The KC Chamber, Kansas City Area Development Council and KCSourceLink, along with several area local and minority chambers of commerce, conducted a second business survey measuring the economic impact of the coronavirus and charting the measures employers are using to respond to the COVID-19 pandemic. The regional survey drew responses from 565 area employers and provides valuable data on how the virus and area shut-down orders are impacting minority and woman-owned businesses, micro businesses, start-ups and traditional small businesses and shows how these businesses are responding to federal relief measures. The survey results are summarized below, with the collective goal of informing necessary federal, state and local policy efforts, business partnerships, and trade measures that will help prepare KC’s regional business community for the post-pandemic economic recovery.

The partners in this plan are collaborating with several other regional agencies on a soon-to-be released roadmap and set of guidelines for reopening businesses in the region. We anticipate a third-round survey to measure success and challenges with economic recovery reopening strategies.
Key Takeaways

Business owners are optimists.

58% expect demand for products and services to be back to February 2020 levels in six months.

70% expect to retain 75-100% of their pre-COVID 19 workforce.

90% have retained all employees or expect to re-hire all employees laid off. However, only about half of minority-owned companies expect to retain 76-100% of the workforce.

96% of respondents were aware of the Paycheck Protection Program (PPP) and/or Economic Injury Disaster Loans (EIDL).

Challenges continue.

47% indicated it took longer than 5 business days to be approved for a government loan.

55% indicated it took more than 5 business days to receive funding.

50% who self-identified as a minority and/or a woman owned business believe dedicated financial assistance should be provided for their businesses.

48% of businesses with <5 employees saw revenue decrease more than 50%, compared to 40% for the whole group.
Key Takeaways

When businesses reopen, top priorities are:

Maintaining the health of the workforce
Financial assistance
Tax incentives

Companies with fewer than five employees:

Funding assistance
Paying the rent
565 Respondents

WHO responded

- 78% (327) respondents
- 24% (114) respondents
- 4% (18) respondents
- 3% (15) respondents
- 1% (5) respondents

SIZE of businesses

- 43% (204) businesses
- 24% (114) businesses
- 18% (87) businesses
- 1% (5) businesses
- 1% (5) businesses
- 2% (9) businesses
- 7% (29) businesses
- 8% (33) businesses
- 5% (23) businesses
- 37% (154) businesses

The geographic range encompassed the entire Kansas City MSA with 96 zip codes represented. Almost 25% come from low to moderate income zip codes.

White
- Women owned
- LGBTQIA owned
- Asian
- African American
- Veteran

Hispanic
- SBA Cert. Disadvantaged
- Native American

<5 employees
- 5-49 employees
- 50-500 employees
- 501-999 employees
- 1,000+ employees
What have you *experienced* since March?

<table>
<thead>
<tr>
<th>Event</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted business model/pivoted to new</td>
<td>39.4%</td>
</tr>
<tr>
<td>model</td>
<td></td>
</tr>
<tr>
<td>Seen revenues decrease more than 50%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Seen revenues decrease 50% or less</td>
<td>36.8%</td>
</tr>
<tr>
<td>Laid off employees</td>
<td>26.4%</td>
</tr>
<tr>
<td>Closed business temporarily</td>
<td>23.5%</td>
</tr>
<tr>
<td>Seen revenues stay the same or increase</td>
<td>14.1%</td>
</tr>
<tr>
<td>Closed business permanently</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Workers *at risk* for layoff: **39%** | Workers *already* laid off: **26%**
What are your immediate concerns?

- Losing sales/revenue: 41.8% ranked as top concern
- Employee’s financial welfare: 15.8% ranked as top concern
- Customer traffic: 6.4% ranked as top concern
- Making payroll beyond this pay period: 10.5% ranked as top concern
- Accessing government support related to COVID-19: 11.5% ranked as top concern
- Losing employees: 1.7% ranked as top concern
- Paying this month’s rent: 10.5% ranked as top concern
- Getting inventory and supplies: 4% ranked as top concern
- Finding employees in the current environment: 3% ranked as top concern

Same top two priorities for smaller companies. Making payroll is number three for companies with 5-49 employees. Paying the rent is number three for smaller companies. Making payroll also makes it into the top three for minority and women owned companies.
Has your company *received or considered* any kind of financial assistance or applied for assistance since March 16?

- **67%** have received or considered some sort of government assistance
- **18%** have sought some sort of private assistance
- **13%** have sought assistance from a foundation
- **11%** have not sought any assistance
- **6%** have N/A
- **7%** have other

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- **Foundation** (e.g. Greater Kansas City Community Foundation)
- **Government** (e.g. Economic Injury Disaster Loans; Paycheck Protection Program)
- **Private** (Bank or other financial institution, debt deferment, financiers)
Did you know about SBA EIDL and PPP? Yes: 96.2% No: 3.8%

What is your experience with EIDL or PPP?

