

Impact of COVID-19 in Northwest Georgia Businesses

Georgia Tech  **Economic Development Administration University Center**
Enterprise Innovation Institute

NWGRRC
NORTHWEST GEORGIA REGIONAL COMMISSION

SUMMARY OF KEY FINDINGS

The survey of business and community leaders in Northwest Georgia provides insight into the impact of the coronavirus pandemic on businesses and communities in the region. Here is a summary of the key findings:

- There were 304 responses to the survey. 37 percent of the businesses reported having **10 or less employees** and **61 percent reported 49 or less employees**.
- Nearly half of the survey respondents represented **Professional services, Education, and Manufacturing** sectors. The Other category includes Agriculture and Food Distribution, Technical Support and Maintenance, Entertainment and Media, Housing, and Miscellaneous.
- **82 percent of the businesses surveyed reporting financial, staffing, customer and other losses** since the disruptions caused by the COVID-19 pandemic began.
- The most common responses to the question about steps businesses have taken in response to COVID-19 include: **Open, Scaled Back Hours/Shifts (47.9%); Employee Teleworking (47.4%); Modified Product/Service Offered (42.1%); and Employees Furloughed or Laid off (16.3%)**.
- Under half of the respondents, **41 percent, reported that some of their employees are at risk of unemployment/layoff** as a result of the pandemic crisis and 59 percent did not think this was a risk their business is facing. Only **13% of businesses surveyed expressed concern regarding permanent closure** within six months.
- **43 percent of the respondents are very concerned about the impact of the pandemic over the next three months** while 28 percent are very concerned about the future impact over the next six months.
- Only **13 percent of businesses surveyed, expressed concern regarding permanent closure within six months**. When asked about the risk of closing permanently, **companies with more than 100-400 employees reported no risk of closing permanently**, while **companies with 49 and less employees reported some risk of closing**.
- In the next 6 months, businesses expect to face the following challenges: **Insufficient Staffing to Accomplish Critical Work (31%); Higher Demand for Employee Protection (26%); A Change in Staffing Due to Low Demand is Expected to Occur (15%); Productivity Loss Due to Lack of Remote Work Capabilities (10%); and Separation of Staff/Layoffs (8%)**.
- An in-depth analysis of data by respondent/company shows that businesses **in Food Services, Accommodation, Educational Services, Healthcare and Medical, Manufacturing and Professional Services reported the highest rate of decline in business revenues** compared to 2019.
- Respondents' top five immediate business needs were: **Advice on Identifying New Customer Segments (19%); Skill Development and Workforce Training Programs (19%); Professional and Leadership Development (16%); Advice on Identifying New Revenue Models (16%); and Advice on Identifying New Distribution Channels (11%)**.
- Community leaders reported that **28 percent of planned business location, expansion, or relocation projects were not affected by COVID-19 and have continued as planned and 39 percent of projects were put on hold but have resumed**. In contrast, **26 percent of projects were put on hold, and have remained on hold and 7 percent of projects have been cancelled**.
- Community leaders selected these areas as the top five immediate needs for businesses: **Advice on Identifying New Revenue Models (19%); Skill Development and Workforce Training Programs (19%); Advice on Identifying New Customer Segments (14%); Professional and Leadership Development (14%); and Advice on Identifying Potential New Partners to Expand Capacity (10%)**.

INTRODUCTION

Project Overview

The Georgia Tech EDA University Center (EDAUC), in collaboration with the Northwest Georgia Regional Commission (NWGRC), conducted a survey to assess the impact of the COVID-19 pandemic in the Northwest Georgia region. The goal of the project is to collect data on the economic needs of communities affected by the coronavirus pandemic through loss of employment, loss of income, loss of business revenue, or lack of resources.

Based on the information collected, the Georgia Tech team will provide participating communities with short-term recovery planning for building a stronger, more resilient businesses for the long-term.

With the assistance of NWGRC, the survey was shared with local government, chambers of commerce, economic development agencies and other partners of NWGRC in all 15 counties. The survey was distributed via an email to businesses within the region. The data summarized in this report was collected between January 19 and February 10, 2021.

The survey included a total of 18 questions for businesses and 4 questions for leadership of local government, chambers of commerce, economic development agencies, development authorities and other community leaders. The questions were designed to collect information on businesses' location (city, county), size in terms employment and revenue, and several questions related to challenges brought upon by the COVID-19 crisis and the type of assistance needed.

The survey findings are presented in two groups: **1)Survey Findings-Business Impacts** which summarizes the responses of respondents representing businesses; and **2)Survey Findings-Community Business Impacts** which summarizes responses community leaders.

This project is funded by the Economic Development Administration (EDA), the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant.

SURVEY FINDINGS: BUSINESS IMPACTS

Businesses operating in the region's 15 counties were invited to participate in this survey. There were a total of 304 responses. As the map below shows, survey respondents are located in the following 13 counties: Bartow, Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer, Gordon, Murray, Paulding, Pickens, Polk, and Whitfield.

