

Small Business Bankruptcy

Failure or Reset?



2020 bankruptcy reform was designed to help small businesses deal with financial hardship.

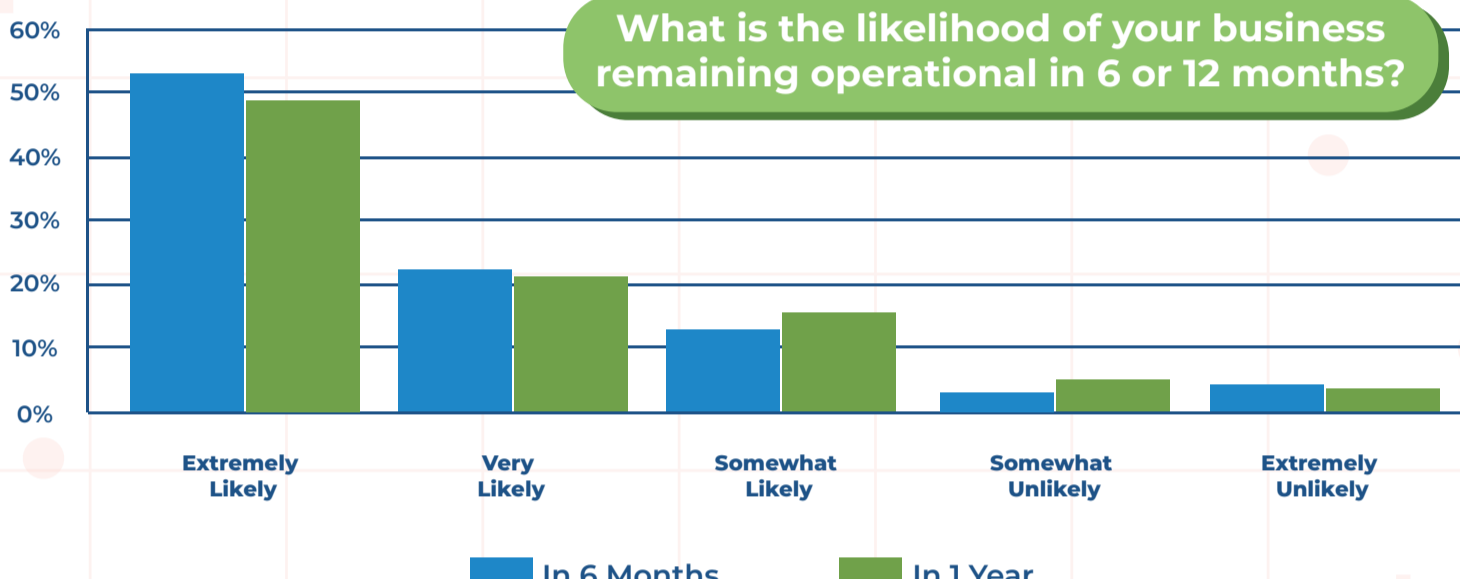
But few small businesses utilize bankruptcy to handle financial difficulties.



As a result of COVID-19's impact on small businesses, a group of academic researchers from Brigham Young, Harvard, University of Chicago, and University of Toronto partnered with SCORE to survey business owner needs and attitudes.

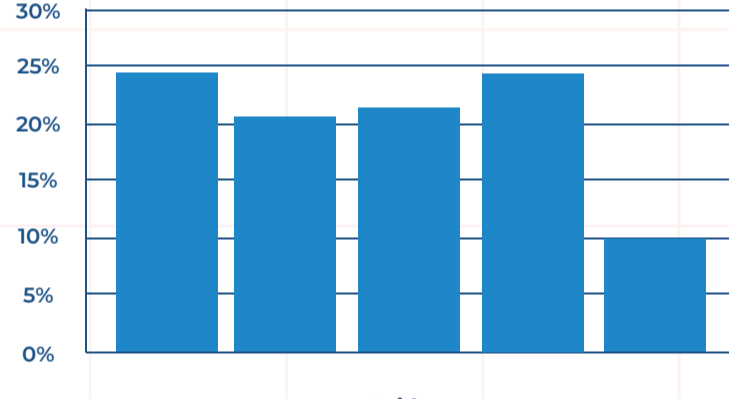
30% of owners are uncertain they will remain in business over the next year.