- Applied and approved for a PPP loan: 35%
- Did not apply for either: 32%
- Applied and have not heard the status of their application(s): 25%
- Applied and approved for both programs: 3%
- Application(s) was denied: 3%
- Applied and approved for EIDL: 3%
**Reasons for not applying for EIDL or PPP?**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs did not fit their need</td>
<td>34%</td>
<td>(51)</td>
</tr>
<tr>
<td>Did not want to commit to a loan</td>
<td>25%</td>
<td>(37)</td>
</tr>
<tr>
<td>Lender did not let them apply because they did not qualify</td>
<td>10%</td>
<td>(15)</td>
</tr>
<tr>
<td>Did not understand enough about these programs</td>
<td>9%</td>
<td>(14)</td>
</tr>
<tr>
<td>Did not believe the government would invest in their company</td>
<td>9%</td>
<td>(14)</td>
</tr>
<tr>
<td>SBA and/or lender’s site kept crashing</td>
<td>3%</td>
<td>(5)</td>
</tr>
<tr>
<td>Applications were too long or complex</td>
<td>2%</td>
<td>(3)</td>
</tr>
<tr>
<td>Usual lender did not participate or could not find a lender</td>
<td>2%</td>
<td>(3)</td>
</tr>
<tr>
<td>Had a previous bad experience with SBA</td>
<td>.7%</td>
<td>(1)</td>
</tr>
</tbody>
</table>
For those approved for a government loan:

How long did it take to get approved?
1-5 Days: 52.8%  Longer than 5 days: 47.2%

How long did it take to get funds?
1-5 Days: 44.6%  Longer than 5 days: 35.5%  11+ days: 19.7%

How much of your loan was approved?
100%: 76.3%  75-100%: 17.5%  Less than 50%: 3.6%

Most women and minority owned firms were approved for more than 75% of what they applied for.
Do you expect to need more funding outside of the current 8 week’s payroll allotted in PPP to retain employees?

Yes: 53.3%  No: 46.7%

For minority or woman owned, what additional steps should government take to assist?

46.7%  Government needs to dedicate financial assistance for minority owned businesses

18.3%  Measures to encourage more financial institutions to loan to minority businesses

14.4%  Dedicated procurement programs for minority owned business

12%  Technical assistance for loan applications

5.7%  Believe that they were denied a loan due to discriminatory practices*

*12 respondents indicated they believed that they were denied a loan due to discriminatory practices. These range from:

i. “All loans should be based on balance sheets and past performance, not ethnicity.”

ii. “My own bank gave me the run around when I tried to submit an application for PPP. By the time they finally allowed me to apply it was too late. Everyone woman owned business in my network experienced the same treatment from their banks.”

iii. “The money is not going to minority businesses it’s going to banks which pick and choose who they’re going to service and not service. It’s still the good old boy system.”
What are your *expectations* for your business?

- If businesses reopen by May 15, I may be able to get the business back on track: 57.4%
- If business don’t reopen until June 15, I’ll still be ok: 36.9%
- If businesses reopen by May 15, my business will bounce back to pre-quarantine levels quickly: 21.9%
- If businesses don’t reopen by June 15, I anticipate having to permanently close my business: 14.7%
- Have lost employees permanently due to layoffs: 5.2%
- May look at opening something new: 4.6%
- Have closed their business: 3 respondents
What are the top priorities for assistance *when you reopen*?

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining the health of my workforce</td>
<td>57.3%</td>
</tr>
<tr>
<td>Financial/funding assistance</td>
<td>39.2%</td>
</tr>
<tr>
<td>Tax incentives/relief</td>
<td>36.4%</td>
</tr>
<tr>
<td>Penalty-free extension on expenses like rent, utilities, supplies</td>
<td>32.4%</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>30.9%</td>
</tr>
<tr>
<td>Inventory and supply chain</td>
<td>24%</td>
</tr>
<tr>
<td>Business interruption insurance coverage</td>
<td>17.9%</td>
</tr>
<tr>
<td>Liability coverage for employees who are/may become infected</td>
<td>17.3%</td>
</tr>
<tr>
<td>Restarting the business</td>
<td>15.2%</td>
</tr>
<tr>
<td>Investment in technology</td>
<td>12.4%</td>
</tr>
<tr>
<td>Guidance on how to modify business model</td>
<td>11.8%</td>
</tr>
<tr>
<td>Qualified workforce</td>
<td>10.5%</td>
</tr>
<tr>
<td>Guidance on FMLA and other workplace policy changes</td>
<td>10.5%</td>
</tr>
<tr>
<td>Leadership/team management</td>
<td>9.8%</td>
</tr>
<tr>
<td>E-commerce</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

For sole proprietors and those with fewer than five employees, funding topped the list, followed by sales and marketing. Companies with 5-49 employees ranked health of workforce at the top, followed by funding and tax incentives.
Do you anticipate *re-staffing* your business??

- Yes: **37.84%**
- No: **9.86%**
- N/A - we’ve kept all employees: **52.3%**

45% of Hispanic firms expect to re-staff the business, but only 41% said they were able to keep all staff on the payroll. 33% of African American firms said yes to re-staffing, and 45% were able to keep all staff on the payroll.

What percentage of Pre-COVID 19 workforce do you *expect to retain*?

- 76-100%: **70%**
- 51-75%: **19%**
- 26-50%: **5%**
- 0-25%: **5%**

Only 45% of African American firms and 58% of Hispanic firms expected to retain 76-100% of the workforce.
How soon do you expect demand for your product or service to return to/or near February 2020 levels?

- 0-3 months: 31.3%
- 4-6 months: 27.1%
- 7-9 months: 13.6%
- 10-12 months: 13%
- 1+ year: 10%

Demand is up from February and I expect continued growth: 4.9%