Respondents

304

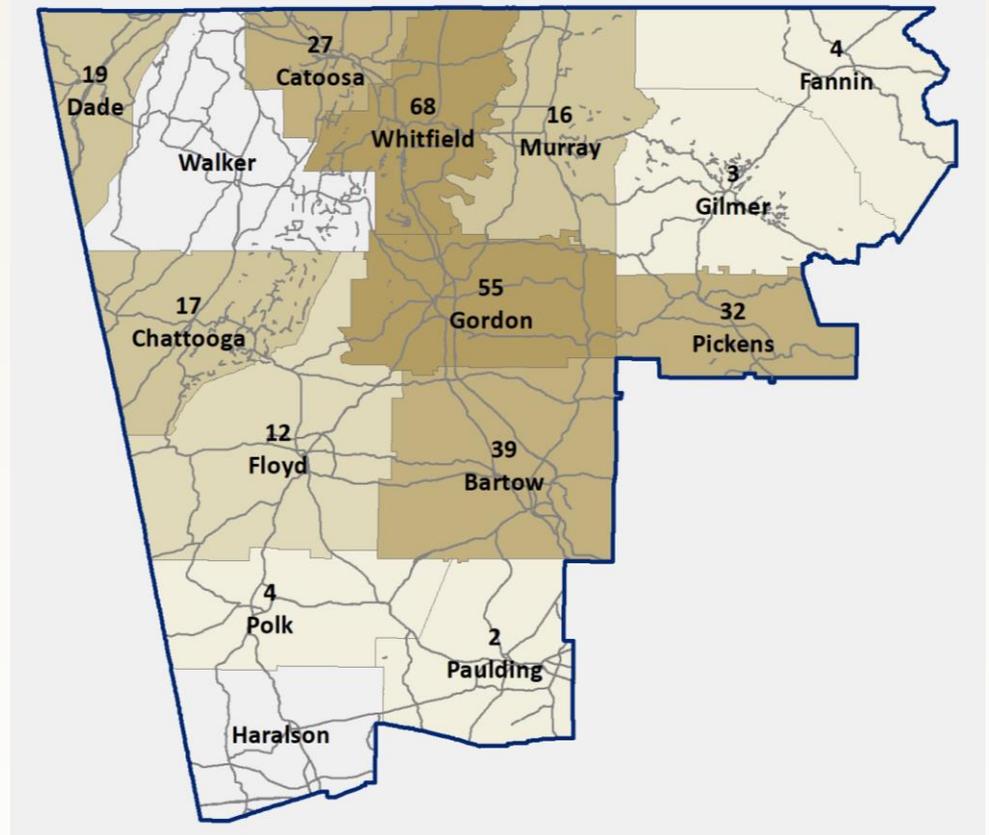
TOTAL
RESPONDENTS

299

RESPONDENTS FROM
NWGA REGION

13

COUNTIES

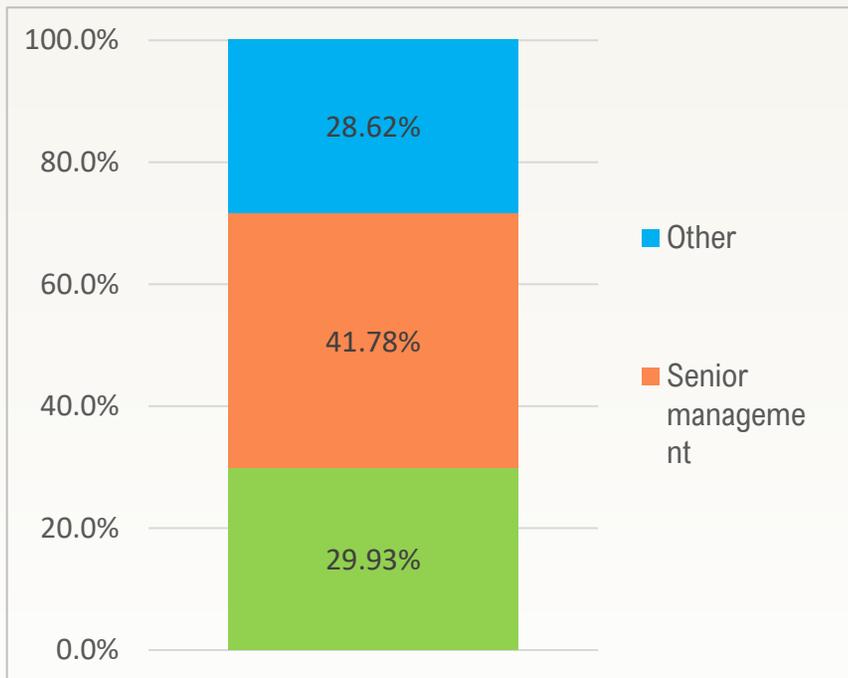


SURVEY FINDINGS: BUSINESS IMPACTS

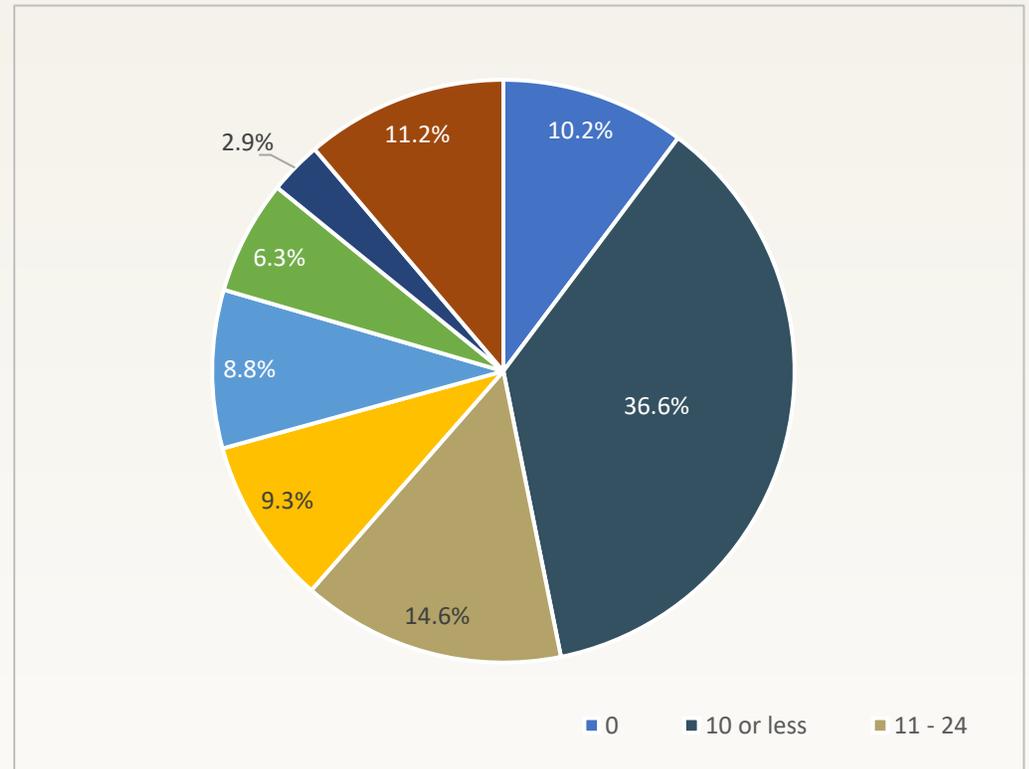
Nearly 37 percent of the businesses reported having 10 or less employees; 15 percent of respondents have 11 – 24 employees and 9 percent have 25-49 employees.

30 percent of the respondents were company owners and 42 percent were senior managers. The remainder, 29 percent, held other roles within the company.

Q: What is your role with the company?

