

# CORONAVIRUS

Impact on Business Retention



*The Voice of Business since 1953*

Special Edition | Covid Impact Survey Results 2020-21

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*The Honorable Jesse Johnson*

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# COMMERCE IN THE TIME OF COVID



The impact of the coronavirus on the economy created unprecedented challenges for the business community. As the world struggled with this global health issue, commerce was undergoing disruption across every industry sector. What would the future bring?

Yet, even within the anxiety-prone uncertainty of the pandemic year, a pathway to recovery was taking shape. The Chamber began preparing for this new business frontier looking to the foundation for economic opportunity, business retention and expansion (BRE).

Identifying the hurdles and challenges facing businesses and provides data and intelligence to strategically foster growth is central to BRE programs. According to the International Economic Development Council, surveys, company visits—virtual or in person, and other formal or informal data gathering techniques provide a snapshot of our business climate.

While the pandemic delayed the formal launch of the Chamber's BRE program, we focused on gathering data with our Snapshot Survey, tracking the impact of COVID between March 2020-April 2021. The COVID impact survey had a 30% return rate, giving us a high-level look at the issues facing of our business community this past year.

We tracked eight indicators standard in the economic development industry for retention programs. With or without an economic crisis, the following influence the stability of businesses:

- Reduced Supply Chain
- Loss of Customers
- Employee Layoff/Termination
- Not Remote Capable
- No Capital Reserves
- Financial Recovery
- Going Out of Business
- Rent/Lease Payments

Two nontraditional indicators were added: Health Issues because it's a pandemic and Childcare because the Chamber had identified this as a workforce issue. In a post-pandemic world, we believe these two issues will continue to be key indicators for retention and expansion programs.

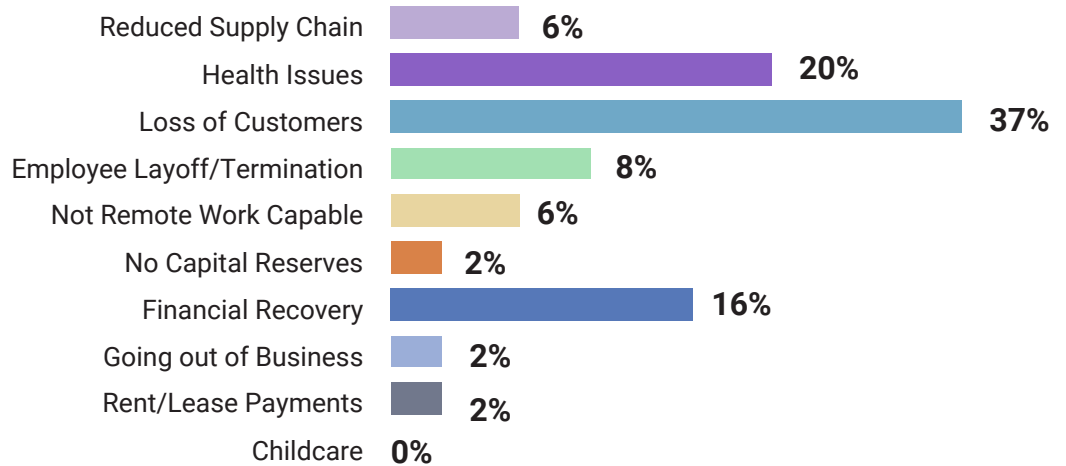
The Chamber understands that BRE programs will drive economic recovery as identified needs and challenges tell us what resources are required to stabilize and expand the business base. Part of our own strategic vision since 2016, the Chamber is moving forward on a formal BRE program for 2022.

Recovery is the path before us. And luckily for us, all we need to do on that now somewhat rocky path to business success is... Take the Federal Way.