What is the likelihood of your business remaining operational in 6 or 12 months?

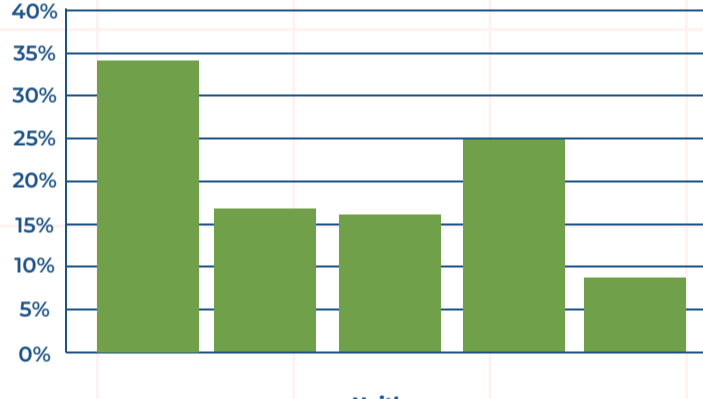


Most owners are unaware of bankruptcy options and protections.

"I have a good understanding of the bankruptcy system".



"I am familiar with the differences between Chapter 7 and Chapter 11 bankruptcy".



Owners also perceive negative stigma related to bankruptcy.

Please state whether you agree/disagree with the following statements:

Friends and family may look down on a business owner who files for bankruptcy.

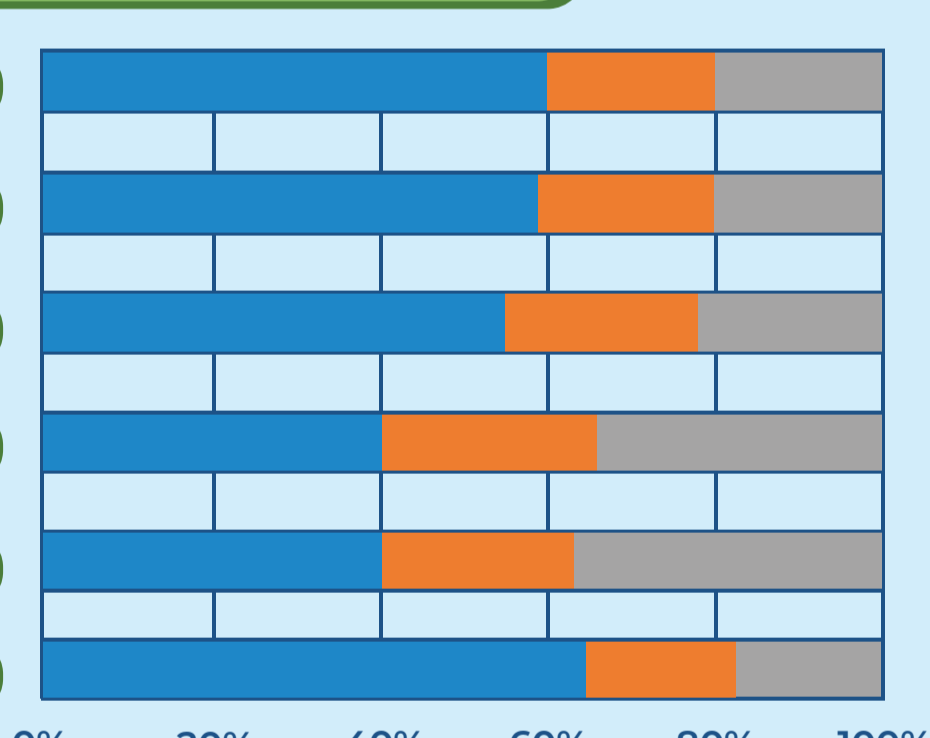
Employees will be less willing to work for a business owner who filed for bankruptcy.

Clients will be less willing to buy from a business owner who filed for bankruptcy.

People will think that a business owner who files for bankruptcy is unethical.

People will think that a business owner who files for bankruptcy is a failure.

It is embarrassing for a business owner to file for bankruptcy.

