Baltimore’s maker economy by the numbers
EXECUTIVE SUMMARY

This presentation includes the results of Made In Baltimore’s annual member survey. All 220 businesses that hold the Made In Baltimore business certification were invited to complete the self-reported survey during the months of June & July 2020. 147 businesses responded to this survey (68% of certified businesses). With the exception of the COVID-19 Impact section, all information presented reflects 2019 numbers.

This presentation is broken into three sections that reflect the key ‘vital signs’ of the MIB business community: People, Profits, and Production Space. Our goal is to track these metrics annually, providing insight into trends within Baltimore's maker economy. This is MIB’s second annual member survey.

The findings show an increase in the number of businesses responding, but a decrease in the number of jobs supported by those businesses. They also show an increase in the amount of real estate being used for manufacturing, and the median square footage of space utilized by individual businesses. Reported revenues show a decrease, although reporting this metric is optional for respondents, and only 93 businesses opted to provide that information.
## KEY FINDINGS

<table>
<thead>
<tr>
<th>PEOPLE</th>
<th>PROFITS</th>
<th>PRODUCTION SPACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>★ 147 Businesses</td>
<td>★ $20M Revenue</td>
<td>★ 392,745 sf in use</td>
</tr>
<tr>
<td>★ 1,321 Jobs</td>
<td>★ Food &amp; Bev is highest earning industry $4.1 Million</td>
<td>★ 850 sf median size (+20% from 2018)</td>
</tr>
<tr>
<td>★ 42% POC-Owned</td>
<td>★ 10:1 disparity difference in median revenue between businesses owned by white men : black women</td>
<td>★ 36% Home-based (-5% from 2018)</td>
</tr>
</tbody>
</table>
73% of MIB businesses are owned by women, and 42% are owned by people of color. We track ownership demographics to ensure our community at minimum reflects Baltimore City's diversity.

Aspirationally, we hope that our services can help correct historical inequities that have prevented women and People of Color (POC)-owned businesses from enjoying an equal part of the economic pie.

★ MIB GOAL
Increase % of POC-Owned businesses in the MIB network
Employment In The MIB Community:

880 Full-Time Employees
446 Seasonal or Part-Time
1,326 Total Jobs

While many of our member businesses are very small, as a network they employ a lot of people.

Part of our mission is to help create more jobs in Baltimore's light-manufacturing sector. These jobs typically don't require advanced degrees, but tend to offer living-wages, making them an excellent pathway into the middle-class.

**MIB GOAL**
Increase # of jobs supported by the MIB network

MIB businesses tend to be very small: 86% have fewer than 10 employees, and 52% have 2 or less.

Additionally, 36 of our members run their businesses only part-time, and 25 are owner-operated with no employees at all.

Before many of these businesses can create any jobs, they must first transition from part-time side hustles to full-time businesses.

**MIB GOAL**
Increase % of full-time entrepreneurs in the MIB network
There are stark employment disparities across race and gender

White-owned businesses employ at 2.5x the rate of POC-owned businesses.

The average employee count among white-owned businesses is 13.1; among POC-owned businesses, it is 5.2.

Businesses owned by men employ at 4x the rate of businesses owned by women.

Across gender, the employment disparity is even starker. The average employee count among male-owned businesses is 20.3; among woman-owned businesses it is 5.2.

Reasons for these discrepancies are myriad, but all point towards the need for more action to help woman and POC-owned businesses scale and hire.

★ MIB GOAL

Increase average employee count among woman-owned & POC-owned businesses
PROFITS

MIB members reported over $20M revenue in 2019*, but it is not distributed equally.

This number shows that MIB businesses are significant contributors to Baltimore's economy, but that they are subject to the same patterns of inequity seen in other sectors.

Women comprise 73% of business owners in the network, but only 49% of revenue. Similarly, people of color comprise 42% of owners in the network, but report only 25% of the revenue.

<table>
<thead>
<tr>
<th>Race &amp; Ethnicity</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>$18,000</td>
<td>$62,500</td>
</tr>
<tr>
<td>White</td>
<td>$47,500</td>
<td>$180,000</td>
</tr>
</tbody>
</table>

A look at median earnings by business shows the starkest disparity. Median revenue reported by businesses owned by White men is 10x that of businesses owned by Black women. $180,000, compared to $18,000

MIB GOAL
Increase annual reported revenue in the MIB network

*MIB GOAL
Increase median revenue of woman and POC-owned businesses

*93 businesses responded to this question in the survey
PROFITS

Earnings are led by the Food & Beverage product industry

Apparel & Accessories make up the largest industry group of MIB businesses (27), followed closely by Food & Beverage (26). But F&B dominates earnings as a sector by over $1M. Businesses in this sector have a median revenue of $71,500, versus $37,000 in Apparel & Accessories.

Printed Products & Stationery accounts for the second largest sector by earnings, but includes only 17 total businesses, with a median revenue of $66,500.

⭐ MIB GOAL
Establish industry-specific strategies for growth in the MIB network.
72% of businesses earn most from direct-to-consumer sales

The majority of MIB businesses primarily rely on e-commerce and in-person events like craft fairs and trade shows to drive their revenue. We believe that direct-to-consumer sales are great for establishing client relationships, but the growth potential is limited by the time a business owner can commit to such events.

By continuing to promote MIB businesses to retailers in the Baltimore region, we can help expand their markets, and increase wholesale as a primary revenue generator.

★ MIB GOAL
Increase the share of wholesale as a primary revenue generator in the network
PRODUCTION SPACE

The amount of real estate being used for light-manufacturing is steady, but median shop size is increasing.