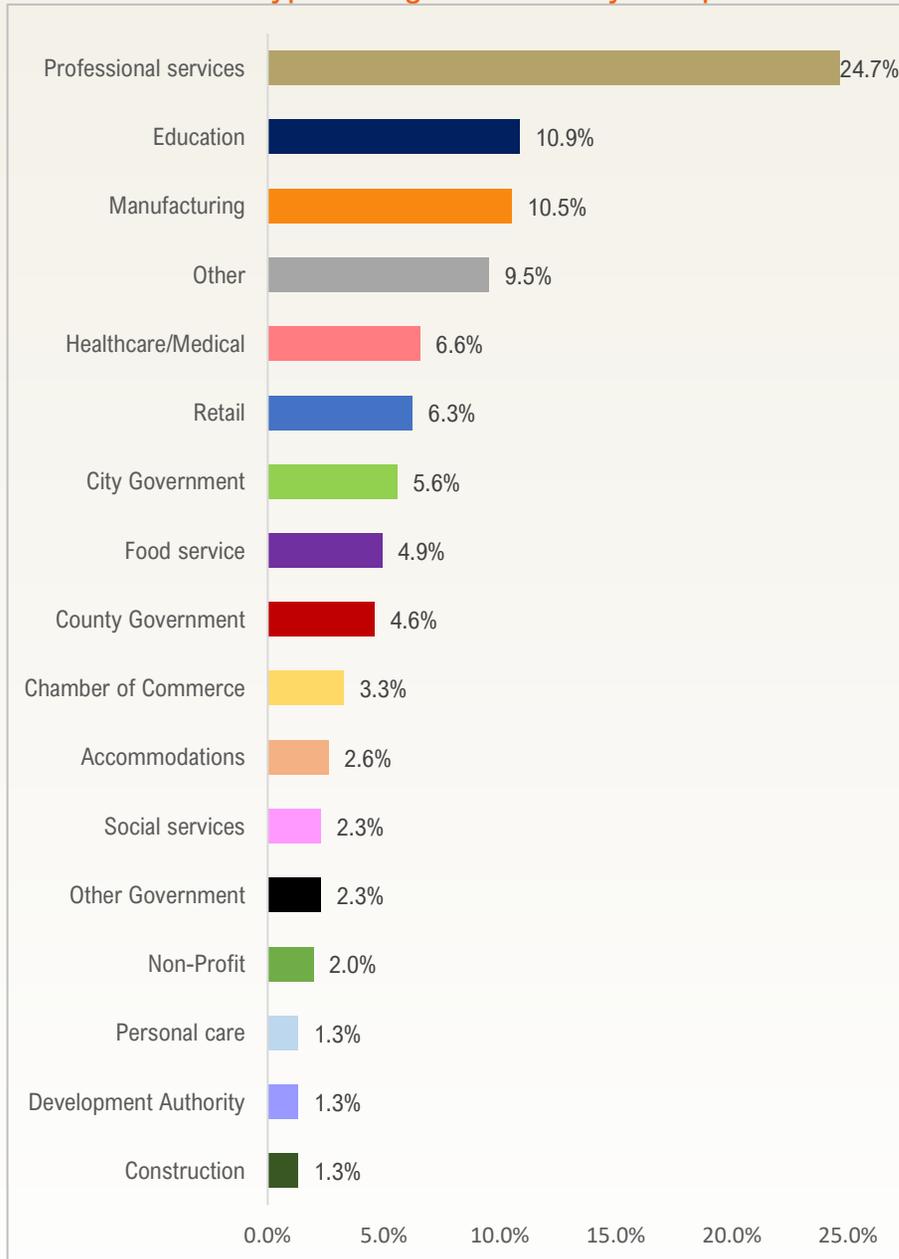


Q: How many employees does the company have?



SURVEY FINDINGS: BUSINESS IMPACTS

Q: What type of organization do you represent?



Survey respondents represented a wide range of industries. *Professional Services, Education and Manufacturing* accounting for nearly half of the responses.

Given the large number of responses under *Other* category -10 percent - the Georgia Tech team grouped responses under this category based on additional information provided by these companies. As shown in the chart below, the *Other* category includes *Agriculture and Food Distribution, Technical and maintenance, Entertainment and Media, Housing and Neighborhoods, and Miscellaneous*. Governmental institutions which did not fit the framework were grouped in “Other Government”

“Other” Industries

| | | |
|-----------------------------------|---------------------|-----------|
| Agriculture and Food Distribution | Agriculture | 1 |
| | Food and Bev Distr | 2 |
| | Poultry | 1 |
| Technical and Maintenance | Automotive | 1 |
| | Home Improvemer | 2 |
| | HVAC | 1 |
| Entertainment and Media | Utility | 4 |
| | Bowling Center | 1 |
| | Tourism | 1 |
| | Media | 5 |
| Housing and Neighborhoods | Screen Printing | 1 |
| | HOA | 1 |
| | Housing Rental | 2 |
| Miscellaneous | Laundry | 1 |
| | Plastic distributor | 1 |
| | Plastics Testing | 1 |
| | Religious Organiza | 3 |
| Grand Total | | 29 |

“Other Government”

| | |
|-----------------------------------|----------|
| GDOL State government | 1 |
| Municipal Water and Sewer Utility | 1 |
| Parks and Recreation | 1 |
| Pickens County Veterans Memorial | 1 |
| Public Library | 1 |
| State Government | 2 |
| Grand Total | 7 |

SURVEY FINDINGS: BUSINESS IMPACTS

Survey results underscore the severe impact of the coronavirus pandemic with 82 percent of the businesses surveyed reporting financial, staffing, customer and other losses since the disruptions caused by the COVID-19 pandemic began.

Business that experienced losses due to COVID-19 reported that the greater impact was felt in sales. *Slower sales/no sales* impacted 62 percent of the respondents. *Employee absenteeism* and *supply chain disruptions* impacted 62 percent and 43 percent of the respondents, respectively. Nearly 17 percent of the respondents experienced layoffs.

Q: Has your business experienced any financial, staffing, customer, or other losses due to COVID-19?