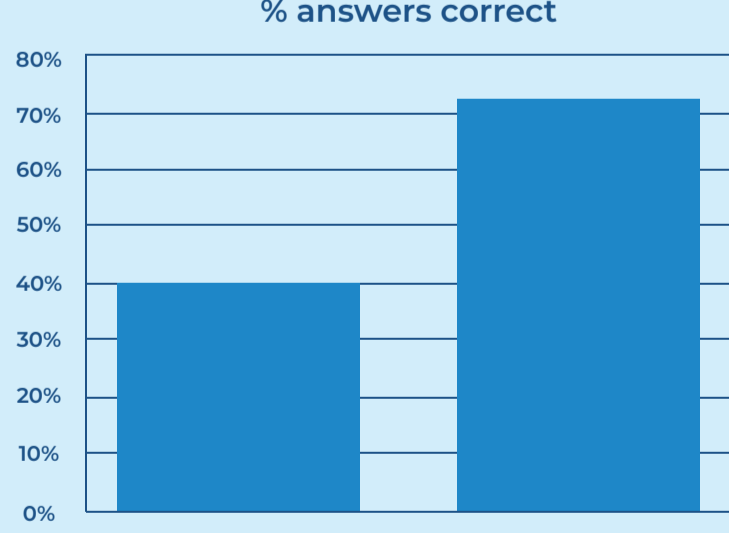


Education helps business owners reduce stigma around bankruptcy and see it as a potential tool.

Some owners were shown a short educational video on bankruptcy options and benefits.

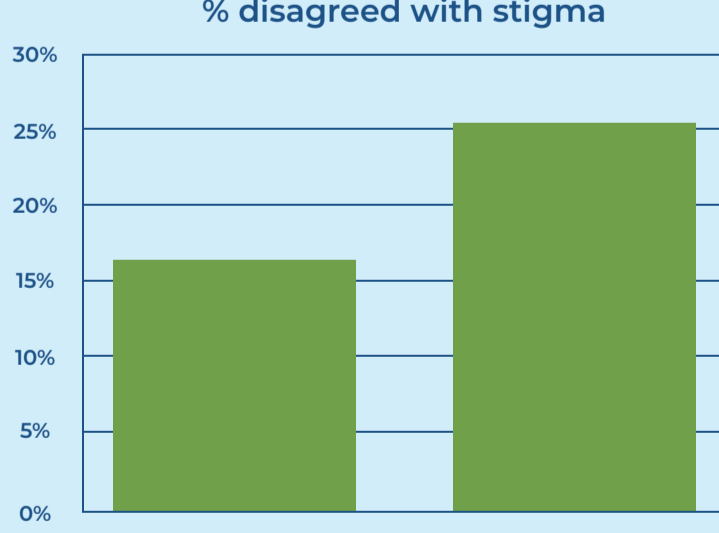
Video increased knowledge

% answers correct

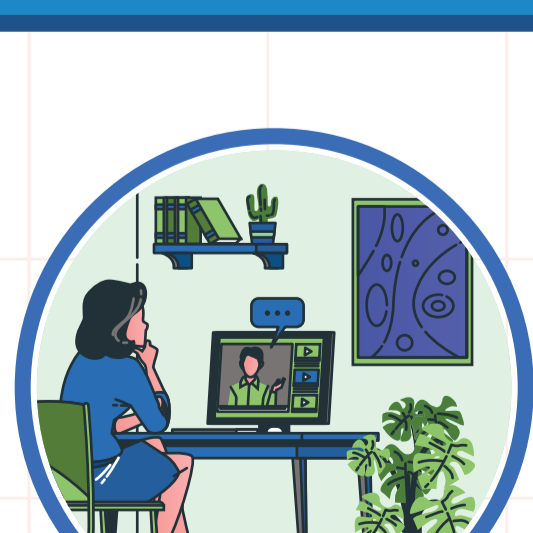


Video decreased negative stigma

% disagreed with stigma



Want to learn more about bankruptcy as a tool for small business owners?



Sign up for the webinar



Get a SCORE mentor

Sources

<https://www.score.org/resource/small-business-bankruptcy-failure-or-reset>