Since 2018, the total square footage of production space utilized by the MIB network dropped by 6%, to 392,745 sf. However, that shift was caused in part by a drop in survey responses from larger manufacturers.

The median production space size increased by 29% to 850 sf. These numbers reflect a growing sector of small producers that need light-industrial space to scale their businesses.

**MIB GOAL**
Continue to increase median production space size in the MIB network

**Approximately how many square feet does your production space occupy?**

<table>
<thead>
<tr>
<th>Year</th>
<th>Production Space (in Sq. Ft.) - Median Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>600</td>
</tr>
<tr>
<td>2020</td>
<td>850</td>
</tr>
</tbody>
</table>

**MIB GOAL**
Increase MIB engagement with larger manufacturers
PRODUCTION SPACE

35% of MIB businesses are based out of the owners home. Of those, 86% are owned by women.

Many entrepreneurs begin new businesses out of home studios, basements, and garages. For some, this is a preferred lifestyle choice that may allow for childcare or simply lower overhead.

But a home-based business is limited in its ability to grow and hire. When the pandemic began, Kellie Martin, founder and owner of Earths Elements Soapworks (pictured at left) saw an increase in sales of her hand sanitizer product. In order to meet that demand, Martin took the leap and leased her first commercial production space, allowing her to also bring on her first employee.

Many studies have shown that woman-owned businesses enjoy less access to capital, both from investors and traditional lenders. Commercial production space and commercial production equipment are expensive, and this gender gap limits woman-owned businesses from growing at the same pace as their male peers.

While MIB alone cannot address this inequity, our upcoming Home-Run Accelerator program for businesses based at home, aims to provide other tools and resources to help these entrepreneurs scale as Ms. Martin was able to do.

⭐️ MIB GOAL
Shift portion of home-based businesses to commercial production space
COVID-19 IMPACT

Face shields ready to be shipped out of Open Works
90% of businesses reported impacts from the economic fallout of COVID-19. Most pivoted to e-commerce and home-delivery.

As of July 31, 2020, none of the respondents had reported closing their businesses for good, though 30 reported ‘Pausing operation of my business for the time being’. Since closing our survey to responses, MIB staff have learned of at least two permanent business closures in the network.

Some businesses were able to adapt to meet the needs of the moment. 62 businesses began offering home-delivery or curbside pick-up. 36 businesses reported converting to PPE manufacturing. Of these, many were able to scale fast enough to help meet the demand for PPE at area healthcare providers and government agencies. Different Regard, pictured at right, tripled their staff in order to make face masks and isolation gowns for the University of Maryland Medical Center and Baltimore City Police and Fire Departments, among others.
Businesses in the MIB network have so far proven resilient during the pandemic. Product-based, direct-to-consumer businesses were likely to have e-commerce platforms before the pandemic hit. Hence, we see over twice the number of businesses reporting ‘expanding or investing in existing e-commerce’ than those ‘creating an e-commerce presence’. This generally meant a smoother transition for many, though it remains to be seen if e-commerce will drive the same amount of revenue that other in-person options provided.

More troubling though are the businesses that reported staff reductions or lay-offs, or pausing operations for the time being. MIB plans to follow up with these sub-groups in early 2021.
At 55 applications, SBA’s PPP loan was the most applied-for aid program among respondents. Though approval rates displayed gender and racial inequities: the approval rate for businesses owned by white men was 100%, versus only 62% for businesses owned by black women.

Both of Baltimore Development Corporations grant programs were notable for their parity across race and gender. The approval rates for BDC’s Small Business Assistance Fund was higher for women than men, at 67% and 33% respectively. The approval rates for BDC’s Local PPE Manufacturing Fund was higher for black-owned businesses than white-owned businesses, at 80% and 60% respectively.

74% of businesses applied for aid programs. SBA’s Paycheck Protection Program had the highest approval rate, but also inequities.
MIB PROGRAMS

Part of the MIB exhibit at the American Craft Council show in February 2020
Pop-Up retail remains our most popular program.

MIB began as a pop-up store in 2015, and it remains our signature program. The pop-up stores consistently draw the most member participation, the most public engagement, and serve as our best new business recruitment tools. However, we recognize that not all businesses in the network find value in the pop-ups, and we need to expand participation in other programs.
The MIB logo is gaining ‘brand recognition’.

The MIB logo signifies that a product is locally-made, making it more appealing to values-conscious shoppers. The more the MIB logo is utilized by our network, the more recognizable, and therefore useful, it becomes.

This is the first year we have asked our members how they use the MIB logo. We’ll continue tracking utilization to understand how it best serves businesses.

My business uses the MIB logo in the following ways:

111 responses

- On our website: 49 (44.1%)
- On our product packaging: 37 (33.3%)
- On our marketing materials: 37 (33.3%)
- In our storefront: 19 (17.1%)
- At trade shows or craft shows: 22 (19.8%)

The MIB logo in use on Mt. Royal Soap’s hand sanitizer packaging.
Member satisfaction with MIB programs and services is high.

85% of businesses rank MIB a 7 or higher on a 10-point scale for their likeliness to recommend the program to others. We're proud of this response, but not complacent. We are always striving to do better and create more value for more of our members.

Finally, We'd love to know how we're doing. How likely are you to recommend Made In Baltimore membership to fellow business owners?

163 responses
Questions or Comments?
Contact Andy Cook
andy@madeinbaltimore.org

Learn more about MIB businesses and programs at
www.madeinbaltimore.org