. I really wish I would have purchased the property about seven years ago when I had the chance. It has tripled in value since then."*

Local Business Challenges

In this section, participants describe the most significant challenges they face in operating their business.

Significant challenges to operating business. Local business participants were asked to select up to three significant challenges that they face as a business owner. As *Figure 3* indicates, the top five challenges are:

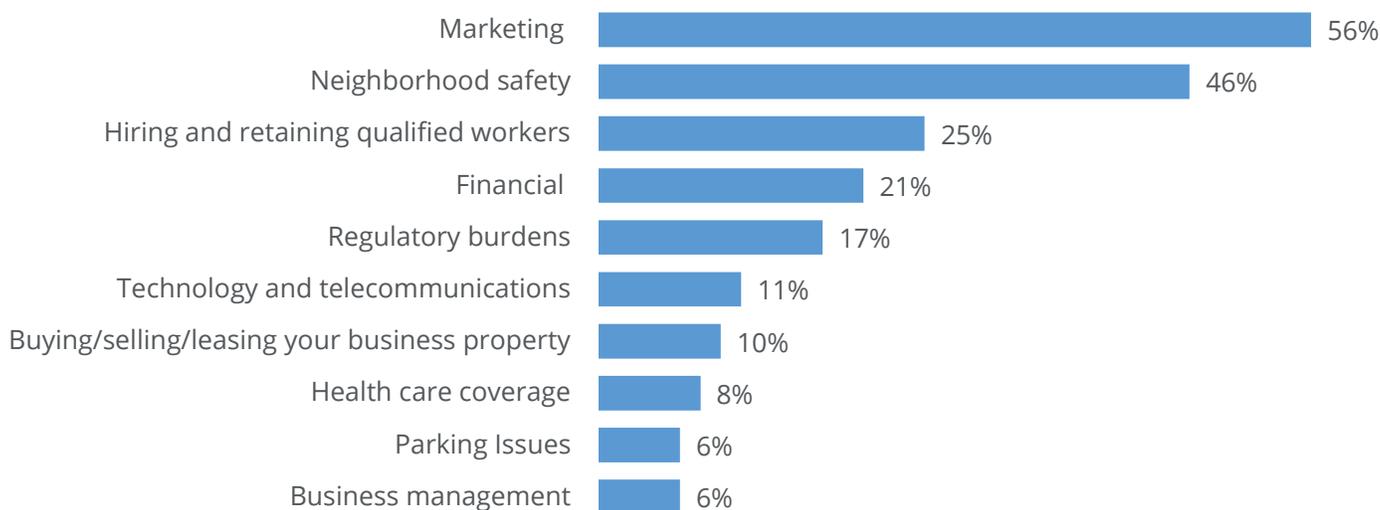
- marketing (social media, advertising or promotional activities) (56%);
- neighborhood safety (46%);
- hiring and retaining qualified workers (25%);
- financial (access to capital, paying rent or day-to-day expenses) (21%); and
- regulatory burdens (17%)

Other notable challenges involve keeping up with the fast-pace evolution of technology and becoming aware of digital platforms and other resources that support business operations. Social media was the most common technology mentioned to help market businesses to a targeted customer base. Point-of-Sale (POS) systems were most commonly mentioned to support inventory tracking and better record keeping.

- *"We don't have time or the knowledge base to invest in social media. I keep hearing that it works though."*
- *"I have had a salesperson try to sell me a POS system for the last few months. I want to make sure this is the smartest choice for my business. However, I'm unaware of the other options."*

- *“Right now, I track all of my inventory on paper. This adds so much time to my day. An understanding of how to more efficiently track inventory would be helpful.”*

Figure 3.
Significant challenges to operating a business on East Colfax



Note: n=63.

Source: The Fax Partnership 2019 Business Needs Assessment

Participants were asked to identify in a little more detail the specifics of their concerns that fall within the categories above. Survey respondents were able to choose up to three specific challenges.

Marketing, social media, advertising and/or promotional activities.

Of the respondents who chose marketing as a significant challenge, 87 percent say that retaining and growing their customer base was a specific challenge that was concerning. Seventy percent express their interest in marketing/social media/website and/or brand strategy development support. More than half (53%) of respondents share that costs required to implement marketing and advertising strategies is a challenge. Finally, a handful of businesses explain that building relationships with other likeminded businesses is important. Several themes emerged during in-person visit sessions between the Fax and business owners.

➤ **Concerns about residential displacement on East Colfax:**

- *“Many of our loyal customers are no longer able to afford to live in and around East Colfax neighborhoods. It’s more convenient now for them to get their hair cut closer to*

where they live. This is a big concern for us. Retaining and growing our customer base will be critical to our survival."