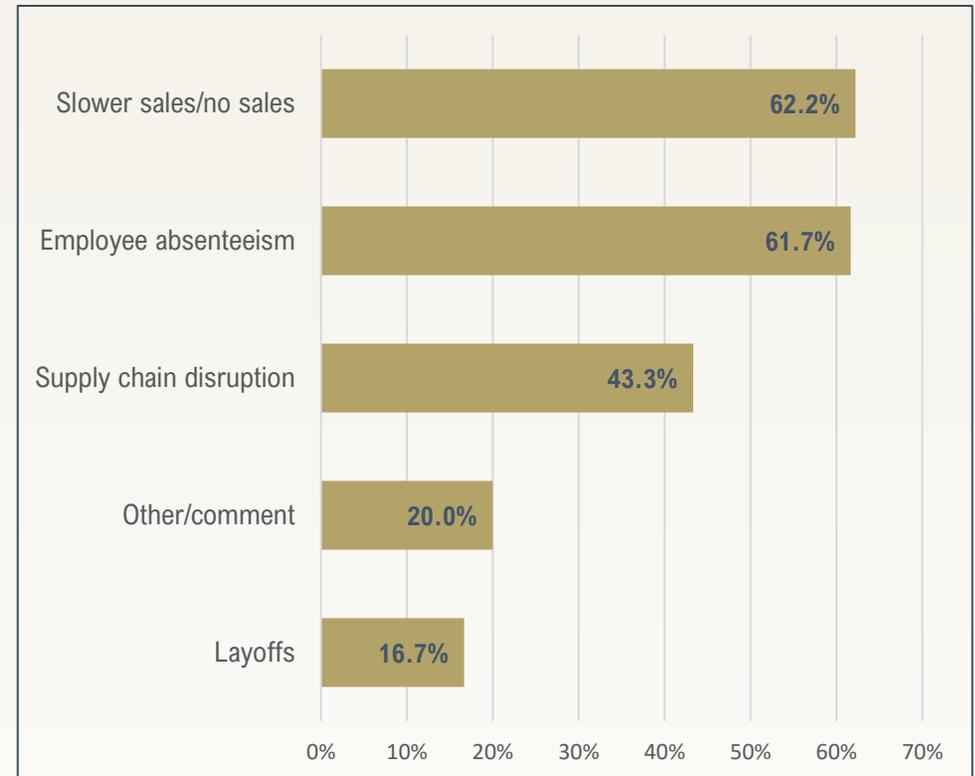
82%

18%

Yes

No

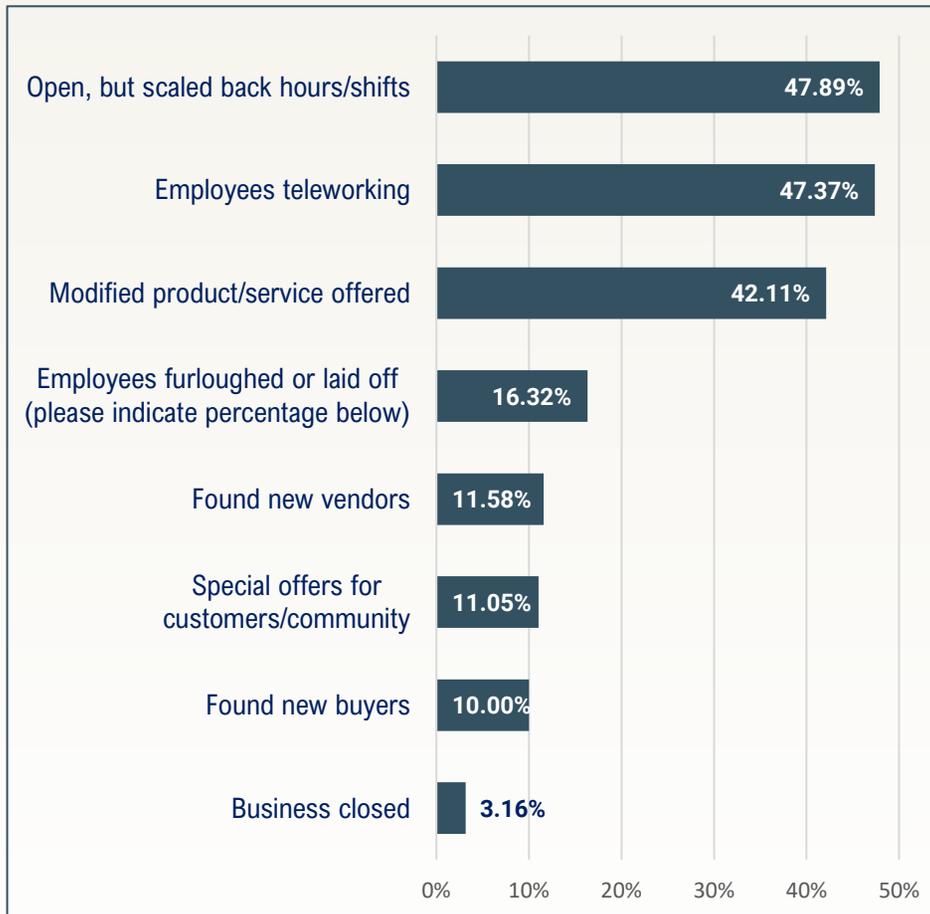
Q: If yes, please describe the loss your business is experiencing due to COVID-19 (check all that apply)



SURVEY FINDINGS: BUSINESS IMPACTS

When asked about steps businesses have taken in response to COVID-19, the most common responses were: *Open, Scaled Back Hours/Shifts* (47.9%); *Employee Teleworking* (47.4%); *Modified Product/Service Offered* (42.1%); and *Employees Furloughed or Laid Off* (16.3%).

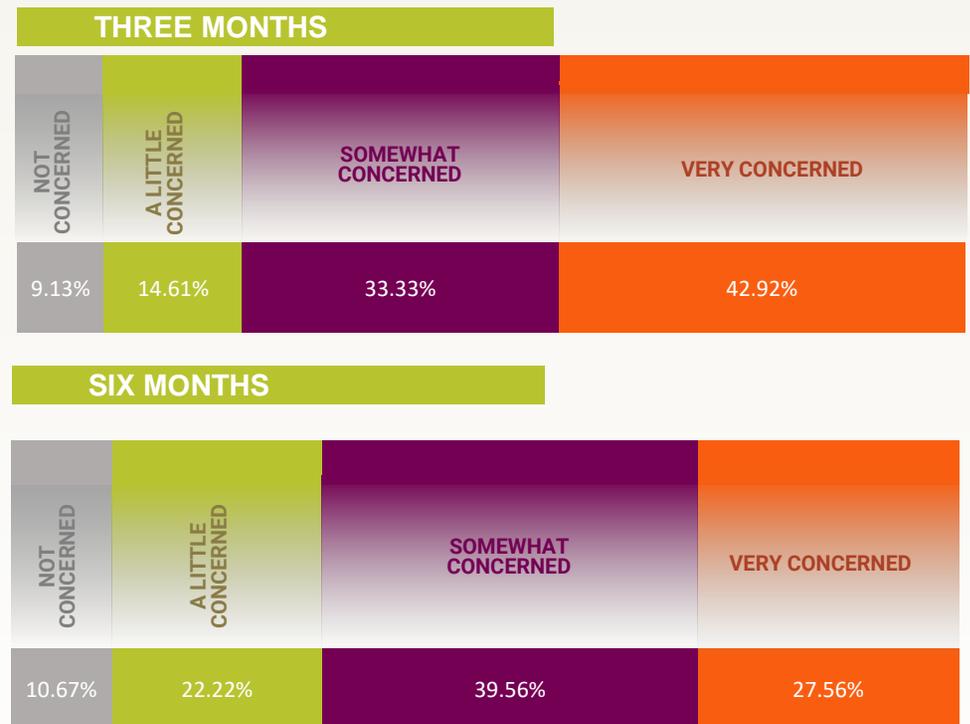
Q: What steps has your business taken so far in response to COVID-19?



Concerns about future and continued impact of COVID-19 varies based on the time frame (three vs. six months). Nearly 43 percent of the respondents were very concerned about the impact of the pandemic over the next three months while 28 percent were very concerned about the future impact over the next six months.

The chart below provides more details on the levels of concern about the impact of COVID-19 over the next three and six months.

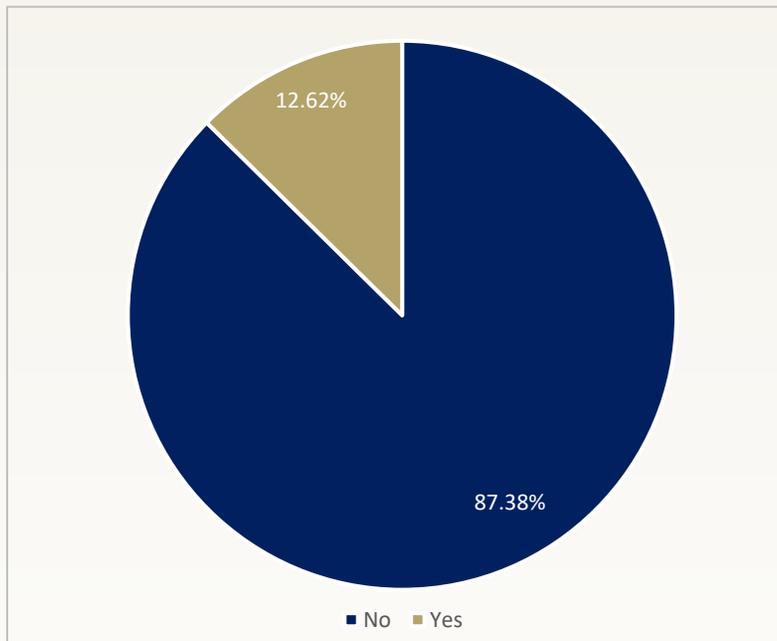
Q: How concerned are you about the future impact of COVID-19 on your business over the next...