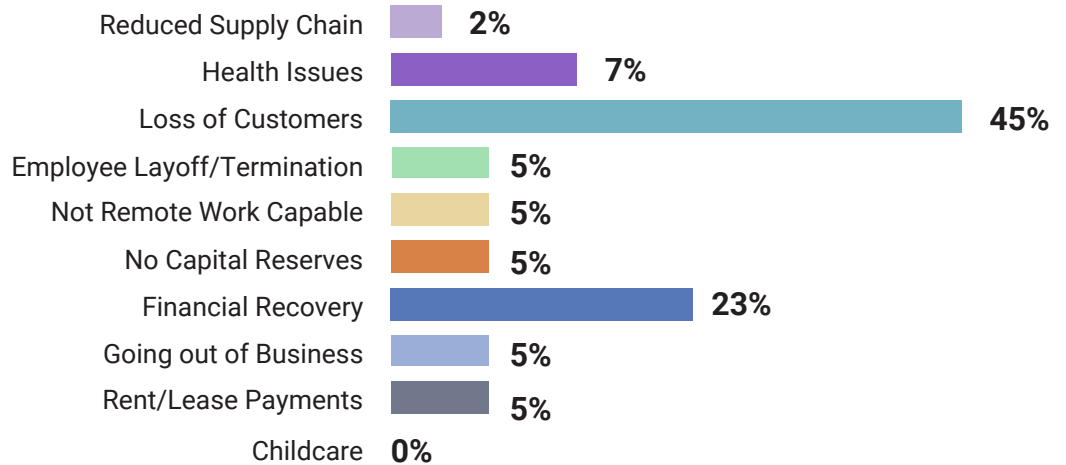
# INDICATORS BY MONTH

## WHAT IS IMPACTING YOUR BUSINESS THE MOST?

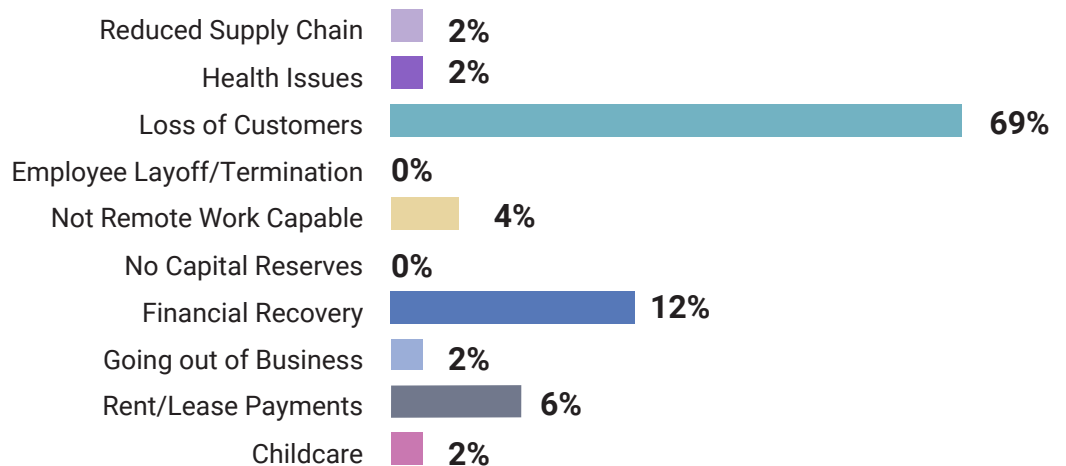
**MARCH**  
2020



**APRIL**  
2020

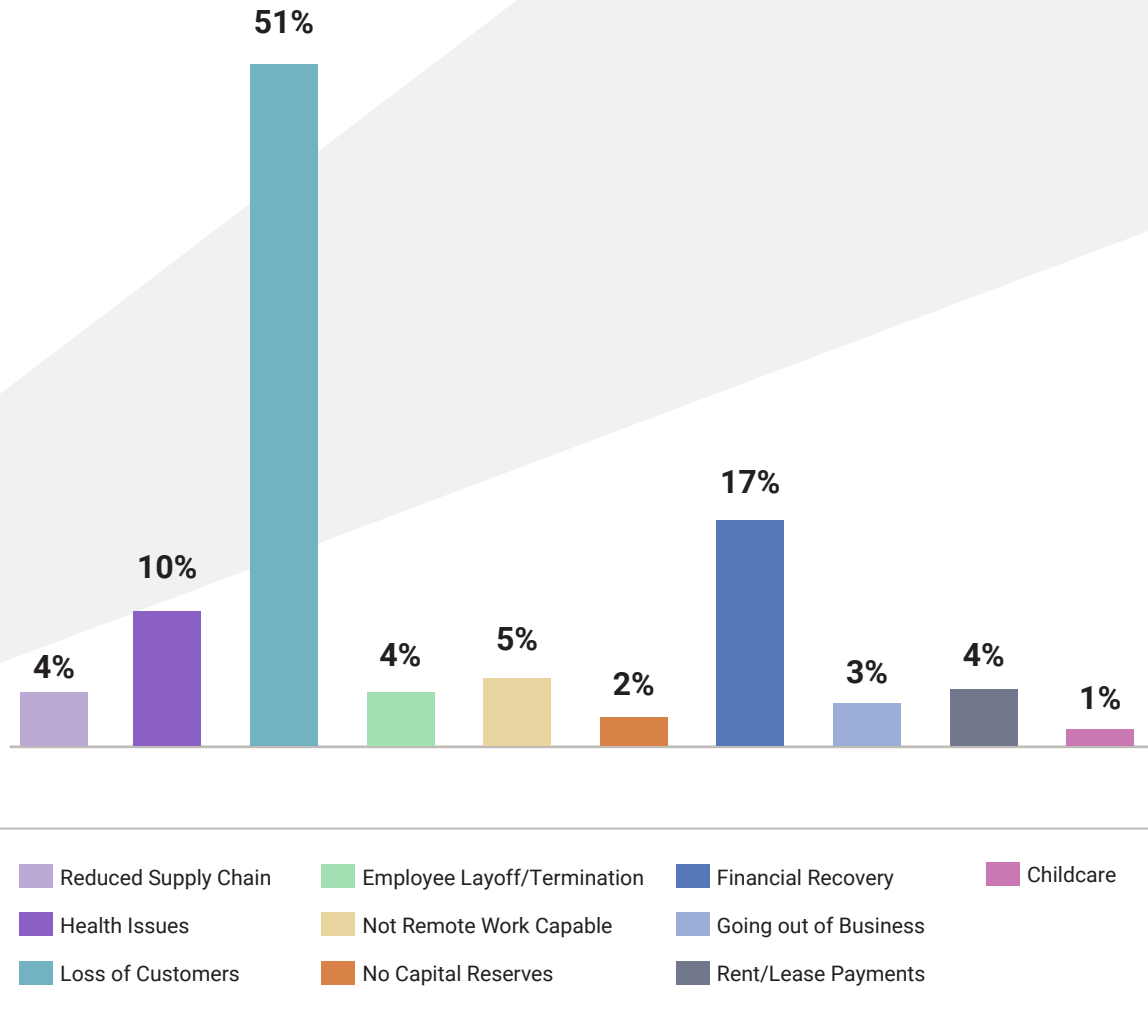


**MAY**  
2020



# QUARTERLY RESULTS

MAR - MAY 2020



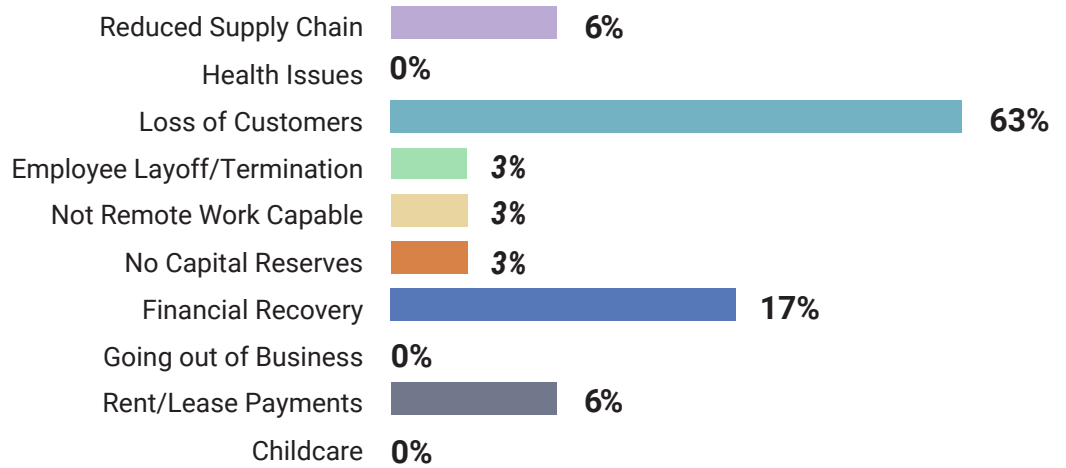
Between March-May 2020, the top three concerns overall were loss of customers, health issues, and financial recovery, and this held for each of the months. The pandemic required businesses to reduce consumers occupancy and then shutter, Loss of Customers moved from 34% to 68%. Health Issues began at 20% moved to 14% and then dropped to 4% in May. Financial Recovery more or less held at an average of 16% during this time period.

