

Northern Colorado Regional Economic Development Initiative

NoCoREDI.com

COVID-19 Business Survey

May 2020



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Executive Summary

As we entered into the Safer-at-Home phase of the COVID-19 Health Emergency response, it was apparent that business needs and concerns have changed since the beginning of the pandemic. A number of economic development and chamber of commerce organizations across Northern Colorado collaborated on surveying businesses in an effort to continue to help catalyze resources and support tools for our unique business community.

This business survey was primarily coordinated between Larimer’s Business Retention and Expansion Partnership and Upstate Colorado with input and support from their member communities. It was administered by Larimer County Economic and Workforce Development.

This survey specifically focused on the transition to the “Safer at Home” phase of the COVID-19 Emergency Response and how businesses are reopening/adapting/adjusting, for the purpose of identifying needs and providing additional support.



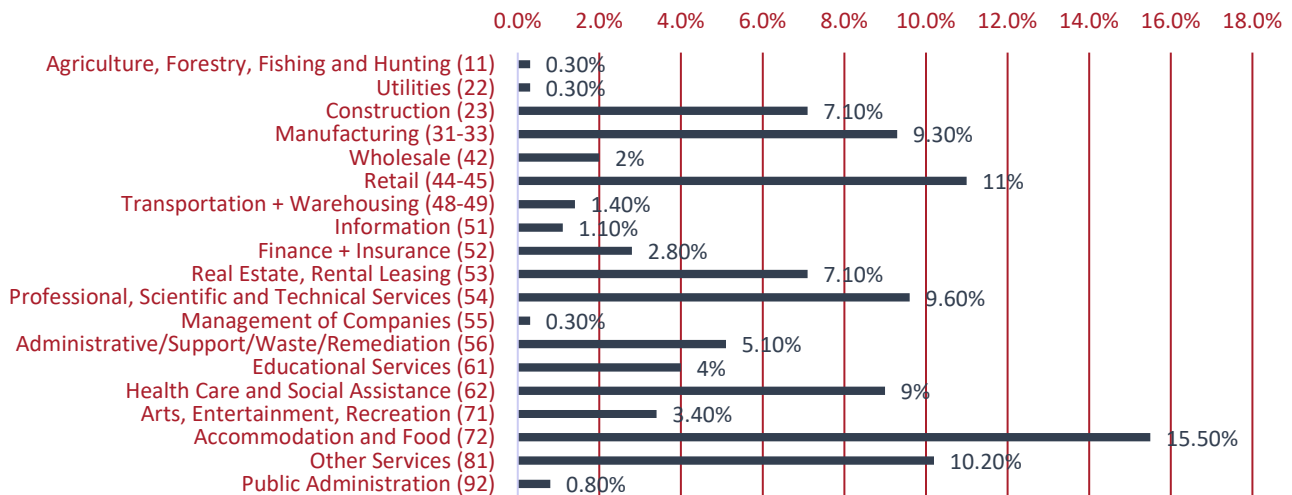
*"All businesses have turned into startups overnight. We have had to pivot our business, while solo...The quest for funding was exhausting and so is rebuilding our business from the ground up... And the truth is, the real hard part hasn't even started yet [as we fully reopen]... This has been relentless for small business owners."
-survey respondent*

Summary

- 354 Northern Colorado businesses completed that survey.
- The largest segment of industry responses were from Accommodation and Food (15.5%)
- The COVID-19 business closure largely impacted small businesses.
- 62% of businesses reported that they did not close due to the COVID Emergency.
- 44% of respondents have furloughed employees or reduces staff hours.
- The majority of respondents were concerned about how economic impacts would create a lack of demand for their product or service.
- 76% of respondents indicated that they have the information they need to operate safely and compliantly
- 71% of survey respondents applied the Payroll Protection Program (PPP).
- Of the applicants that successfully applied for the PPP, 78% received the amount they requested.

