COVID-19 Pandemic
Business Impact Survey

City of Northwood, Ohio
April-June 2020

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City of Northwood COVID-19 Business Impact Survey

Executive Summary
The current COVID-19 pandemic is having an obvious negative effect on businesses. To document the true effects of the pandemic on Northwood businesses, Ohio State University Extension and the Ohio Sea Grant College Program partnered with the City of Northwood and Reveille Ltd. to conduct a business impact survey to determine the issues that these businesses are facing.

The following is an analysis of the local business impact survey that was conducted from April -June 2020. Businesses were asked questions regarding the industry in which they were operating, level of business closures, operating capacity and procedures, employment levels, finances, and concerns for the future.

Key Findings

Respondents reported having between 1,305-1,817 full-time employees.

- 1,305 full-time employees are estimated to generate $60,240,105 in personal income and contribute $903,602 in local income taxes.
- 1,817 full-time employees are estimates to generate $83,874,537 in personal income and contribute $1,258,118 in local income taxes.

Respondents reported having between 469-795 part-time employees.

- 469 part-time employees are estimated to generate $10,801,674 in personal income and contribute $162,025 in local income taxes.
- 795 part-time employees are estimated to generate $18,325,917 in personal income and contribute $274,889 in local income taxes.

Businesses estimate heavy revenue losses with a majority estimating that they will have to close if the current business disruption continues.

- If business disruption continues at the current rate, 32 businesses are at risk of closing permanently.
- Responding businesses have self-reported $96,817,700 in lost income from April-June 2020 versus the same time frame from 2019.
- 82% of businesses have lost revenue with 71% also citing extra expenses to mitigate public safety risks.
- In estimating their revenue loss, 28% of businesses anticipate a 21-40% loss and another 28% anticipate upwards of an 81%+ revenue loss.
53% could quantify their losses with 37% citing the fact that their income loss was due to business closure.

Businesses are primarily concerned with loss of work (80%) and their employees’ financial welfare (54%).

The transition to remote work has been difficult for businesses and those who were able to work remotely estimate a steep drop off in employee productivity.

- 39% feel that their employees are working between 50-75% productive capacity and 35% feel that their employees are working at less than 50% productive capacity.

- Half of the businesses felt prepared for their employees to work remotely. However, it is important to note most businesses were of the kind that would be unable to work remotely (auto repair, barber shops, retail, construction, etc.).

- 76% employ between 1-5 part-time employees and 47% state that they only employ between 1-5 full-time employees.

Going forward, businesses mainly have financial concerns and state that financial-related assistance would be most helpful.

- 62% state that information on financial assistance over the next 90 days would be helpful.

- 58% would like penalty-free extensions of business expenses such as rent and utilities.

- In addition to this type of assistance, 42% would like to receive information on how to protect their employees from COVID-19 and 36% would like information on how to protect their customers from COVID-19.

A majority of those who are qualified for federal assistance and need funding have been successful in receiving funds.

- 54% have either been successful in applying or are awaiting approval from the Payroll Protection Program while only 14% do not qualify. Only 5% have been unsuccessful.

- 7% of businesses applied and were approved for a U.S. Small Business Administration Economic Injury Disaster Loan and 22% state that the loan is pending approval. Nearly 7% have been denied.

- 47% of businesses contacted their bank about a bridge loan or other financing with 19% stating that it has not been necessary to do so. 10% report that lenders are not responding.
Introduction

The novel coronavirus COVID-19 has had a substantial negative effect on Northwood businesses. Issues range from forced closures, loss of income, forced business plan changes, supply chain interruptions, rent payments, productivity, physical and mental health to name a few. This effort was undertaken to determine the specific effects that Northwood businesses have experienced because of the pandemic.

The City of Northwood and Reveille Ltd. established a partnership with Ohio State University Extension and the Ohio Sea Grant College Program to identify issues and concerns from small and medium sized businesses with a focus on Business Retention and Expansion (BRE) issues. The survey instrument was developed by Ohio State University Extension and Ohio Sea Grant with input from Northwood and Reveille Ltd. that consisted of 21 questions with 76 local businesses responding. The survey was open to the local business community on the city’s website from April-June 2020.

Retention of existing businesses and community encouragement of local firms’ continued growth has become an essential aspect of many local and regional economic development programs. While attraction of new businesses is a highly visible aspect of most economic development programs, studies have shown that businesses that already exist in a community account for up to 70% of all net change in local employment, and up to 86% in rural areas.¹

BRE Program Objectives

The objectives of the City of Northwood’s BRE Program are to:

- Identify and address concerns and issues of existing businesses by creating a value-chain of partners, including local and state government as well as private organizations and enterprises.
- Identify opportunities to stimulate local job growth. Communicate with local business community about potential funding sources regarding the COVID-19 pandemic.
- Establish and maintain an ongoing economic development partnership that develops and fosters long-term positive/productive relationships among public and private entities in Northwood, Ohio.