While not typically an economic measurement, the Chamber added Childcare as a business impact in May. From the Chamber perspective, childcare is a workforce issue and we understood it would require a particular focus as part of economic recovery. By April, Employee Layoff/Termination and Not Remote Capable begin to increase as an issue. Commercial Rent/Lease Payments is a steady increase over these months, becoming the third concern in April.

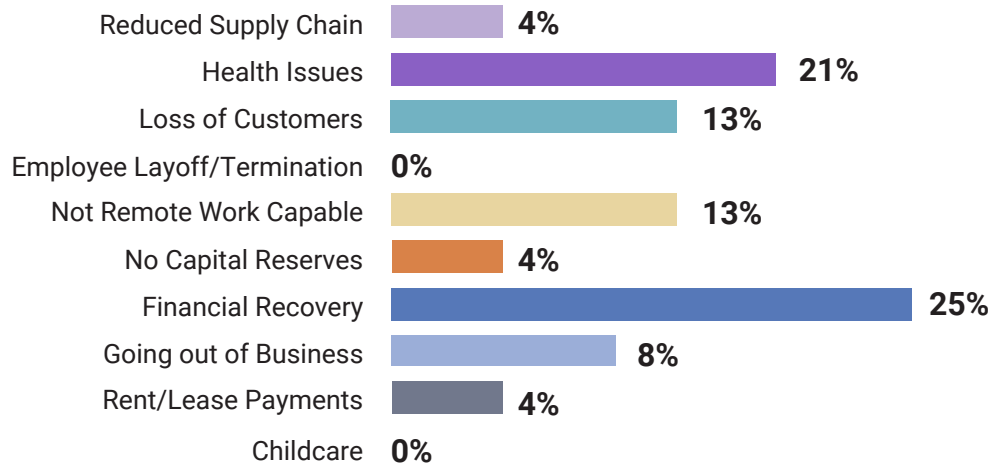
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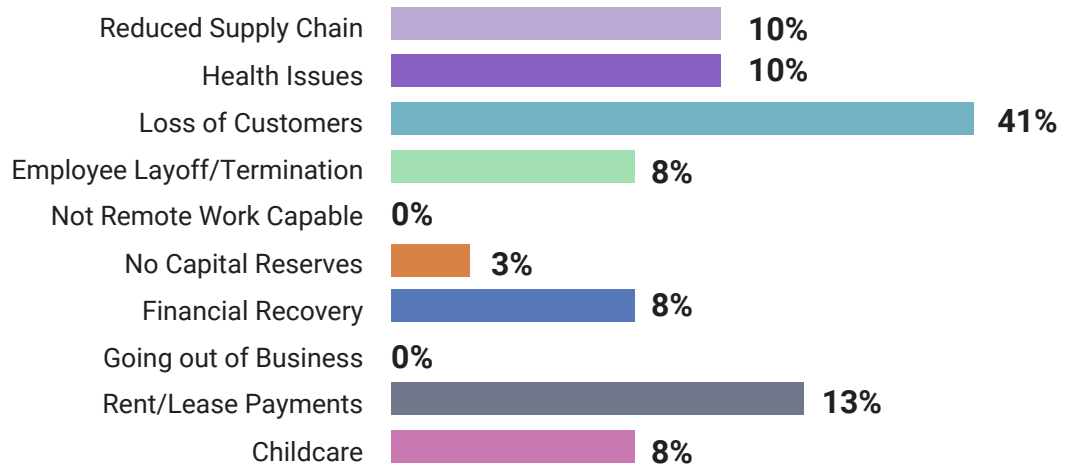
**JUNE**  
2020



**JULY**  
2020

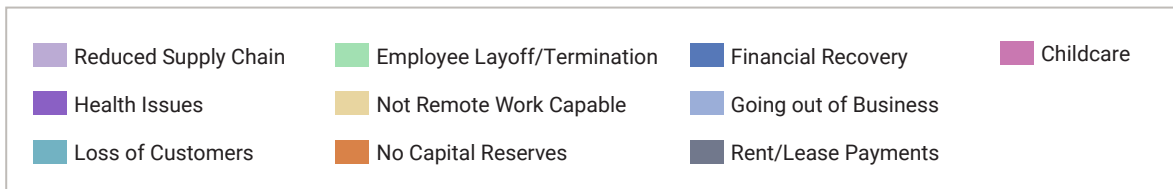
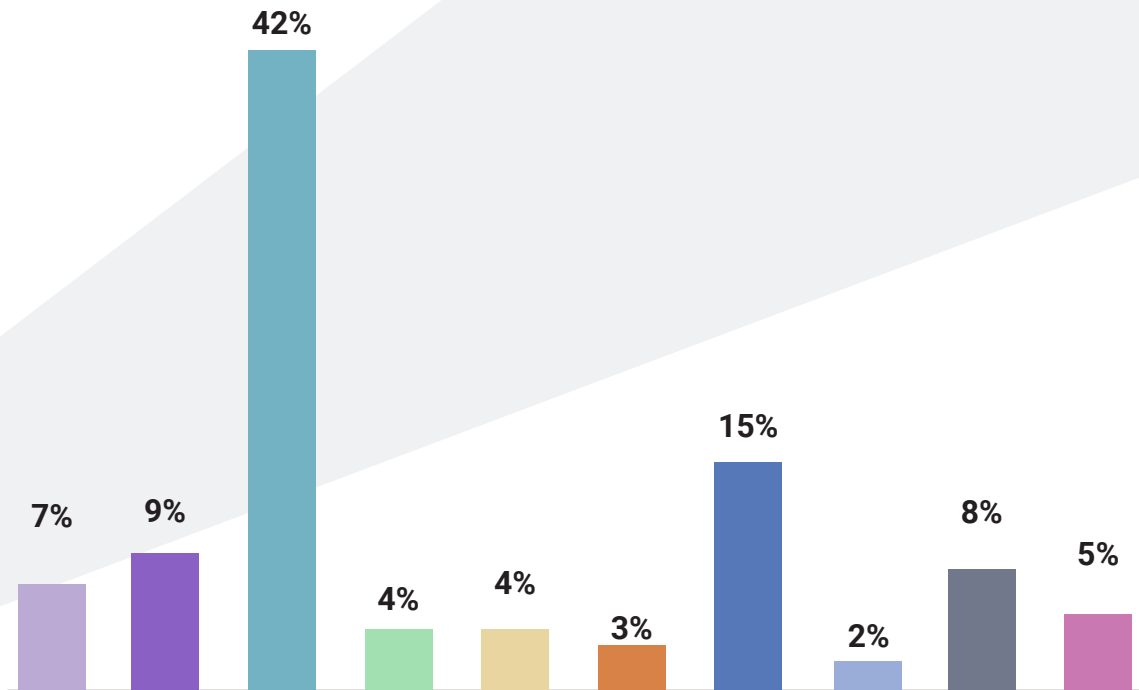


