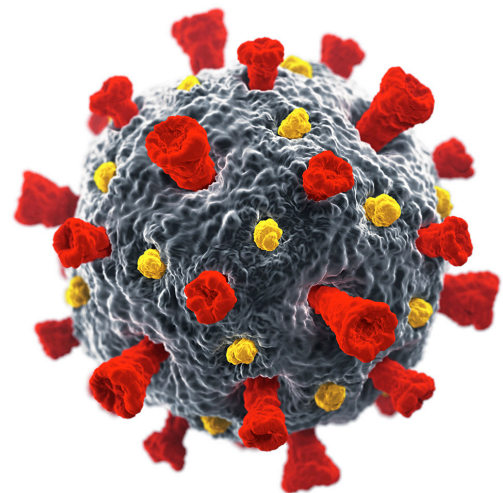


The Impact of COVID-19 on Utah Businesses

A Survey of Utah's Business Leaders

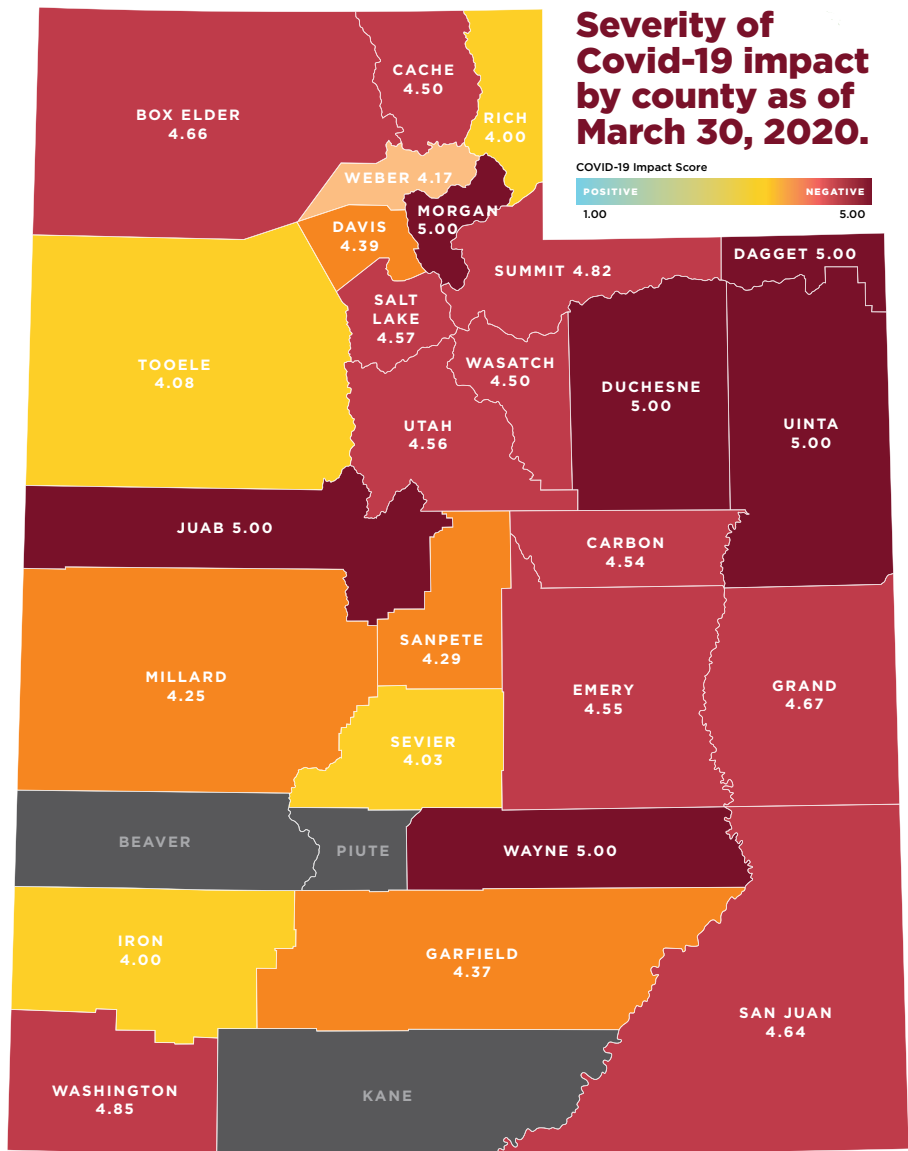
On March 16 Governor Gary Herbert created the Utah Economic Response Task Force to identify the impact the COVID-19 virus is having on businesses and determine possible solutions for recovery.