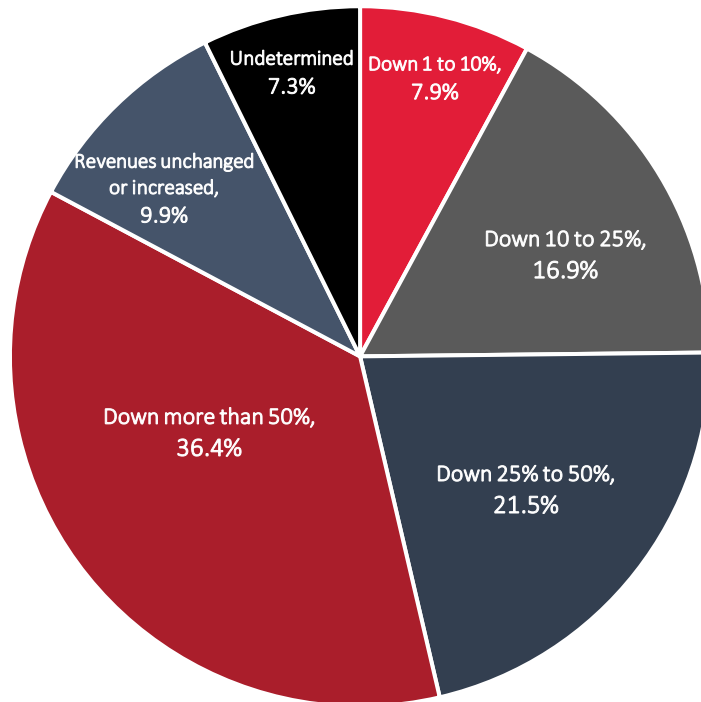
This survey of Northern Colorado businesses was issued to understand the challenges, adaptations, and continued resiliency of businesses during the transition from the statewide Stay at Home order to the Safer at Home phase. This is a self-selected survey that was shared with businesses in Larimer and Weld communities by various economic development offices, chambers of commerce, and business associations from 4/30/20 through 5/18/20. The survey was promoted through emails, newsletters, and social media. 354 unique Northern Colorado businesses responded to the survey, with the largest segment of industry responses coming from Accommodation and Food (15.5%).

Respondents by Industry



While Natural Resources and Mining (NAICS 21, includes Oil and Gas extraction) were not represented in the survey responses, some support services for that industry fall within other sectors, including Professional and Technical Services, Transportation and Warehousing and Construction. Some of the industries most directly and immediately impacted by business regulations in Stay at Home and Safer at Home orders are somewhat over-represented in this survey, as compared to our businesses at large. This includes Accommodation and Food, Other Services (which notably include personal services and child day care), and Retail. Goods producing businesses (Construction, Manufacturing) were less likely to have closed due to COVID than service providing businesses.

Expected Impact to Revenues



The COVID-19 business closure largely impacted small businesses. 58% of businesses respondents employed 1-9.

83% of survey respondents indicated their Q2 revenues would be decreased.

36% businesses estimated their revenues would be down by more than 50%.

About 14% of respondents are concerned they will never get their revenues to return to pre-COVID crisis levels.

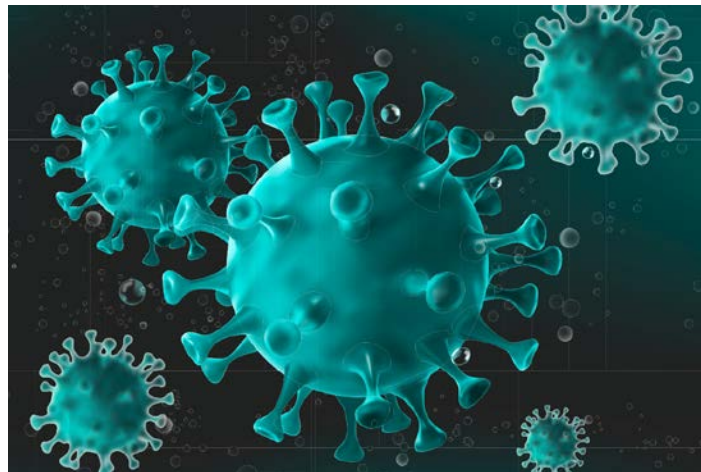
Most businesses expect to lose revenue in Q2. Of those, half believe that regulations that limit business activities will continue to negatively impact their revenue, but many of those same businesses also think that factors related to the virus, such as a the need for a vaccine or community spread prevention will continue to impact their revenue. The majority of respondents see reducing the public health threats of the virus as being important to their business, but not all.

Businesses in a smaller communities (population less than 10,000) were more likely to have closed at some point (48%), but accommodation and food services were a larger component of business respondents in these communities (26% of respondents vs. between 8 - 14% for the larger community size categories).

62% of businesses reported that they did not close due to the COVID-19 Emergency and were able remain operational at some level. As of 5/15/2020, 16% of respondents indicated that their businesses were still fully closed. Business survival during this period was a concern of almost half of respondents (51%). About 40% of respondents had at least one supply chain related concern.

We asked 313 businesses if they were concerned with 7 specific potential issues for operating their business during the ongoing COVID-19 Emergency. 16 respondents (5%) indicated that they were not concerned with any of these issues. The majority of respondents were concerned about how economic impacts would create a lack of demand for their product or service.

11 of the 12 total respondents from the Arts, Entertainment and Recreation sector indicated that business survival was a concern. This sector includes independent artists as well as recreation activities, including arcades and amusements. A larger proportion of Accommodation and Food Services businesses (36 of 54, 67%) also indicated they were also concerned about business survival until they can resume previous activities.