**AUGUST**  
2020



# QUARTERLY RESULTS

JUN - AUG 2020



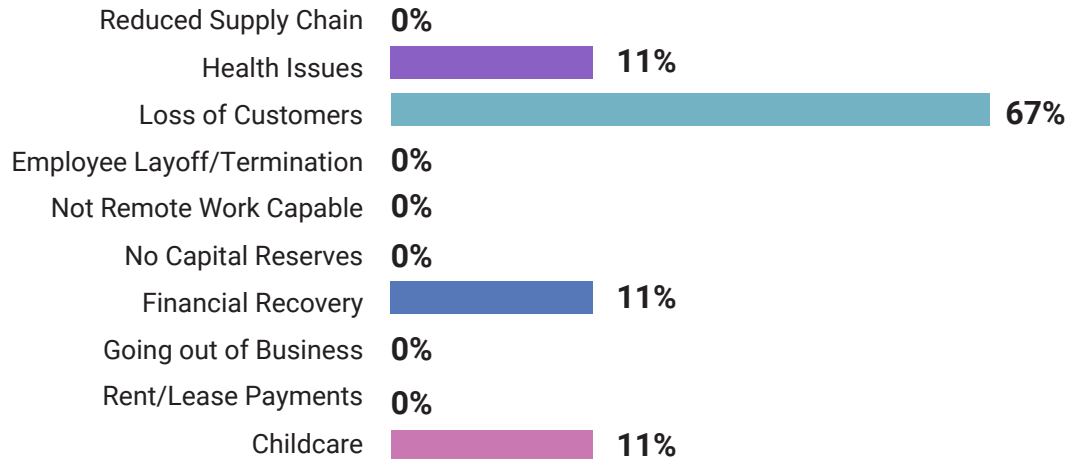
Between June-August 2020, the top three concerns were: Loss of Customers, Financial Recovery while Rent/Lease Payments and Health Issues share the third spot for this tracking quarter. Businesses begin to feel the pressure of Reduced Supply Chain, moving to 7% while Childcare moves from 8% to 5% by August.

In June, businesses do not see Health Issues as a concern but it does rank in July and August. For this period of the pandemic, businesses begin to identify issues in a range of measurements that impact their ability to remain open. No Capital Reserves, Not Remote Capable and Going Out of Business are all in the mix, particularly in July.

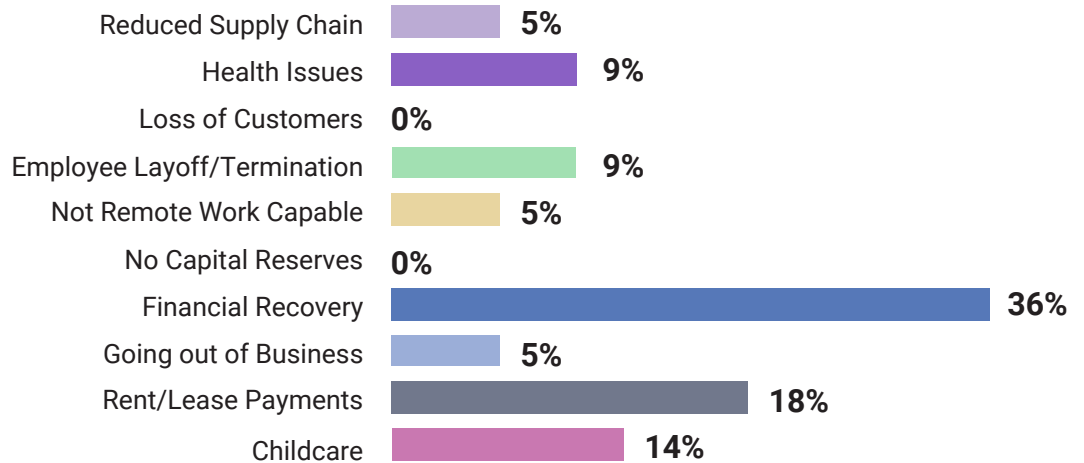
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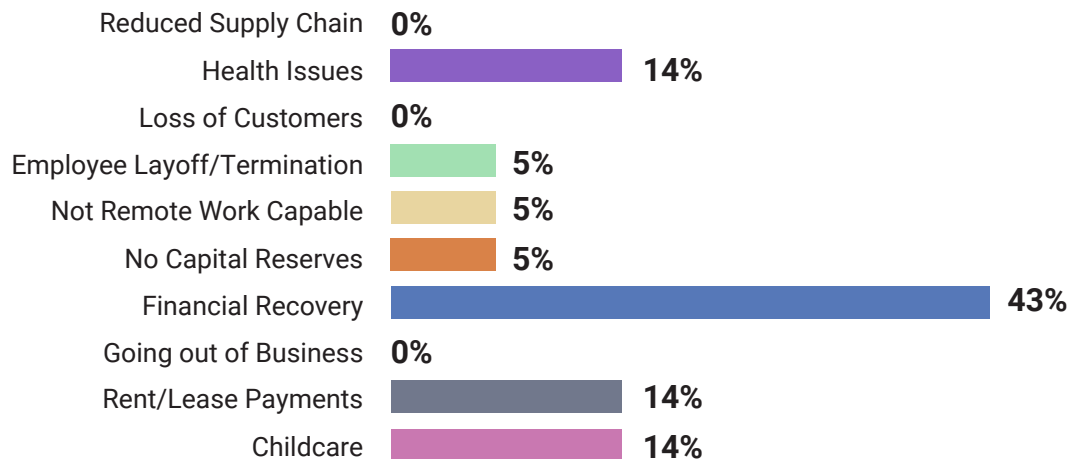
**SEPTEMBER  
2020**