BRE Program Outcomes

Expected outcomes of this effort are to begin to understand the impact of the COVID-19 pandemic on Northwood businesses and to help provide timely financial information, improve services, grow existing businesses, enhance organizational visibility, and retain and improve the quality of life in the community.

¹ Kraybill, D. 1995. Retention and Expansion First, Ohio’s Challenge. 8(2): 4-7 [Department of Agricultural, Environmental and Development Economics, Ohio State University, Columbus, OH]
**Respondent Profile**

The online survey instrument was distributed via City of Northwood’s web site for all Northwood businesses.

As a result of this effort, 76 businesses provided information that is used in the analysis. Responding businesses could skip any questions in which they did not feel comfortable answering. It is of the utmost importance to ensure confidentiality of survey answers. Hence, all responses are reported in aggregate format.

A total of 76 responses from Northwood businesses were used for this analysis. **Table 1** presents the number of businesses and the percentage of the total number of businesses by industry.

### Table 1 - Frequency of Survey Respondents by Industry

<table>
<thead>
<tr>
<th>NAICS Sector</th>
<th>Description</th>
<th>Businesses</th>
<th>Pct of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>1</td>
<td>1.69%</td>
</tr>
<tr>
<td>21</td>
<td>Mining, Quarrying, and Oil and Gas Extraction</td>
<td>1</td>
<td>1.69%</td>
</tr>
<tr>
<td>22</td>
<td>Utilities</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>7</td>
<td>11.86%</td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
<td>6</td>
<td>10.17%</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>6</td>
<td>10.17%</td>
</tr>
<tr>
<td>44-45</td>
<td>Retail Trade</td>
<td>8</td>
<td>13.56%</td>
</tr>
<tr>
<td>48-49</td>
<td>Transportation and Warehousing</td>
<td>2</td>
<td>3.39%</td>
</tr>
<tr>
<td>51</td>
<td>Information</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>52</td>
<td>Finance and Insurance</td>
<td>2</td>
<td>3.39%</td>
</tr>
<tr>
<td>53</td>
<td>Real Estate and Rental and Leasing</td>
<td>1</td>
<td>1.69%</td>
</tr>
<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
<td>6</td>
<td>10.17%</td>
</tr>
<tr>
<td>55</td>
<td>Management of Companies and Enterprises</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>56</td>
<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>61</td>
<td>Educational Services</td>
<td>2</td>
<td>3.39%</td>
</tr>
<tr>
<td>62</td>
<td>Health Care and Social Assistance</td>
<td>3</td>
<td>5.08%</td>
</tr>
<tr>
<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
<td>3</td>
<td>5.08%</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
<td>2</td>
<td>3.39%</td>
</tr>
<tr>
<td>81</td>
<td>Other Services (except Public Administration)</td>
<td>9</td>
<td>15.25%</td>
</tr>
<tr>
<td>92</td>
<td>Public Administration</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Unknown</td>
<td></td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>59</strong></td>
<td><strong>99.97%</strong></td>
</tr>
</tbody>
</table>
When asked which of the following best describes your business, most respondents in Northwood were privately owned (51.7%) or family owned (36.2%).
Answered: 58
Skipped: 18

When asked if their business is owned by a minority, woman, or veteran, 22 businesses whom this question pertains are 77.2% woman-owned, 9% minority-owned and 18.2% veteran-owned.
Answered: 22
Skipped: 54
Impact on Business Operations

When given multiple choices about how each responding business has been affected by COVID-19, the top three answers were loss of revenue (81.6%), added expenses to mitigate public safety risks (71%) and employee layoffs/workforce displacement (49%).
Answered: 76
Skipped: 0

When given multiple choices about what measures their company deployed to counteract COVID-19, the top three were added hand sanitizer throughout the office (72%), increased additional cleaning of shared workspaces (70%) and cancelled meeting or conferences (65%).
Answered: 74
Skipped: 2
When asked if their company has employees determined as “essential” by the federal or state government, 63% of respondents do while 29% do not. 
Answered: 76
Skipped: 0

![Bar chart showing the percentage of respondents who have employees determined as "essential" by the state/federal government.](chart1.png)

When asked what your business is most concerned about, the top three responses were losing work (80%), employees’ financial welfare (54%) and supply chain issues (43%).
Answered: 76
Skipped: 0

![Bar chart showing the percentage of respondents concerning about different issues.](chart2.png)
When asked to estimate the revenue decline that their business is experiencing or anticipates experiencing, the top three responses were 81%+, 21-40% and 0-20%.
Answered: 60
Skipped: 16

When asked if businesses have implemented a hiring freeze because of COVID-19, 57% of responding Northwood businesses have done so.
Answered: 60
Skipped: 16
When asked the open-ended question “If any changes were made to employees’ compensation (salary, hourly wage, benefits, etc.) since the COVID-19 pandemic”, a wide variety of responses dealt with increasing wages for some, decreasing wages, no overtime, decreased commissions, decrease in hours worked, layoffs and frozen wages.
Answered: 42
Skipped: 34

When asked how efficient do you feel your workforce is when working remotely (compared to pre-virus) respondents answered 26% felt that employees were at 76-100% effectiveness, 39% felt employees were 50-75% effective and 35% felt that employees were less than 50% effective.
Answered: 51
Skipped: 25
Economic Loss and Business Closures

Businesses were asked if they were able to quantify economic loss due to COVID-19. 31 businesses responded yes (53%) while 20 businesses responded no (34%).