- *"Our multi-year lease is wrapping up soon. We are still deciding if we are going to sign a multi-year or yearly lease mainly because it'll be important that we run our business where our customers are living and working."*
- **Support for building and implementing marketing strategies:**
 - *"We would love support in learning how to better use social media, like Facebook and Yelp, to increase our profits. People who eat at our restaurant love our food. I want more people to learn about us and experience our food."*
 - *"As a business owner, marketing always comes last. I understand the importance, but finding the time to put towards it feels daunting sometimes."*
 - *"We've had a very niche loyal market for more than 20 years. Tapping into the younger generation and transplants who didn't grow up knowing who we are, is important for our business."*
- **Assistance in expanding business partnerships:**
 - *"We are really trying to expand our customer base by introducing individuals and families to home gardening and sustainable food practices. Partnerships with Ashley Elementary and the Denver Zoo have helped elevate our brand. We are so passionate about fresh produce and are always looking to partner with other local businesses and organizations."*
 - *"As a hemp store manager, we see lots of opportunities to partner with dispensaries on Colfax for mutually beneficial referrals. We want customers of local dispensaries, who are no longer selling CBD, to know that they can come to our store for CBD."*

Neighborhood safety. Of those respondents who chose neighborhood safety as a significant challenge, all participants say that loitering is a neighborhood safety concern. Crime, such as robbery, drug dealing, and prostitution, is a concern expressed by 73 percent of respondents and general cleanliness is expressed by 27 percent of respondents. Several themes emerged during in-person visit sessions between the Fax and business owners.

➤ **Level of safety concern is tied to the location on Colfax:**

The level of safety concern is correlated to the location on Colfax. For example, most of the participants who indicate crime as a safety concern (versus only loitering) are located east of Quebec cross street.

- *“We’ve been operating our business on Colfax for nearly 20 years. Our decision to move several blocks from our previous location was very strategic. Within one year, we increased our profit margins by nearly 40%. This was mostly due to moving out of the gang areas and an increase in customers because they felt safe again.”*
- *“I could write a Ph.D. dissertation on the social habits and behaviors of drug dealers. We’ve worked with the City to help deter drug dealers on our property. The surveillance cameras and fence have helped.”*
- *“We’ve had several rocks thrown in our windows. The cracked glass is an eye sore.”*
- *“Most families don’t feel comfortable eating dinner at my business at this location (and choose the other location on Colfax) on Friday nights due to the close proximity of drug dealers and prostitution.”*

One participant suggests adding public restrooms to help curb some loitering concerns. *“East Colfax would really benefit from public restrooms. Often times, our parking lot is used for restrooms, sleeping and drinking.”*

➤ **The value of a strong partnership between businesses owners and the City:**

Overall, businesses appreciate the efforts of the City and the local police in helping to clean up the streets and providing a safer environment for residents, businesses and patrons. In addition, many business owners see “tremendous opportunities” to improve communications and relationships between East Colfax business owners and the City, including police. Many participants recommend cultural awareness training for business owners and City officials to help reduce miscommunication and foster a healthy, thriving partnership.

- *“I applaud the Denver police department for doing great work in helping to clean up this part of Colfax. It’s gotten significantly safer and cleaner in the last two years. As business owners, we are excited about this positive change. We want to be partners in cleaning up this area. I feel like the police could do better working with us.”*
- *“Cultural and language barriers are a real thing. I think this contributes to miscommunication between the City police and business owners. The more opportunities to work together, to really hear one another, the better.”*
- *“As local business owners, we want to be seen as part of the solution on Colfax, not part of the problem.”*

Hiring and retaining quality workers. Of those respondents who chose hiring and retaining quality workers as a significant challenge, nearly all share that the ability to find workers that match the skill sets needed is the most challenging (94%). More than half (56%) say that at times workers are not efficient at their jobs. Thirty-eight percent share

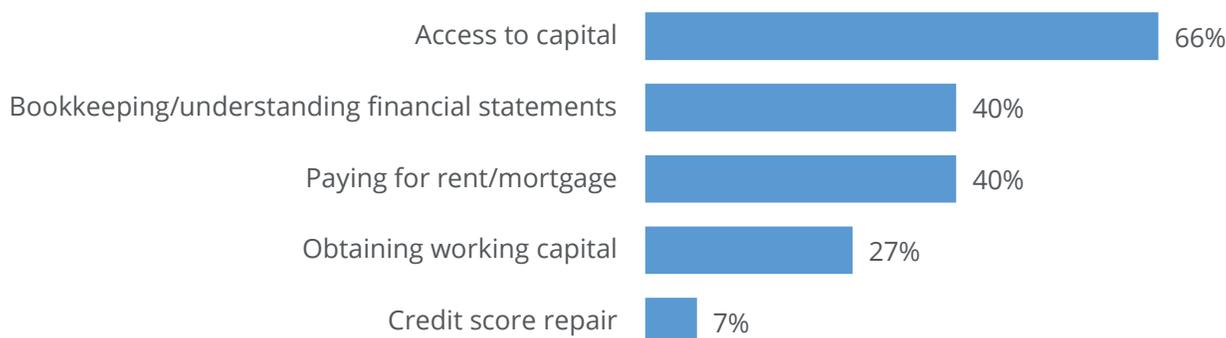
that it is difficult to retain workers. The hard skill sets needed vary from restaurant support to hair stylist. The soft skills are consistently described as “hard-working”, “punctual”, “kind”, and “personable.”