**OCTOBER  
2020**



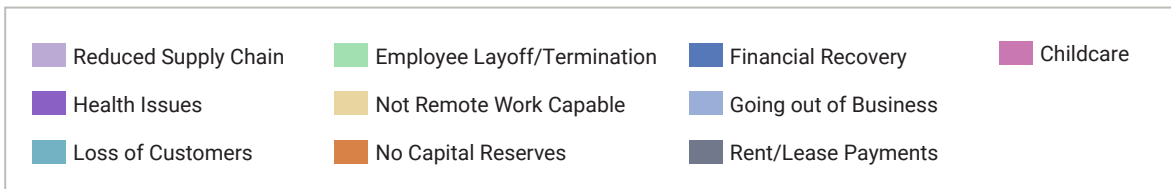
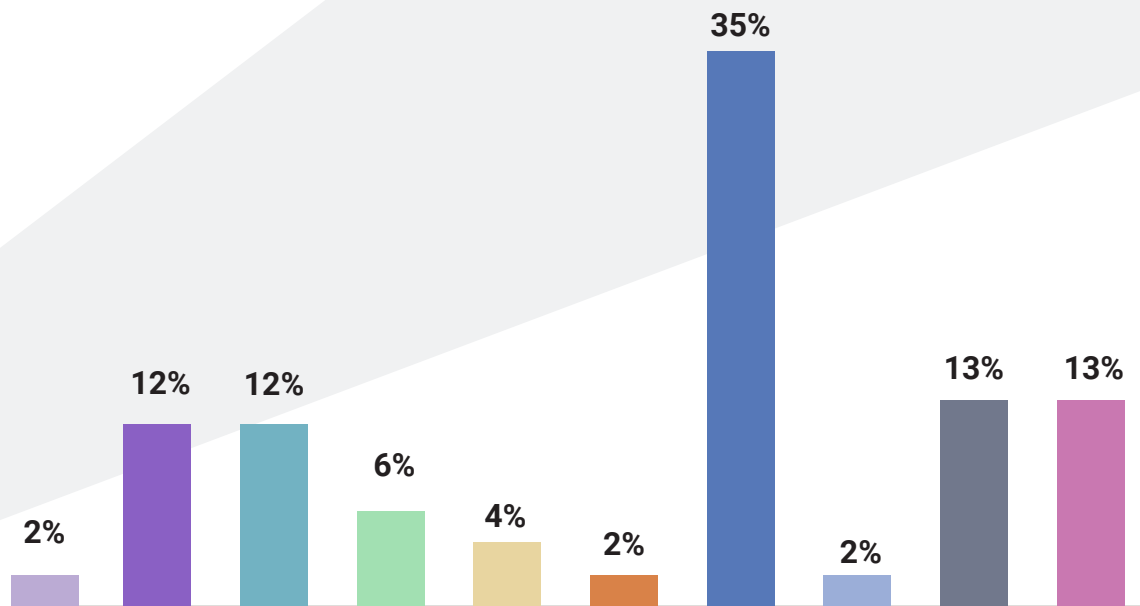
**NOVEMBER  
2020**





# QUARTERLY RESULTS

SEP - NOV 2020



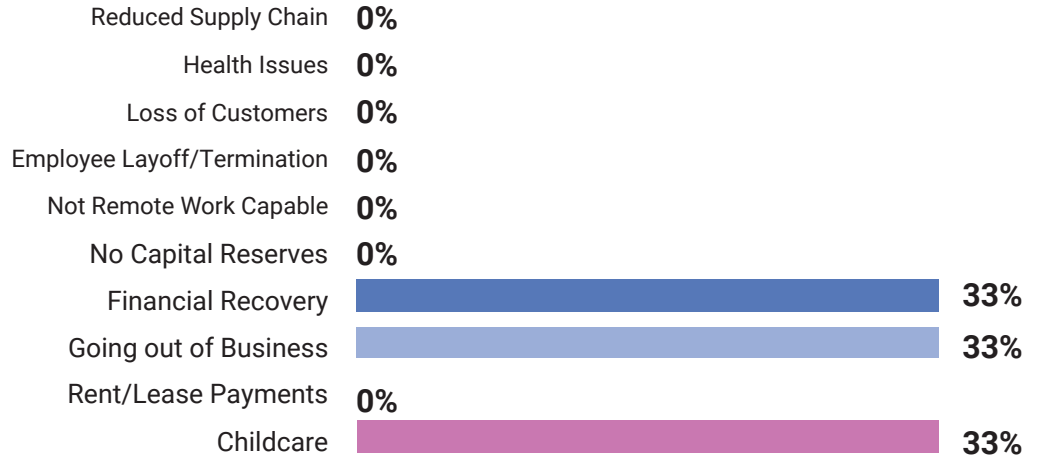
Loss of customers remains the number one concern for businesses throughout the pandemic. For the Snapshot Survey, we calculated that as a stand alone measurement after the September survey. The top three concerns after Loss of Customers for this period were: Rent/Lease Payments, Childcare, and Employee Termination/Layoff.

In September, businesses only identified the Loss of Customers, Health Issues, Financial Recovery, and Childcare. No other measurements were selected that month. In October, a range of concerns were back with Financial, Rent/Lease Payments, and Childcare as the top three concerns. By November, Health Issues share the third rank with Childcare.