As a member of the Task Force, the Economic Development Corporation of Utah (EDC Utah) deployed its primary research capabilities to support the effort.



Digital rendering
of the notorious
Coronavirus cell.

On March 18 EDCUtah, in partnership with the Economic Response Task Force, sent a survey to Utah businesses to identify the impact COVID-19 is having on their operations, how they are adapting, and what aid or resource would be needed to ensure Utah’s economic recovery.



Key Findings

- 92% of companies have experienced at least “somewhat negative” impact, with 59% experiencing an “extremely negative” impact
- Major challenges faced include lost revenue, getting employees to work, supply chain deliveries, keeping people safe, with the greatest challenge being a drop in product demand (68%)
- 36% of companies will manage revenue loss though seeking financial assistance, 38% through reduced workforce, and the greatest portion—46%—through tapping into savings
- 49% of companies are interested in low or no-interest loans to help them weather current challenges
- 20% indicated they need no financial assistance, and 54% are seeking less than \$50,000 (loans, grants, etc.)
- 66% of companies have reduced spending due to uncertainty

Key Solutions

What Policy Makers Can Do.

Ideas state and local leaders should consider.

- Provide low or no-interest loans or grants for operating capital (including federal contracts)
- Offer expansion and / or acceleration of unemployment benefits
- Offer tax deferral at the state level for Utah sales, withholding, payroll, and / or income taxes

Number of responses per county

Beaver	0	Iron	1	Sevier	33
Box Elder	3	Juab	1	Summit	11
Cache	8	Kane	0	Tooele	36
Carbon	65	Millard	12	Uintah	1
Daggett	1	Morgan	1	Utah	266
Davis	28	Piute	0	Wasatch	18
Duchesne	1	Rich	1	Washington	7
Emery	22	Salt Lake	246	Wayne	3
Garfield	19	San Juan	59	Weber	28
Grand	46	Sanpete	7		

What Businesses Can Do.

Ideas Utah businesses should consider.

- Offer low or no-interest loans or grants
- Provide flexible repayment options on loans and billings, including delaying foreclosures
- Offer assistance, donations, equipment, etc., to support the local healthcare industry and those in need

What Citizens Can Do.

Ideas Utah citizens should consider.

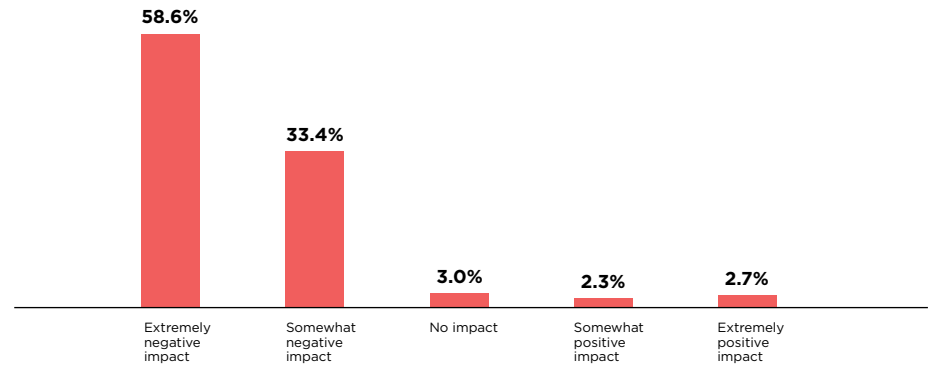
- Increase online spending at Utah companies
- Continue to shop when able to safely do so
- Be the solution by social distancing, improving hygiene, and supporting those in need