Businesses were then asked to check any boxes that provide best estimates of the financial impact of losses to their business with the top three factors being income loss due to closing business (38%), employees unable to report to work/estimated wage loss (28%) and inventory loss due to supply chain disruption (26%)

When asked to quantify economic losses from COVID-19 compared to same quarter in 2019, 58 businesses estimated that total economic loss since start of the pandemic at $96,817,700.

Answered: 58
Skipped: 18
When asked if business disruption continues at the current rate, responding businesses indicated they are at risk of closing permanently in less than one month (3%), 1-2 months (15%), 3-6 months (13%), 6 months-1 year (15%) and more than 1 year (7%).

47% of responding businesses indicated business closure is not a concern.
Answered: 60
Skipped: 16

When asked how many employees are at risk of unemployment, reduced hours and/or layoffs, the vast number of respondents (33) employ between 1-5 people (58%).
Answered: 57
Skipped: 19
When asked if businesses felt prepared for employees to work remotely in several areas, half of businesses (50%) felt prepared for employees to work remotely.

Answered: 48
Skipped: 28
**Business Employment**

Number of full-time employees\(^2\) reported by 58 responding businesses:
Answered: 58
Skipped: 18

![Full-time Employees Chart](chart1.png)

Number of part-time employees reported by 46 responding businesses:
Answered: 46
Skipped: 30

![Part-time Employees Chart](chart2.png)

58 Northwood businesses reported a range of between 1,305-1,817 full-time employees.

1,305 full-time employees are estimated to represent $60,240,105 in personal income to Northwood’s local economy. Additionally, 1,305 full-time jobs are estimated to represent $903,602 in local income tax revenue.

1,817 full-time employees are estimated to represent $83,874,537 in personal income to Northwood’s local economy. Additionally, 1,817 full-time jobs are estimated to represent $1,258,118 in local income tax revenue.

The U.S. Bureau of Labor Statistics described part-time employees as individuals working between 1-34 hours per week. However, the Fair Labor Standards Act (FLSA) is silent on the issue of part-time or full-time status. The main difference between a full-time and part-time weekly schedule is that part-time employees work less hours than full-time employees. Beside that stipulation, federal law does not dictate what hours are considered part-time, and it is up to the employer to define.

For the purpose of this analysis and the sake of simplicity, the authors decided to divide the number of part-time employees by two; thus assuming 20 hours of weekly work for each reported part-time employee.

46 Northwood businesses that responded reported a range of between 469-795 part-time employees. This analysis divided these numbers in half to derive personal income and income tax estimates.

234 part-time employees are estimated to represent $10,801,674 in personal income to Northwood’s local economy. Additionally, 234 part-time employees are estimated to represent $162,025 in local income tax revenue.

397 part-time employees are estimated to represent $18,325,917 in personal income to Northwood’s local economy. Additionally, 397 part-time employees are estimated to represent $274,889 in local income tax revenue.

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3 NAICS Codes 11, 21, 23, 31, 32, 33, 42, 44, 45, 48, 49. 52, 53, 54, 61, 62, 71, 72 and 81 were combined and averaged for a mean wage of $46,161. Estimated personal income is derived from May 2019 Occupational Employment Statistics via the U.S. Department of Labor, Bureau of Labor Statistics web site at: https://www.bls.gov/oes/current/oes_45780.htm#00-0000

4 Assuming City of Northwood income tax rate of 1.5%

5 Federal explanation available at: https://www.bls.gov/news.release/empsit.t08.htm
**Business Assistance**

When asked what type of assistance would be most helpful, the top three choices are information on financial assistance over the next 90 days (62%), penalty-free extensions on rent and utilities (58%) and how to protect employees from COVID-19 (42%).

Answered: 55  
Skipped: 21

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**What type of assistance would be most helpful? Check all that apply.**

![Graph showing the distribution of responses for the most helpful assistance types.](image)

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When asked if businesses contacted their bank about a bridge loan or other financing, 47% have, 24% have not, 19% said it was unnecessary and 10% reported that lenders are not responding.

Answered: 58  
Skipped: 18

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**Have you contacted your bank about a bridge loan or other financing?**

![Graph showing the distribution of responses for contacting a bank.](image)
When asked if businesses have applied for a U.S. Small Business Administration Economic Injury Disaster Loan, 3% have been successful, 7% have been unsuccessful, 22% have a pending loan and 17% did not qualify. 44% of respondents did not apply for a loan under this program.
Answered: 59
Skipped: 17

When asked if responding businesses have applied for the Payroll Protection Program, 27% were successful, 5% were unsuccessful, 27% were pending and 14% did not qualify. 24% found it not necessary to apply.
Answered: 59
Skipped: 17