SURVEY FINDINGS: BUSINESS IMPACTS

Only 13 percent of businesses surveyed, expressed concern regarding permanent closure within six months. Companies that expressed concern of closing permanently within the next six months were in *Professional Services, Retail, Food Services, Healthcare/Medical, Manufacturing, Education, Nonprofit, Personal Care and Other* sectors.

Q: Are you concerned that your business may be forced to close permanently within the next six months?



Businesses that expressed concern about closing permanently within the next six months

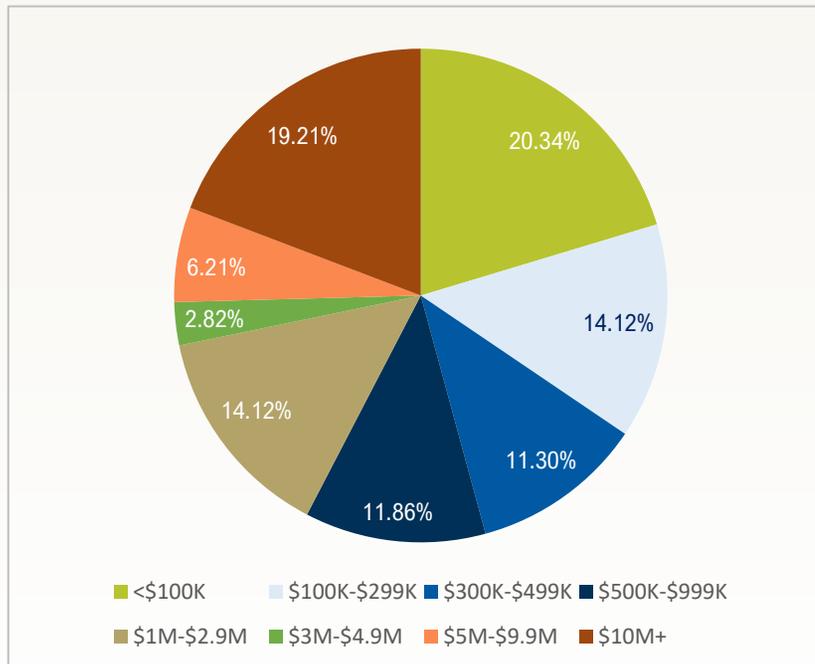
| Sectors | Companies that answered Yes |
|---|-----------------------------|
| Professional services (Banking, Legal, Real Estate, etc.) | 26.9% |
| Retail | 19.2% |
| Food service (Restaurant, Bar, etc.) | 15.4% |
| Other | 11.5% |
| Healthcare/Medical | 7.7% |
| Manufacturing | 7.7% |
| Education | 3.9% |
| Non-Profit | 3.9% |
| Personal care (Beauty, Barbershop, Nail Salon) | 3.9% |
| Grand Total | 100.00% |

SURVEY FINDINGS: BUSINESS IMPACTS

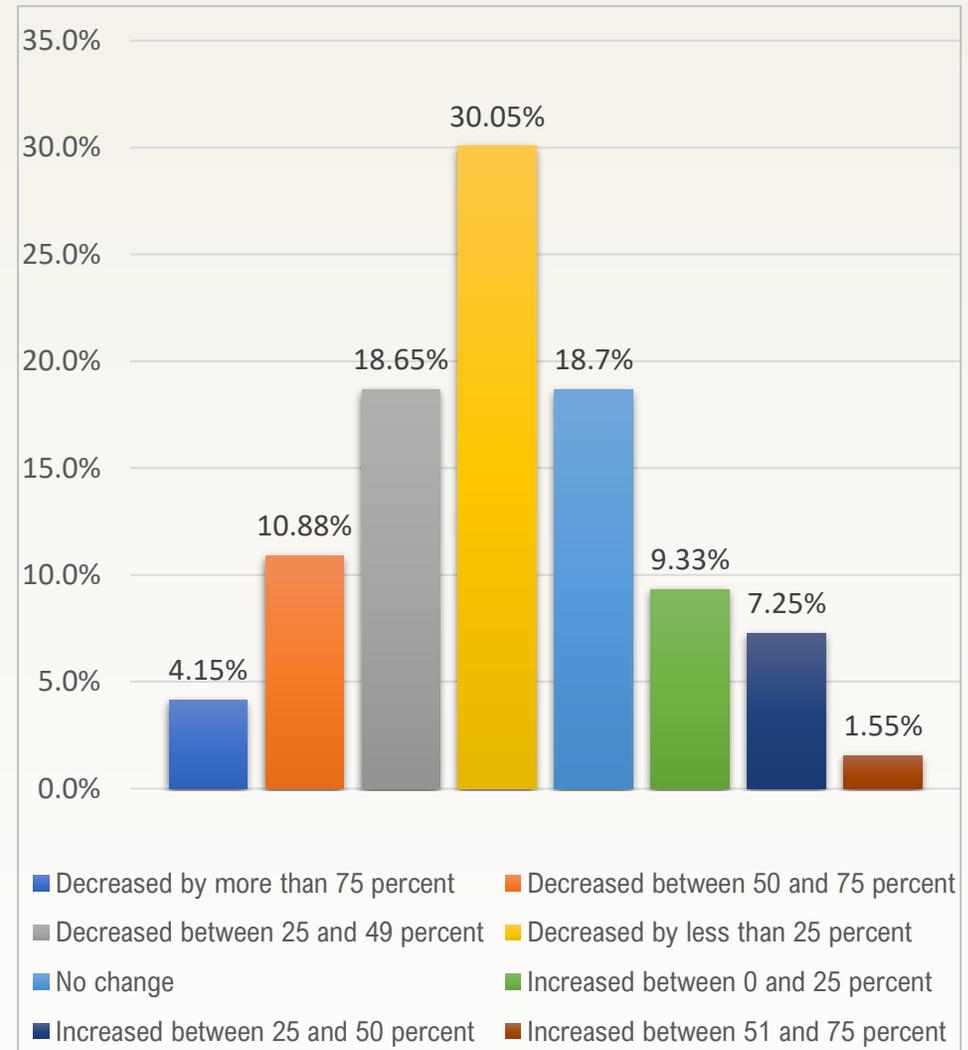
The chart below displays the respondents' business revenues in 2019. As the chart shows, more than a third of businesses surveyed reported revenues of up to \$299,000 (<\$100K – 20% and \$100k-\$299K – 14%). Overall, respondents represented companies with various levels of revenues, an indicator of the broad range of business types and sizes responding to the survey.