The Impact

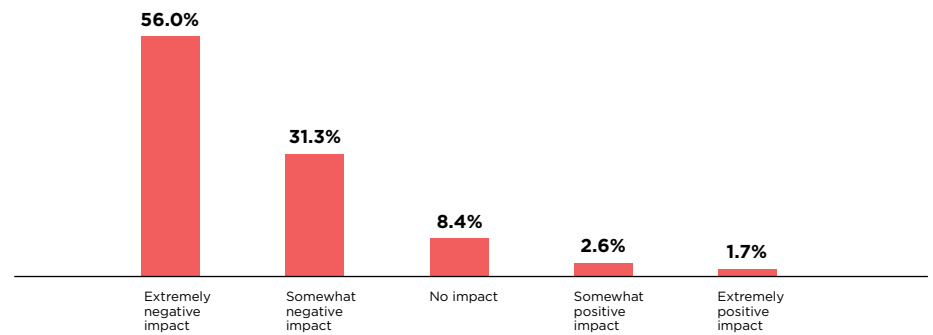
Most companies surveyed are impacted by COVID-19 in some way, with only 5.0% indicating a positive impact. Small companies described having to let all or most employees go, hotel and leisure industries are seeing record-breaking declines in occupancy and visitation, and restaurants and bars were required to adapt or close due to social distancing. Other hard-hit industries include dental and doctors' offices, education, travel, real estate, and others.

The impact on manufacturers and suppliers has caused challenges for nearly every industry. The few companies positively impacted described the difficulty in acquiring needed inputs to keep up with demand, resulting in turning away customers. Revenue impact is expected to be severe, lasting six months or more. Disruption ranged

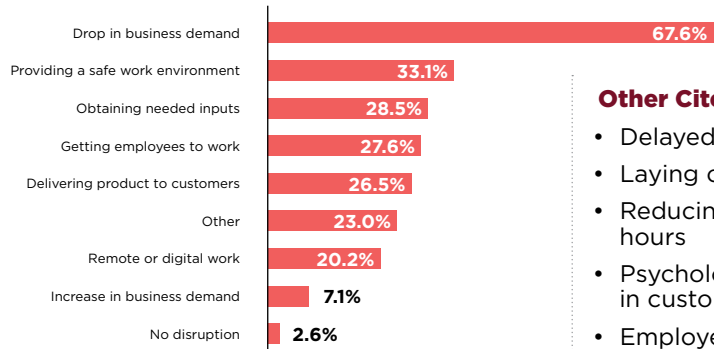
COVID-19 Impact on Utah Businesses



Revenue Impact



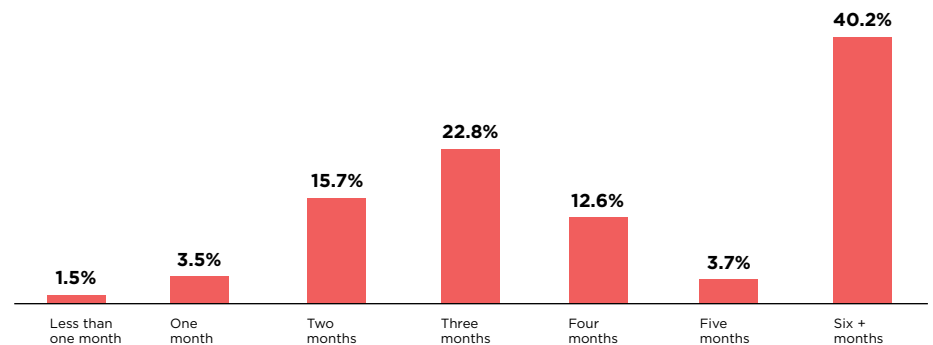
Type of Disruption



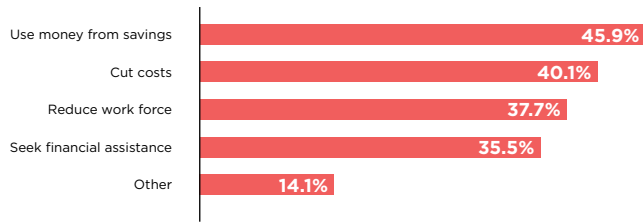
Other Cited Impacts

- Delayed business
- Laying off employees
- Reducing employee hours
- Psychological change in customer behavior
- Employees uncomfortable leaving homes
- Issues collecting payments