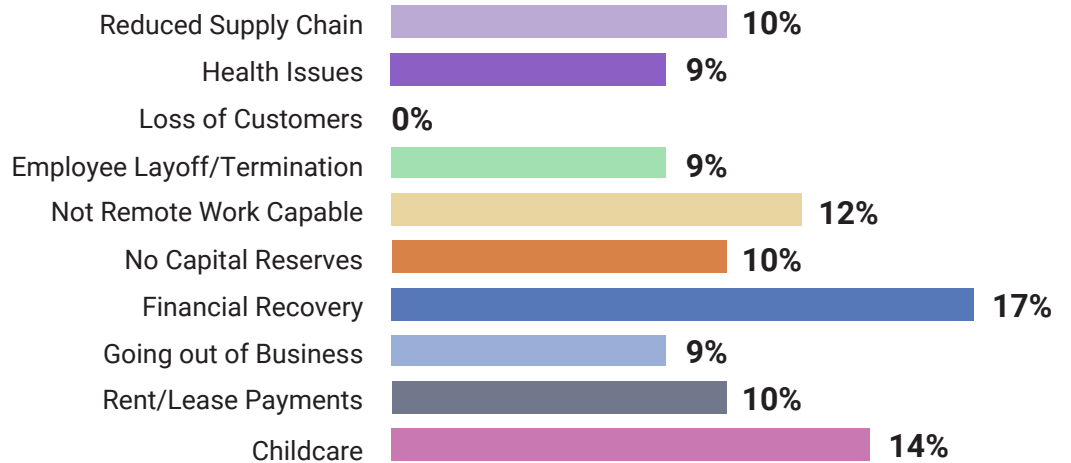
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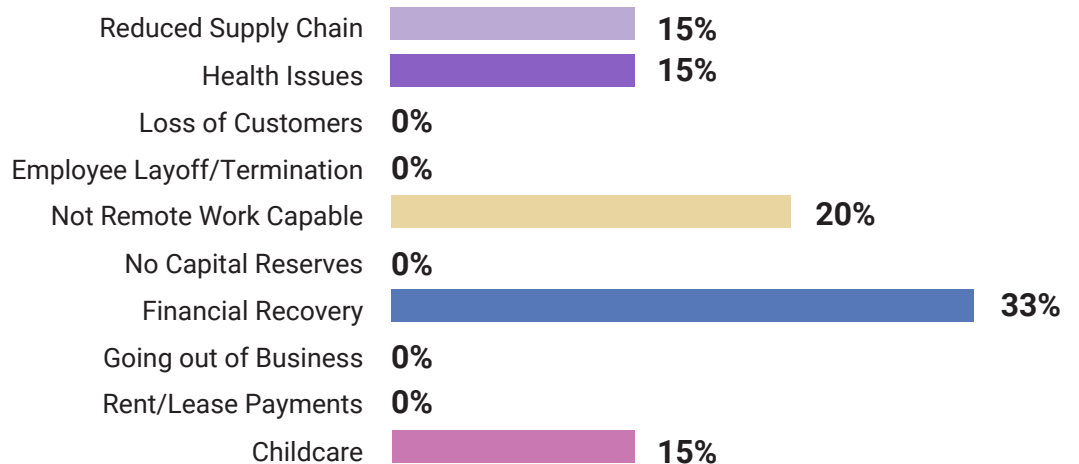
**JANUARY**  
2021



**FEBRUARY**  
2021

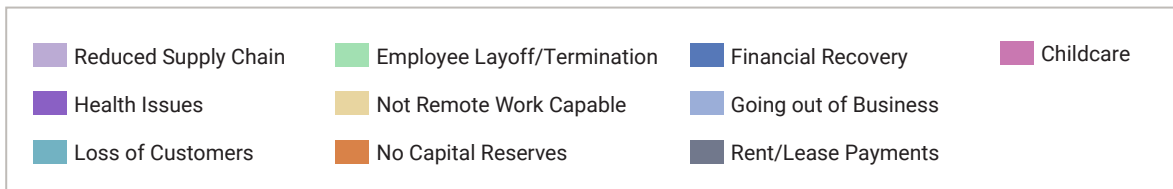
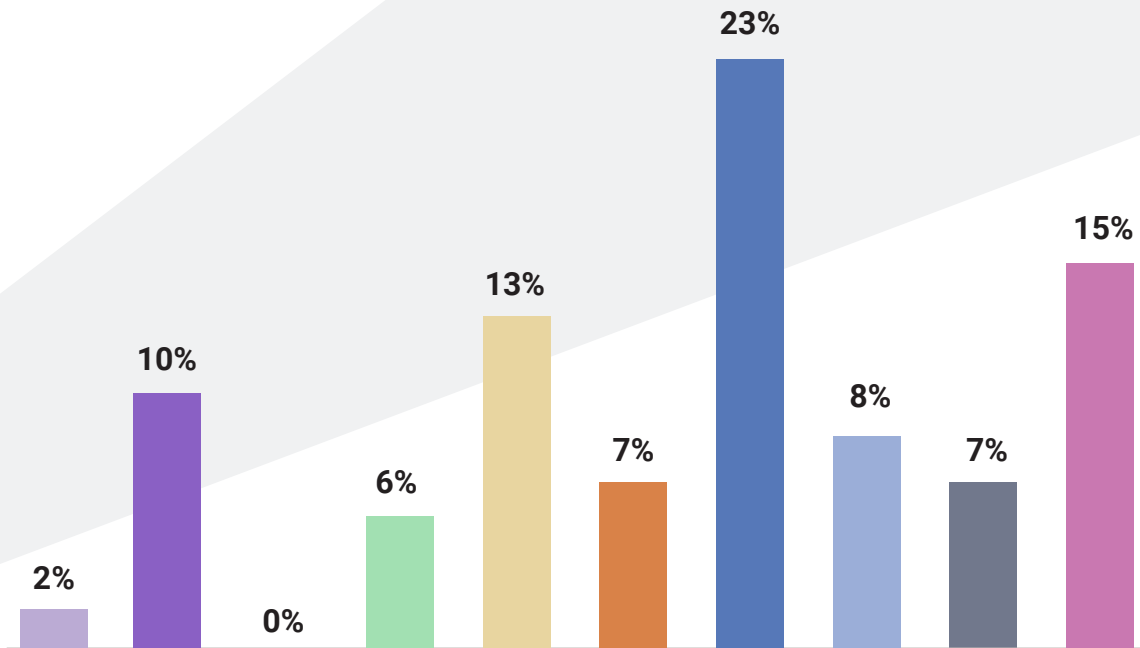


**MARCH**  
2021



# QUARTERLY RESULTS

JAN - MAR 2021



The survey returns for December 2020 were too low to include in the calculations. However, the concerns noted were Rent/Lease Payments, Financial Recovery, and Employee Termination/Layoff.

The three concerns between January and March 2021 were Financial Recovery, Childcare, and Not Remote Capable. Loss of Customers remains a concern for each month. The rest of the economic measurements fall within the same level of concern, in descending order: Reduced Supply Chain, Health Issues, Going Out of Business. No Capital Reserves and Rent/Lease Payments tie during this quarter.

By January 2021, Going Out of Business is the top concern, followed by Financial Recovery, Childcare and Rent/Lease Payments. In February, the top three concerns are Financial Recovery, No Capital Reserves and Childcare. In fact, this month sees some ranking for all of the measurements. The survey closes in March with the top three concerns of Financial Recovery, Not Remote Capable, and Childcare. Reduced Supply Chain and Health Issues tie for fourth rank.