The majority of businesses who laid off staff plan on bringing back all or some of the roles that were eliminated. 44% of respondents have furloughed employees or reduces staff hours. 5% of respondents have increased employee hours or added employees due to COVID-19. About 60% of businesses were not concerned with either business survival or the financial ability to restart.

As businesses work to comply with new CDC and state health guidelines, they also have to manage providing a sense of safety for both staff and customers. **Just over 30% of survey respondents were concerned with both the impacts of customer's perception of safety and reduction of demand due to economic reasons.** Another third of respondents were not concerned with either of these.

“The only barrier is that some people are angry we offer curbside service and prefer our customers use this. They want to come inside but won't explain why. It's not because they need to browse to find the products they need. They just don't like curbside service.” -survey respondent

Almost 1/3 of respondents indicate that they do not need to make changes or have already made the changes required to reopen or remain open during Safer at Home. The remaining two-thirds of respondents had a diverse range of needs. **76% of respondents indicated that they have the information they need to operate safely and compliantly;** 24% need at least some additional guidance or clarification to operate safely or compliantly.

Northern Colorado businesses have shown entrepreneurial fortitude in their abilities to pivot business operations and continue some level of activity during the stay at home order. As businesses begin to reopen, continued business support will be needed to ensure business recovery and future resiliency.



SBA Funding under CARES Act

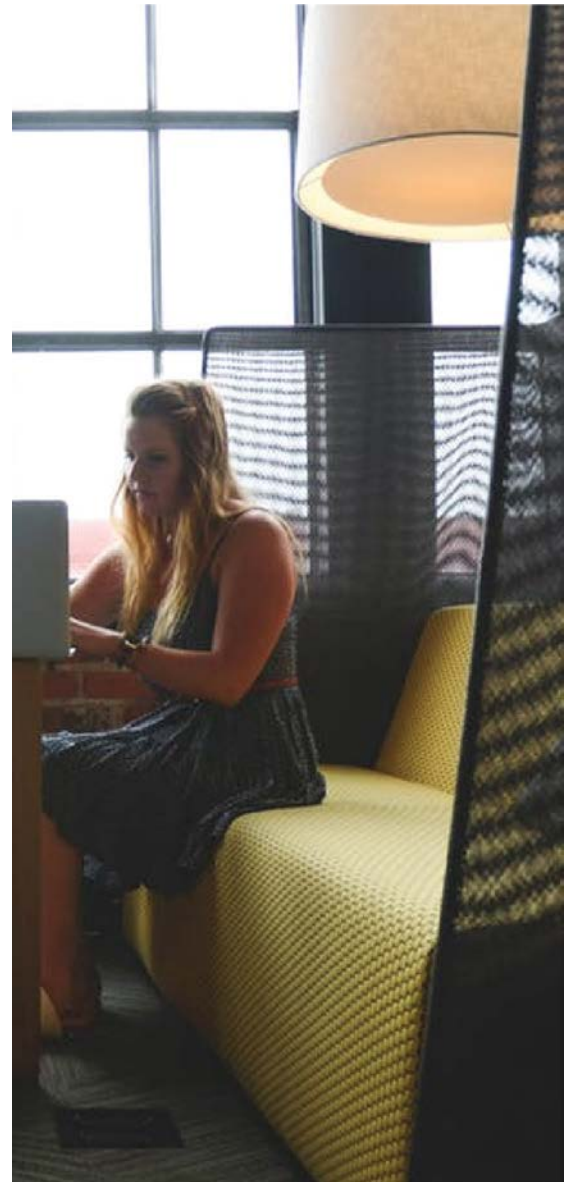
The majority of section respondents who applied for some SBA funding applied for the PPP program. 42% of respondents applied for the SBA Economic Injury Disaster Grant and 31% applied for the EIDL loan.

71% of survey respondents applied the Payroll Protection Program (PPP). 24.5% did not apply for any program under the CARES Act. Of the businesses that did not apply, 12% cited a lack of demonstrated need and about 6% did not meet eligibility requirements.

Of the applicants that successfully applied for the PPP, 78% received the amount they requested. 20% of the respondents who had applied for EIDL received some amount of loan funding, and a little over half of respondents who applied for the EIDL forgivable loan advance had received the funding at the time of the survey.

4 of the 15 respondents attempted to apply for Unemployment Insurance as a Sole Proprietor or Self-employed under the Pandemic Unemployment Assistance Program. 2 businesses had successful applications.

65% of businesses who responded to this section had contributed in some way to the COVID-19 Emergency Response. 39 businesses shared stories of new product offerings, such as hand sanitizer, masks, and social distancing signage, as well as providing assistance to fellow businesses, furloughed employees, and the healthcare industry.