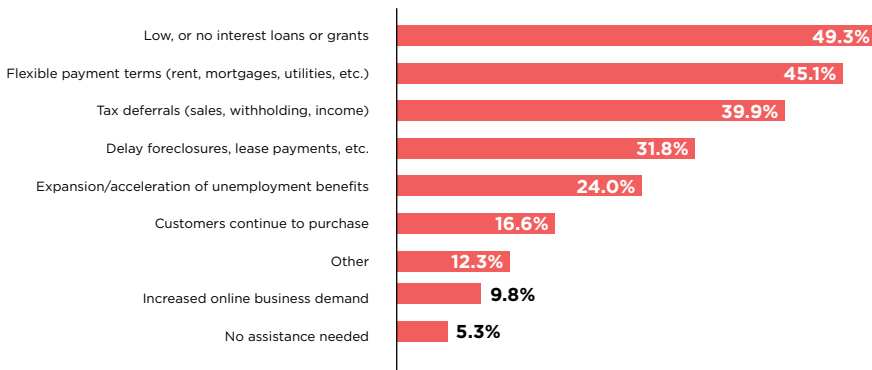
Expected Duration of Impact



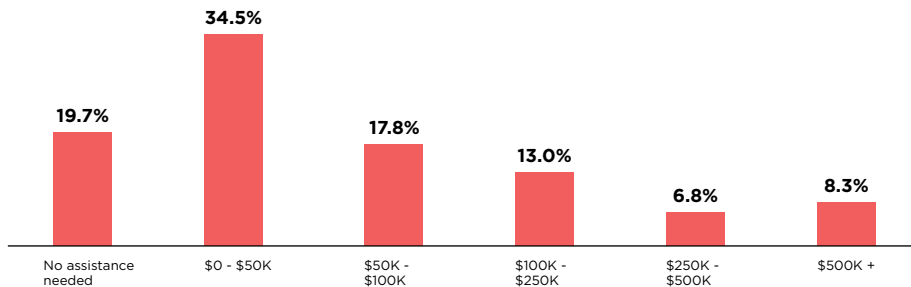
How Companies Will Manage Lost Revenue



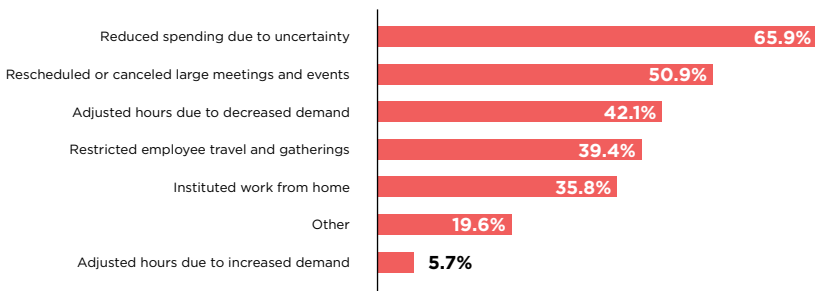
Assistance Needed



Amount of Financial Assistance Needed



What Organizations Have Already Done



How Companies Are Being Innovative



from lost revenue, acquiring inputs, providing a safe environment for employees, managing virtual work, and most critically, a drop in product or service demand.

Many businesses have already closed or laid off many or all employees. Some businesses moved to an online model and have been able to operate in this manner. Manufacturing operations have slowed significantly due to delays and regulations.



The now-famous open stacks of Costco toilet paper. A very popular hoarding item in the first weeks of the Coronavirus crisis.