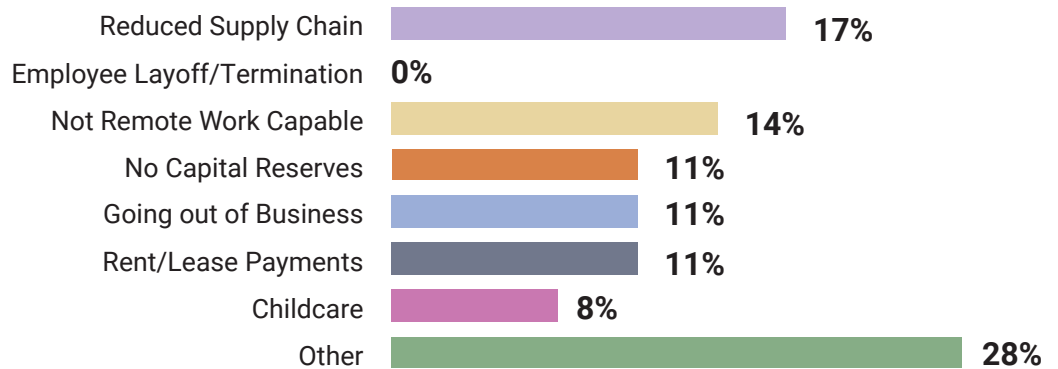
# FINAL SURVEY: REOPENING IMPACT

## MAY 2021

After a year of pandemic restrictions, the Chamber looked for the top issues as businesses began to reopen. A final survey removed Loss of Customers, Health Issues and Financial Recovery as these are now a given in the post pandemic world. In our last snapshot survey for COVID impact, challenges are recovery oriented. Reduced Supply Chain is the main concern and workforce becomes a new challenge. Remote Capabilities is the second concern.

Following national trends, the impact of Employee Layoff/ termination now is replaced by the challenge of hiring. Rent/ Lease Payments, Going Out of Business, and No Capital Reserves all hold at the 3rd concern. Childcare, another workforce issue rounds out the issues for May 2021.

Most respondents chose Other and comments were some mix of all of the above.

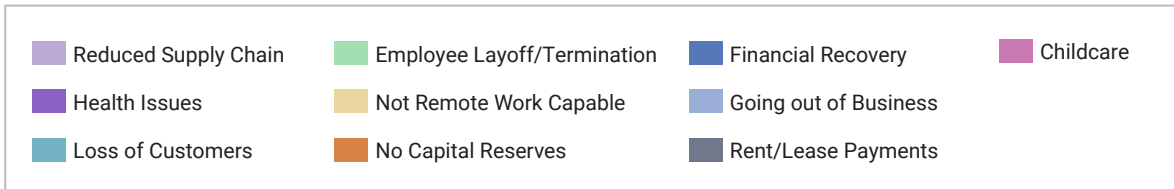
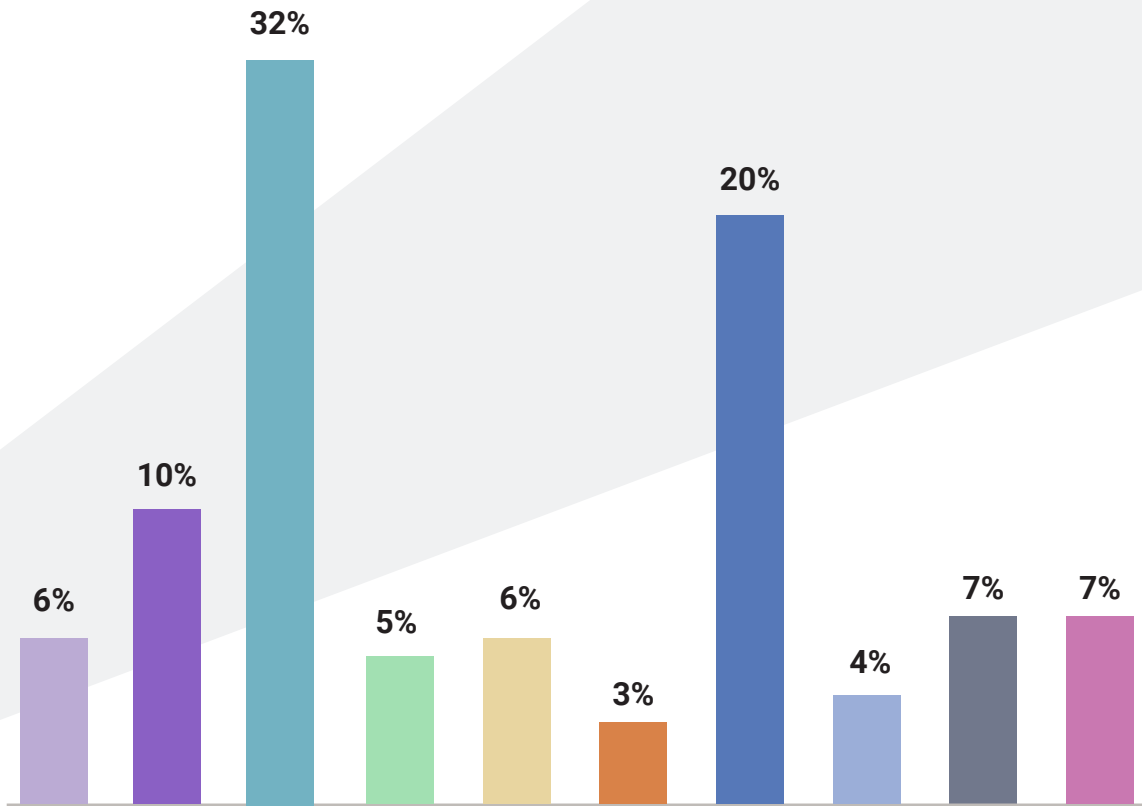


### Other Comments

- “Cost increases for signs, training, supplies, & foot traffic”
- “Lack of clients”
- “Assessing level of risk working face to face with clients again”
- “No events for us to cater”
- “Hiring (lack of applicants)”
- “Legal support businesses are impacted in a different manner; there is a certain momentum that carries forward unlike restaurants and retail shopping. The highs go out in distance but then the downturn happens. Rumors regarding reopening the judicial system causes something similar to panic to get scheduled with courts at all levels only to find out nothing live is going to happen and all future scheduled appointments are then canceled two to five months out into the future. When the appointments go away, sometimes they never return. It’s been a struggle on many levels.”
- “Not enough time to get all the work done! Maybe I need to hire more people...”
- “Hiring Staffing that would prefer to be on unemployment”
- “Customers”
- “Low supply of products”

# YEARLY RESULTS

MAR 2020 - MAR 2021



It's the bottom line for business as Loss of Customers and Financial Recovery are the main concerns over the course of the pandemic year with a combined 52% of respondents noting loss of revenue as an ongoing issue. Health Issues and Childcare, which are not traditional business retention impactors, come in at 10% and 7% respectively. Most of the economic impacts come in under 10% in the yearly total.