As Northern Colorado shifts toward the recovery phase, businesses are requesting additional financial and technical assistance.

The quotes presented below are taken from survey respondent feedback to open ended questions. Some of these statements may reflect conditions that created immediate needs that have now passed. However, as we continue through an extended period of modified business operations, the lessons learned through the first months of this emergency can be applied to future activities.

Businesses Need Clear and Unambiguous Information Whenever Possible

- “There needs to be better communication and a central place to follow updates and guidelines - county website has multiple contradictions...”
- "I think the biggest problem for our business was trying to access information - although DORA has my email address, they issued directives that they didn't email out - I just happened upon it on their website. I have yet to see a business in Larimer County that has the required COVID signage up - I only have it because I was googling."
- “I would appreciate further communication regarding financial resources that might be available in our community. Thank You.”

Consumer Behavior Will Also Need to Adapt, Alongside Business Adaptation

- “The only barrier is that some people are angry we offer curbside service and prefer our customers use this. They want to come inside but won't explain why. It's not because they need to browse to find the products they need. They just don't like curbside service.”
- "Are other retail businesses getting resistance to curbside service? It is odd when people drive up, see us operating this way and just drive off before we can help them. We do our best to serve everyone as quickly as we can."
- "We need information, testing and contact tracing and customers to return"
- "If we could get donated or heavily discounted radio / television ads that would help!"

Stakeholder Engagement with Businesses Needs to be Integrated into Decision Making Processes

- "We - as the people and business owners - should have some say in when things reopen and begin to function at normal levels again. At the moment, the government is taking the posture that they are the only ones intelligent enough to make rational decisions. In future surveys I hope we will have more of a voice regarding these decisions."
- "We need information, testing and contact tracing and customers to return"
- "We need to open up America...let those who are concerned take precautions."
- "It's a tough decision but we have to open up our economy. We can't just let the big multi million dollar companies stay open and shut down the small businesses. It doesn't make sense that we can cram into Lowe's, grocery stores, Walmart but we can get a haircut, go out to eat. Scare tactics are being used by the government... But we can make our own choices, we do not need state and local governments over reaching and trying to dictate what we can and can't do. That is not their job."

Businesses and Their Employees Both Give and Need Support in Addressing Fears and Ongoing Emotional and Mental Health Concerns

- "We have collaborated with a mental health specialist in order to provide a bimonthly newsletter to our employee's to try and help with the mental stress and strain of being an essential worker. Every employee's situation is unique and our goal is to keep their minds focused on work, while at work, hoping to reduce injuries and personal days caused by the stress alone of Covid-19. We want to help issues before they arise. So if there is any additional research or resources we would need it would be in the mental health area."
- "Let's get back to allowing small businesses to operate with fear."
- "We need to stop using fear as a motivator in our communities. Instead, we need to use proactive and forward moving initiatives that give hope to all who are suffering. Our live event and production community is a silent but large community that has been hit in ways that are causing serious issues. Although we need to be aware of cleanliness and wearing masks when sick, a return to "normalcy" is extremely important for the mental health of our community and the world around us."

Businesses Face Continuing Financial Uncertainty as We Move Into Recovery

- "I just wish businesses had an alternative resource for financial assistance besides applying for loans, because it will be very hard for them to pay them back with the loss of money during their shutdown."
- "Financial support needs to be better streamlined"
- "Small grant was appreciated but minimally useful"
- "The PPP program has been extremely stressful for businesses that are closed. The 8 week period needs to start when we open, not when funds were disbursed. We also have many part time employees and the PPP is designed for 40 hour a week employees. Most closed restaurants are considering giving it back and have been afraid to use it. I feel punished for applying early. My employees are making more money than they ever have while in unemployment. It is going to be a hard transition back."
- "This new "safer at home" period has been far more uncertain than the "stay at home" period which was hard enough. The mask requirement places additional enforcement burden on businesses. it has been extremely difficult to tell customers to leave until they come back with a mask. We can control our employees and we are all wearing masks - but the concept of requiring customers to do so is overreaching. We all hope the public will do what's in the best interest of the greater good and all wear masks - but for the county to ask business owners to be the ones to enforce this regulation/mandate is unrealistic."

Although Critical, the Business Community Remains Considerate of the Challenges of Addressing Economic and Public Health During this Time

- "You guys are doing a good job of trying to balance safety of our community and economic health."
- "Thank you for taking the time to ask these important questions."
- "Thank you for the State, County and City Health and Governmental guidance."
- "Thank you for your dedication and effort to help local businesses survive and thrive"

The following organizations supported and or promoted this survey throughout Northern Colorado.



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