The Need

Most companies plan to manage revenue loss first by tapping into savings and cutting costs, but 38% indicated the need to reduce workforce and 36% to seek financial assistance. Despite significant revenue loss, companies are not seeking significant aid. Twenty percent indicated they would not be seeking financial assistance at all, and 54% less than \$50,000.

Companies are instead asking for help through tax deferrals, credits, delayed foreclosures, flexible repayment options, and low interest loans. Those who indicated the most extreme impact indicated that

loans will simply add to their debt, so forgivable loans, loans with extremely favorable terms, or grants are preferred. The request by companies to customers is to continue to support them as best they can through online purchasing and in-store shopping when safe and able.

The Unexpected Outcome

Companies were severely disrupted, and yet some were able to find new opportunity as a result of the impacts of COVID-19. Innovative communication, planning for the future, and opportunity to think and grow creatively are among the many ways companies are moving forward during the downturn. Companies are also modifying employee benefits, product offerings, and even aspects of their business model to accommodate customers and try to keep their doors open. Some of these changes are listed to the right.

Employee-facing Actions

- Offering additional paid and unpaid sick leave
- Providing virtual meetings and online events
- Revisiting work from home policies to add flexibility
- Investing in staff training and professional development

Customer-facing Actions

- Providing home delivery services
- Charging discounted prices to encourage spending
- Adding free products to each order
- Enhancing virtual business offerings
- Contacting clients more directly and personally

Business Operations

- Developing new products
- Investing in website
- Investing in ecommerce platforms
- Planning marketing for recovery

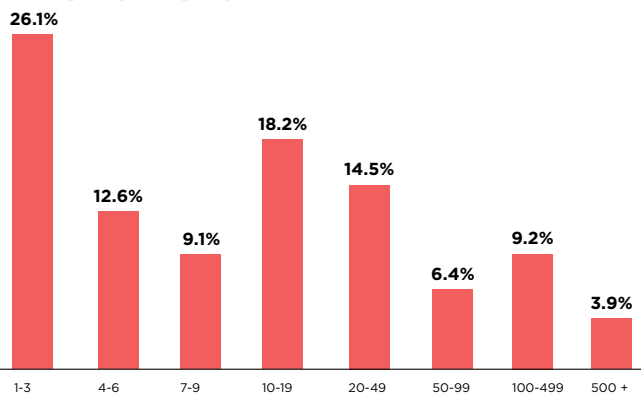
- Taking time to review internal policies
- Focusing on efficiency improvements
- Working on “back burner” projects
- Enhanced emergency planning
- Investing in extra supplies and inventory in case of future shortages
- Planning for / responding to supply chain disruptions

Community-facing Actions

Perhaps most encouraging were companies that reached out to help. Just a few ways companies offered help are cited here.

- Providing food to employees
- Selling product to donate proceeds to employees
- Donating food
- Donating money
- Holding community events
- Donating PPE
- Volunteering

Company Employee Count



Company Details



Next Steps

The Utah Economic Response Task Force will use this and other data to make decisions to best help Utah businesses make it through the next few months and beyond. Utah’s Recovery Plan not only includes measures for overcoming the health impact of COVID-19, but also an economic recovery plan to ensure as many people as possible can return to work and as many businesses as possible can reopen their doors.

For business resources, visit coronavirus.utah.gov

For more information regarding efforts by EDCUtah and its investors to support Utah’s businesses and economy, visit edcutah.org or follow us on Twitter ([edcutahorg](https://twitter.com/edcutahorg)).

Like to know more about business in Utah?



Theresa Foxley
President & CEO
tfoxley@edcutah.org
(801) 328-8857



Michael Flynn
Chief Operating Officer
mflynn@edcutah.org
(801) 328-9742



Matt Hilburn
Vice President,
Research & Marketing
mhilburn@edcutah.org
(801) 323-4245

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201 South Main Street, Suite 2150, Salt Lake City, UT 84111 | edcutah.org