- *“We pay our staff really well. And still, I find it difficult to keep staff. It can be very frustrating.”*
- *“I am looking for quality hair stylists and nail technicians. I’m not sure the best way to recruit quality talent.”*
- *“We are doing really well, and honestly, can’t match the demand.”*
- *“Since this is a family business, it makes it tough to hire outside of the family. We know we are overworked and hiring extra staff to support the business is probably not a bad idea.”*

Financial assistance. Two out of three respondents who chose financial assistance as a challenge specifically cite access to capital as a concern (66%). Forty percent express a need to better understand financial statements and cash flow management. An equal percentage (40%) say they could use some help paying for rent/mortgage.

- *“I just purchased my business and am all in. It was nearly impossible for me to get a line of credit and I even had to take a second mortgage out on my home. My grandpa also loaned me some money to help make my dreams come true. Access to capital would be unbelievably helpful to me and my business.”*
- *“A refresher course on managing our bank statements is always a good thing.”*

Figure 4.
Financial assistance



Note: n=15.

Source: The Fax Partnership 2019 Business Needs Assessment

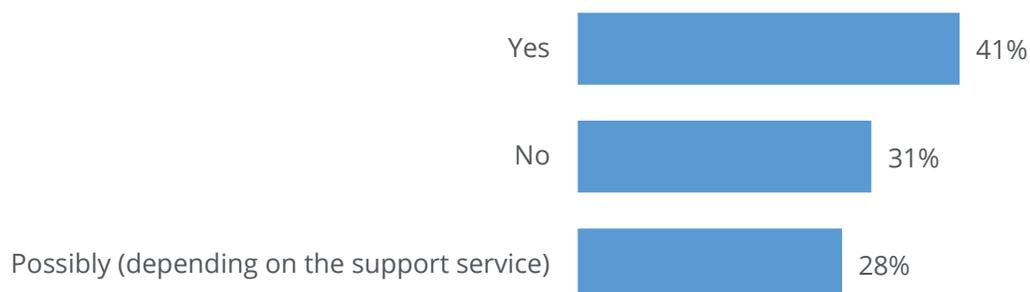
Regulatory burdens. Of the respondents who chose regulatory burdens as a significant challenge, the top issues cited were city tax-related (66%), building code enforcement and signage (66%) and environment such as fire code and health codes (50%).

Business Support, Communications & Promotional Preferences

In this section, participants describe their preferred ways of acquiring additional business knowledge, including communications from the Fax, as well as interest in networking opportunities in the community.

Business counseling and/or support services. More than 40 percent of the business participants are interested in one-on-one business counseling or other support services. Nearly 30 percent are unsure if they are interested or need services but are open to learning more. Roughly 30 percent are not interested nor in need of business support services.

Figure 5.
Interest in one-on-one business counseling and/or support services



Note: n=64.

Source: The Fax Partnership 2019 Business Needs Assessment

All participants were asked their preferred way of acquiring additional business knowledge. Participants had the option of selecting up to three preferences.

The top three preferences are:

- One-on-one business counseling (63%)
- Group classes/seminars/meetings (34%)
- Self-study materials (22%)

Networking opportunities. An overwhelming 83 percent of participants say that they are interested in networking opportunities with other local East Colfax business owners and the broader East Colfax community.¹

- *“East Colfax businesses and community residents are proud of our community. It’s one of the reasons why I love working in this area. The more opportunities that unite us, the better in my opinion.”*
- *“I migrated from Ethiopia where community and family are very important. I welcome any opportunities to recreate that sense of community on Colfax.”*
- *“Every business owner knows each other and looks out for one another on our block. Networking opportunities are important, and I fully support them.”*
- *“I have plans to add two more restaurants on Colfax, close to downtown and the hospital. I am invested in my community and welcome networking opportunities.”*

Communications & promotional preferences. Almost all participants (92%) said they are interested in receiving communications from the Fax. Likewise, 94 percent are also interested in the Fax promoting and recognizing their business via the Fax’s website, social media or other communications channels.

Participants were asked to “check all that apply” regarding their preferred methods of receiving communications. Email tops the list (90%) followed by networking events (66%) and an e-newsletter (16%). While the email preference is the highest, it is also important to note that not all business owners and managers have an email address.

Figure 6.
Interest in receiving communications from the Fax Partnership



Note: n=63.

Source: The Fax Partnership 2019 Business Needs Assessment

¹ On June 6, 2019, the Fax hosted a local business and community meet-and-greet. More than 60 business owners, community residents, local nonprofits and City of Denver staff attended (with more than 30 others expressing interest in attending if their schedules allowed). The project consultant, Progressive Urban Management Associates (PUMA), shared informational boards on the ongoing East Area Plan and the Denver Urban Renewal Authority (DURA) talked about the potential East Colfax urban renewal area.