Overall, 64 percent of all respondents reported a loss in business revenue compared to 2019. An in-depth analysis of data by respondent/company shows that the sectors reporting the highest drop in revenue, not surprisingly, include *Food Services, Accommodation, Educational Services, Healthcare and Medical, Manufacturing and Professional Services*. 19 percent of businesses reported no change and 22 percent report an increase.

Q: What were your business revenues last year?



Q: Comparing your business revenue from 2019 to this year, how have your revenues changed as a result of COVID-19 pandemic?

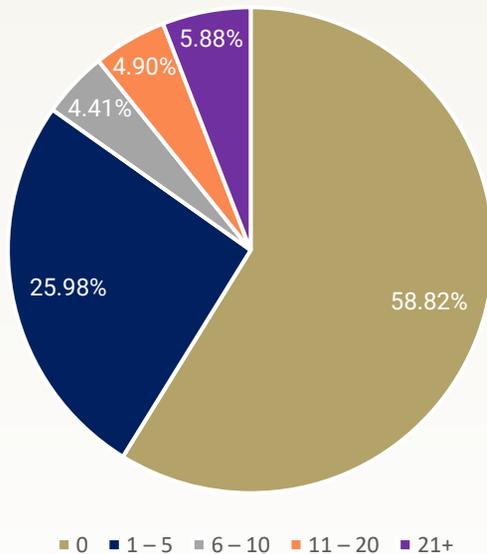


SURVEY FINDINGS: BUSINESS IMPACTS

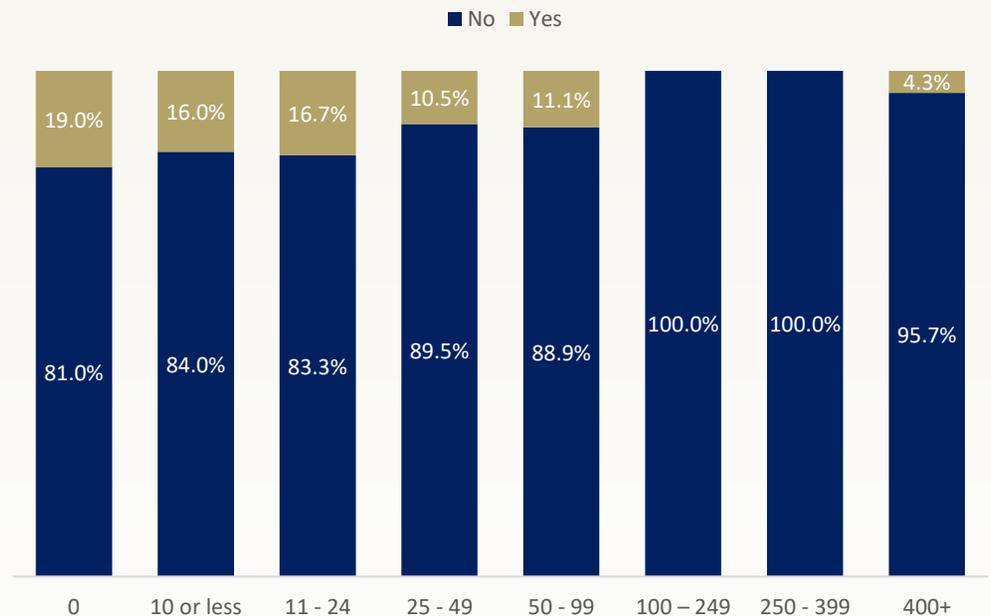
Under half of the respondents, 41 percent, reported that some of their employees are at risk of unemployment/layoff as a result of the pandemic crisis and 59 percent did not think this was a risk their business is facing. Hardest hit sectors include Food Services, Personal Care, Retail, and Non-Profits.

When asked about the risk of closing permanently, companies with 100 to 400 employees responded no. Companies with no employees (sole proprietors), 10 employees and less, and 25-49 employees, reported some risk of closing permanently. These responses underscore the vulnerability of businesses with 50 employees or less. One company with over 400 employees also expressed concern about closing permanently.

Q: How many of your employees are at risk of unemployment and/or layoffs as a result of COVID-19?



Q: Risk of Closing Permanently by Number of Employees:

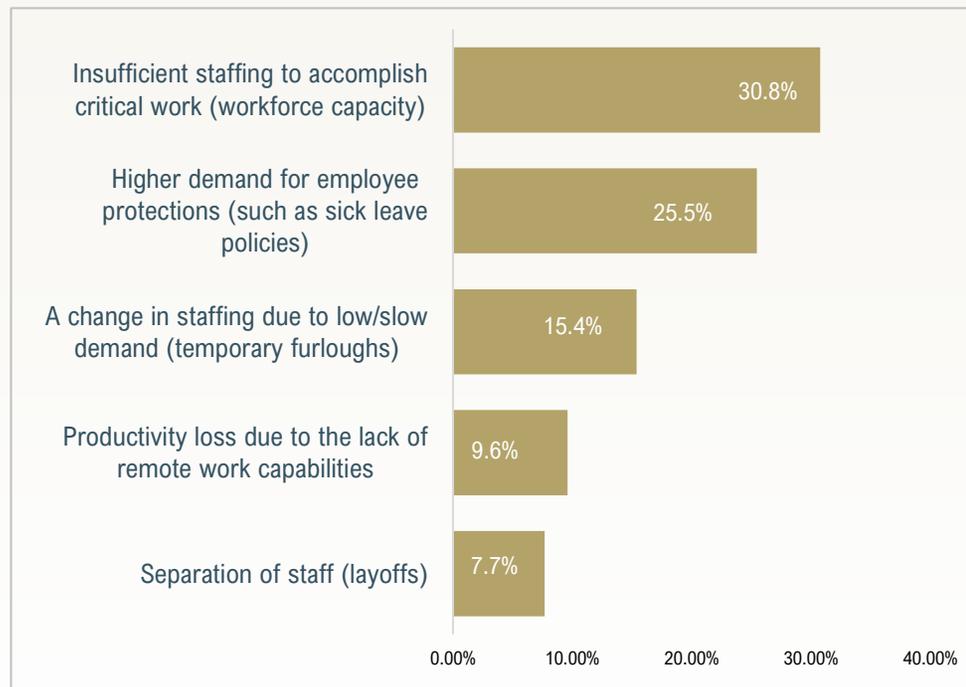


SURVEY FINDINGS: BUSINESS IMPACTS

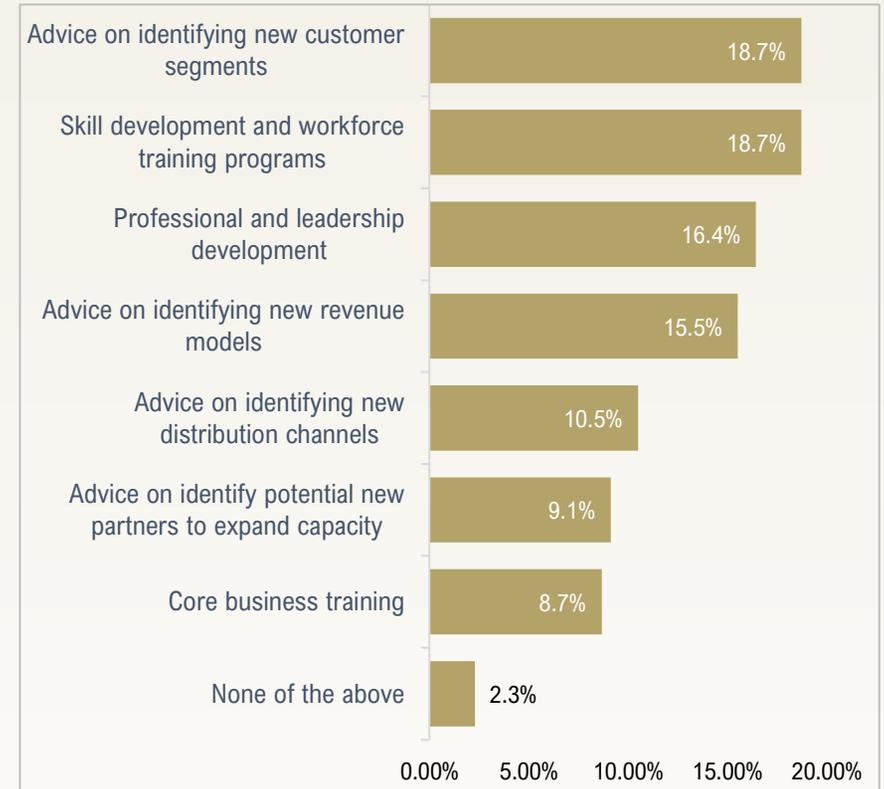
Regarding challenges businesses may face in the next 6 months, 31 percent of businesses indicated that they expect insufficient staffing to accomplish critical work. 26 percent of respondents expect higher demand for employee protection. A change in staffing due to low demand is expected by 15 percent of respondents; 10 percent expect productivity loss due to lack of remote work capabilities and 8 percent expect separation of staff (layoffs).

The survey included a set of questions related to the type of assistance that would be helpful to businesses right now. The Georgia Tech EDAUC team will use the information gathered from this question to design effective programs that will help businesses navigate the economic distress caused by the coronavirus pandemic and assist them with their recovery efforts.

Q: As a result of COVID-19, which of the following does your business expect to occur in the next six months?



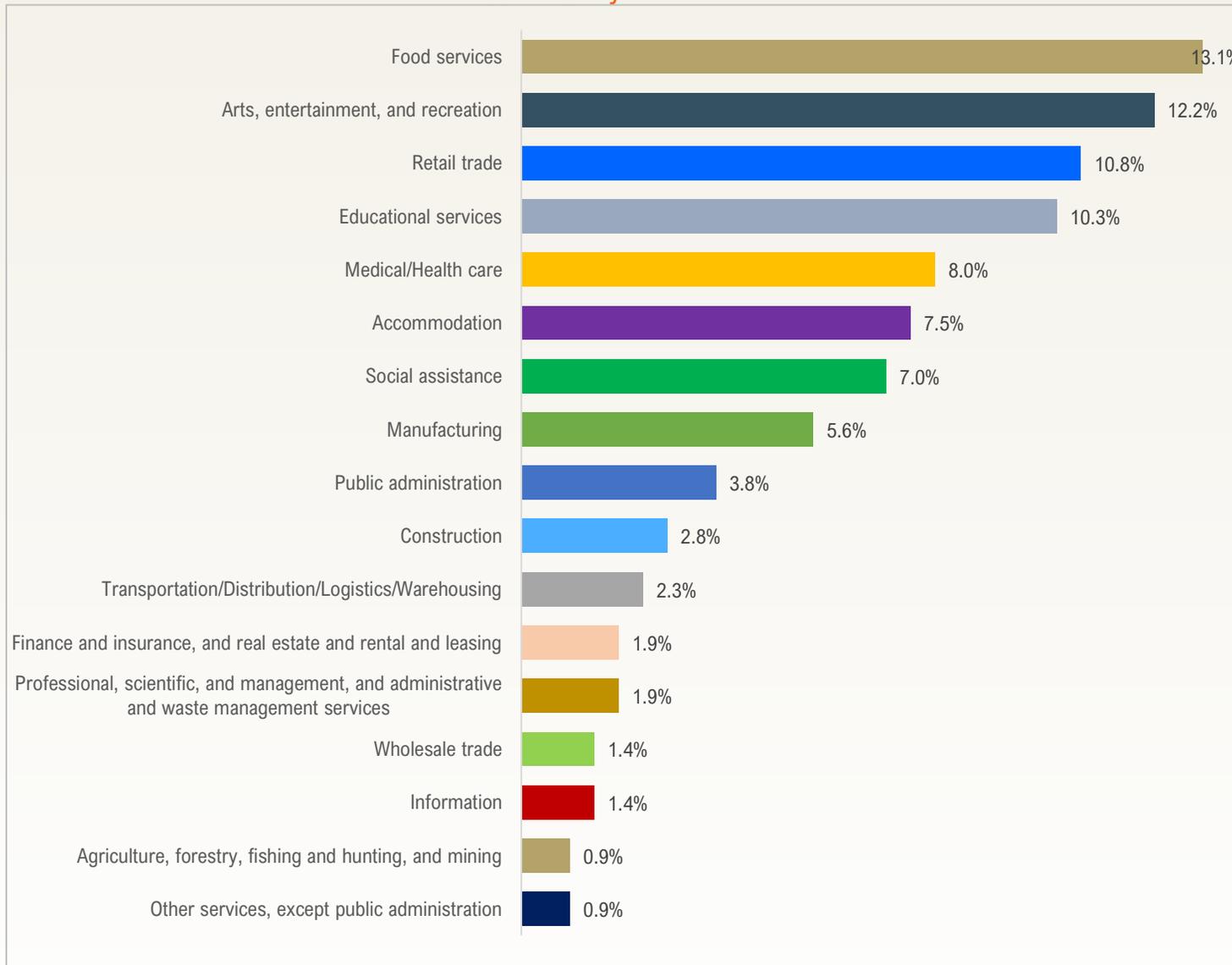
Q: What type of assistance would be helpful to your business right now?



As the graph above shows, the top five immediate needs are: *Advice on identifying new customer segments (19%)*; *Skill development and workforce training programs (19%)*; *Professional and leadership development (16%)*; *Advice on identifying new revenue models (16%)*; and *Advice on identifying new distribution channels (11%)*.

SURVEY FINDINGS: BUSINESS IMPACTS

Q: What types of businesses have been most affected by COVID-19 in your community?



