

OPINION

Revisiting a small-business owner one year into COVID-19 pandemic: 'We're not out of this yet'

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Amanda Munday, owner The Workaround, a shared office space in Toronto's east end, on March 17, 2021.

FRED LUM/THE GLOBE AND MAIL

A year after a pandemic closed the business she owns, Amanda Munday is candid about the biggest improvement for her compared with March, 2020.

“Do I think I’m going to declare personal bankruptcy? Not today,” Ms. Munday said this week.

A year ago, Ms. Munday wasn’t so sure. Governments had ordered sweeping business shutdowns to try to slow the spread of COVID-19, shuttering The Workaround – her Toronto co-working and child-care facility – overnight. Suddenly, she had zero revenue, with wages, rent and bills due at the end of the month. Like many small entrepreneurs, her business debts were secured under her own name; if the business failed, so did she.

“When I say I’m on the brink of personal bankruptcy, I mean right now,” she said in an interview at the time.

Talking with her a year almost to the day since our previous conversation, it's clear that Ottawa's help for locked-down small businesses last spring – in the form of wages subsidies, rent deferrals, and low-cost, partly forgivable loans – saved Ms. Munday and her business.

"I'm truly grateful that I'm not bankrupt and without a job. I'm truly grateful that I think I might be able to reopen again when we get out of lockdown," she said.

But as we look toward emerging on the other side of the pandemic, the situation in which Ms. Munday and thousands of other business owners find themselves illustrates the daunting challenge that still faces Canada's small-business sector, and government policy-makers who have pledged to support it.

While The Workaround has survived the pandemic, it's still on life support. As of today, there's no revenue; Ms. Munday was able to reopen at barely half capacity for a few months last year, but has been closed since the second-wave shutdowns hit Toronto in November.

She has run up about \$100,000 in new debts since the pandemic began. She's relying on the Canada Emergency Wage Subsidy program to keep her core staff employed, and dipping into her \$60,000 government loan under the Canada Emergency Business Account to make up the portion of those wages that the CEWS doesn't cover. Even with the business shuttered, many of the bills continue to pile up.

"I'm not covering the bulk of those expenses with revenue – I'm covering it with debt. How's that going to work?" she said.

"I have a lot of persistent anxiety that as the subsidies reduce – and they will – that there's a new danger that I don't understand and can't really plan for," she said.

The Canadian Federation of Independent Business recently estimated that the country's small-business owners have added an average of \$170,000 in new debts as a result of the pandemic, with nearly three-quarters of businesses reporting that they have taken on more debt. While the arrival of vaccinations has boosted optimism, four in 10 businesses say they expect it to take more than a year before profits return to pre-COVID-19 levels.

Some business segments – such as high-contact retail, entertainment, hospitality and travel – will continue to face some degree of restrictions long after doors are allowed to reopen.

“I know that there’s no world where The Workaround gets back to full revenue or full capacity before my lease runs out in 2023. There’s no world,” Ms. Munday said. “I just don’t see how we’re going to be indoors in shared space with those [pre-COVID-19] numbers.”

A CFIB survey found that half of all business owners “strongly agree” that continued federal and provincial small-business support programs will be “crucial for our business survival” in 2021. What’s increasingly clear is that those programs will need to evolve, in order to better focus on the businesses that will remain under severe pressure, even as supports are allowed to drop off for others who are able to bounce back to normal.

“The first wave of relief programs was very accessible by a wide audience. I think now what would be really helpful [is] targeted relief based on evidence of suffering, if you will,” Ms. Munday said.

“I can prove with numbers that I have 100 per cent of my expenses and zero revenue. For businesses like mine, we need a comprehensive relief program for the next phase. That means forgive the debt, and bring more cash.

“We’re not out of this yet.”

It’s abundantly clear when you talk with Ms. Munday that she’s not looking for the government to solve her problems – only to help her get back up from a body blow to her business that was not her making. She just wants a chance to get back to work and rebuild her business. The entrepreneurial will is still there, if given a way. The past year has, if anything, strengthened her survival instinct.

“Last year, when you talked to me, I was saying personal bankruptcy was right staring me in the face. That’s still true, but somehow I’ve kicked it by a year. So, I don’t know, maybe I’ll kick it by another year.”

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