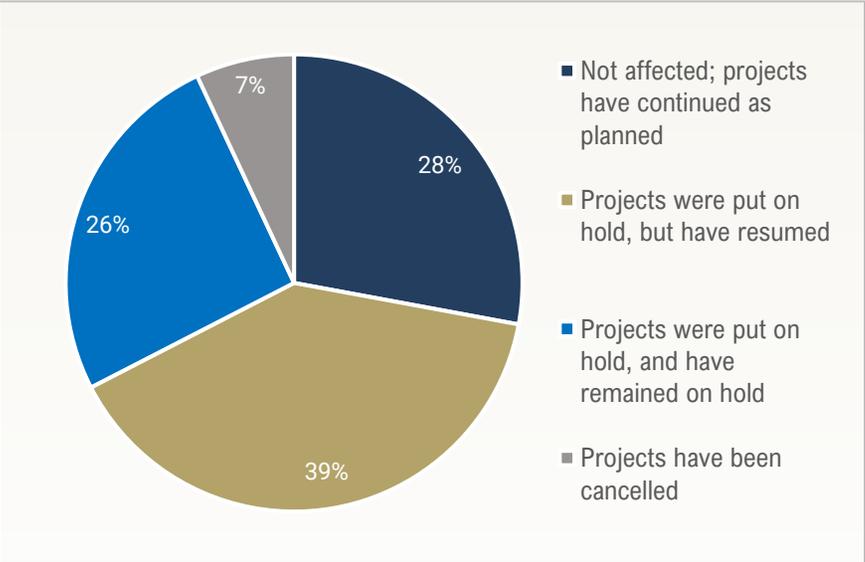
The survey included a few questions for community leaders (local government, economic development agencies, chambers of commerce, etc.).

When asked about the types of businesses in their community most affected by the pandemic, *Food services, Arts, entertainment & recreation, Retail trade, Educational services and Medical and Health care* were the most represented sectors accounting for nearly half of the collected responses.

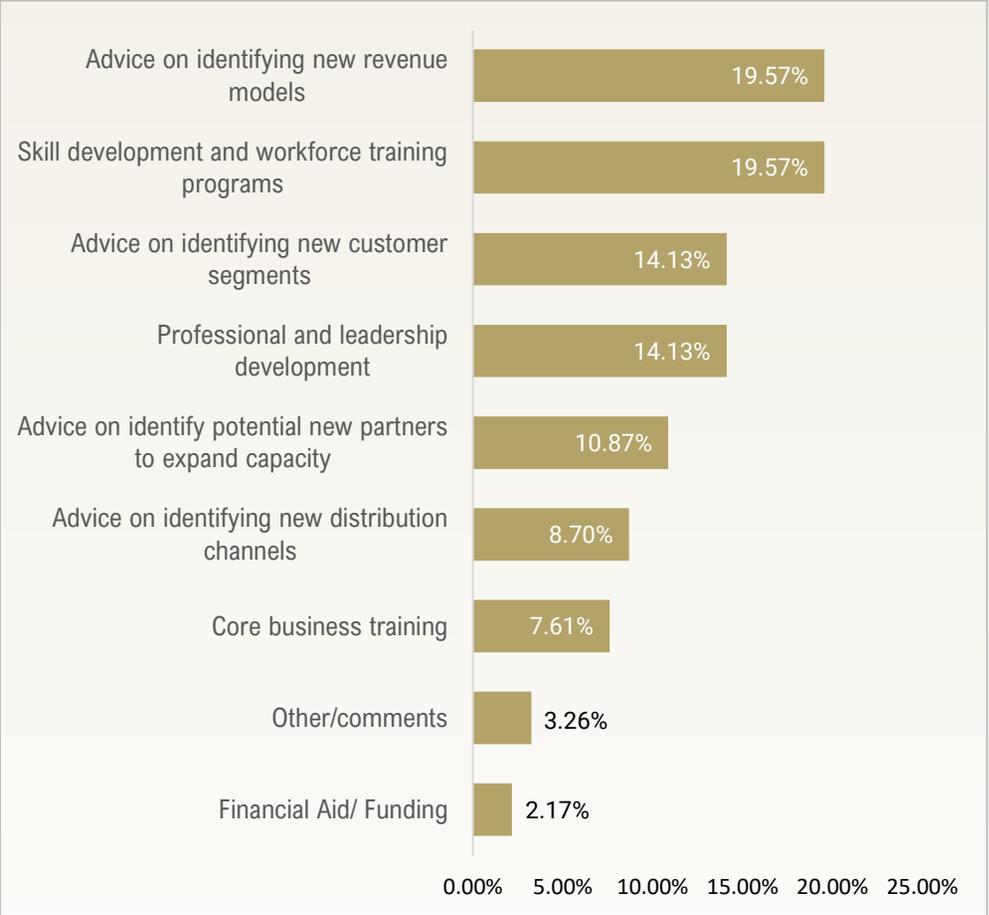
SURVEY FINDINGS: COMMUNITY BUSINESS IMPACTS

Community leaders were asked whether planned business location, expansion, or relocation projects were affected due to the pandemic. Respondents reported that only 28 percent of projects were not affected/have continued as planned and 39 percent of projects were put on hold but have resumed. In contrast, 26 percent of projects were put on hold, and have remained on hold and 7 percent of projects have been cancelled.

Q: How have planned business location, expansion, or relocation projects in your community been affected due to the pandemic?



Q: What type of assistance would be helpful to the businesses in your community right now? Check all that apply.



Community leaders were also asked about the type of assistance that would be helpful to businesses right now. The top five immediate needs are:

- *Advice on Identifying New Revenue Models (19%)*
- *Skill Development and Workforce Training Programs (19%)*
- *Advice on Identifying New Customer Segments (14%)*
- *Professional and Leadership Development (14%)*
- *Advice on Identifying Potential New Partners to Expand Capacity (10%)*

SURVEY FINDINGS: BUSINESS AND COMMUNITY IMPACTS

Business and community leaders had the option to add comments about *other challenges businesses in Northwest Georgia were facing*. The most common challenges mentioned, include:

- *Support/assistance for small businesses to overcome COVID-19 challenges*
- *Ensuring safety/vaccine availability*
- *Mask enforcement*
- *Getting people back to work safely*
- *Childcare/challenges for childcare industry*

ABOUT THE TEAM

Georgia Institute of Technology, Enterprise Innovation Institute (EI²)

The Enterprise Innovation Institute (EI²) of the Georgia Institute of Technology (Georgia Tech) is the economic development and business outreach organization for the university. It serves as the primary vehicle for economic impact locally, regionally, and globally.

EI² is the largest and most comprehensive university-based program of business and industry assistance, technology commercialization, and economic development in the United States. When compared to counterparts at other universities, EI² is unique because it brings many areas of expertise into a single organization and is able to connect clients to multiple programs or services to meet their individual needs.

EI² serves startups, industry, the public sector, and students to improve competitiveness, turn ideas into viable businesses, and make a positive impact on the economy. In addition, EI² provides connections to Georgia Tech's vast resources, including world-class research, state-of-the-art facilities, internationally recognized experts, and upper-echelon students.

Project team

The Georgia Tech EDA UC team's expertise includes:

- *Community Economic Development*
- *Feasibility and Impact Studies*
- *Economic and Fiscal Impact Analysis*
- *Curriculum Development for Innovation, Commercialization and Entrepreneurship*
- *Lean Startup Methodology*
- *Incubation Program Management*