The ebb and flow of the COVID impact on businesses was tracked by month. Health Issues peaked in July. Employee Layoff/Termination hit highs in both October and again in

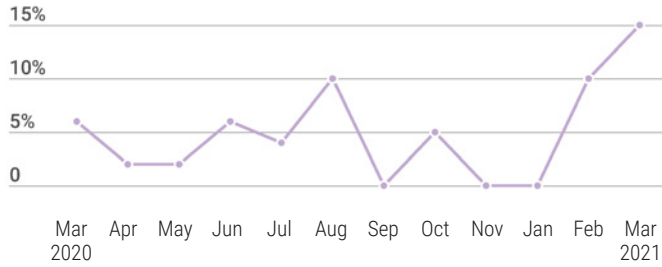
February. Rent/Lease Payments peaked in October. Financial Recovery high point was in November. In January 2021, Childcare and Going out of Business peaked. No Capital Reserves hit the high point in February. Reduced Supply Chain and Not Remote Capable peaked in March 2021.

The high and low points of each indicator are illustrated on pages 14 and 15.

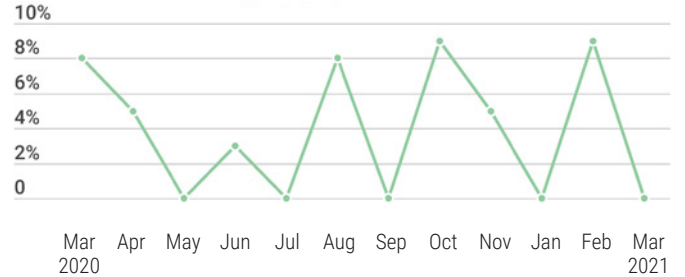
# THE HIGH AND LOWS OF COVID

MAR 2020 - MAR 2021

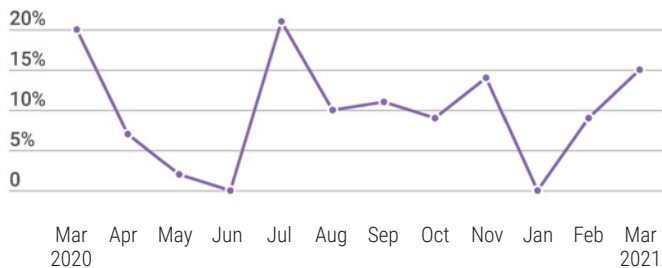
## REDUCED SUPPLY CHAIN



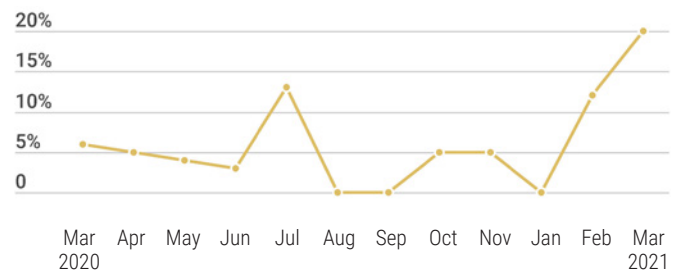
## EMPLOYEE LAYOFF/TERMINATION



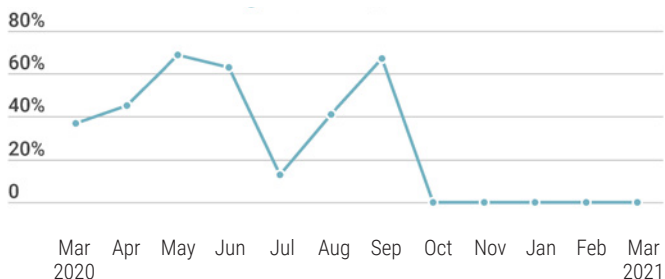
## HEALTH ISSUES



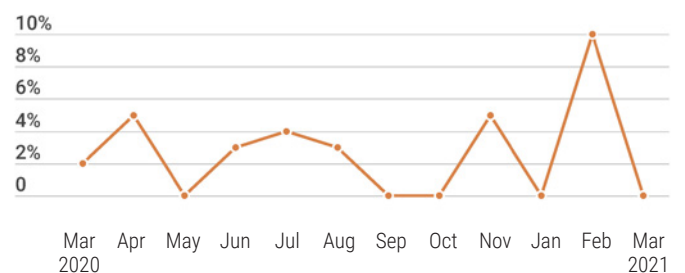
## NOT REMOTE WORK CAPABLE



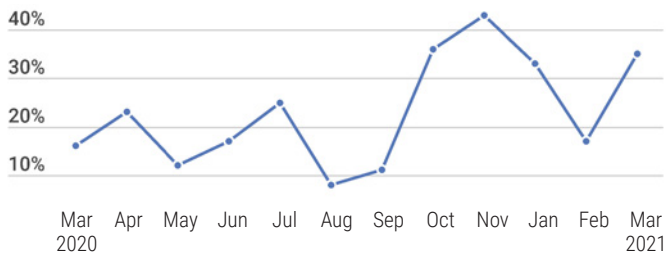
## LOSS OF CUSTOMERS



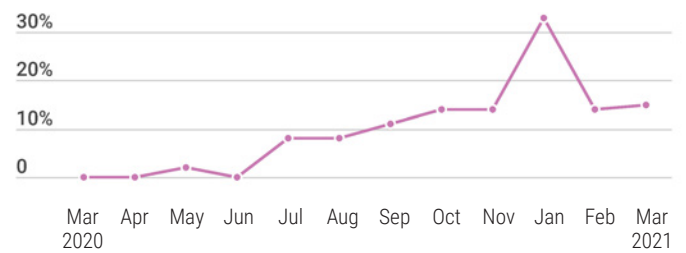
## NO CAPITAL RESERVES



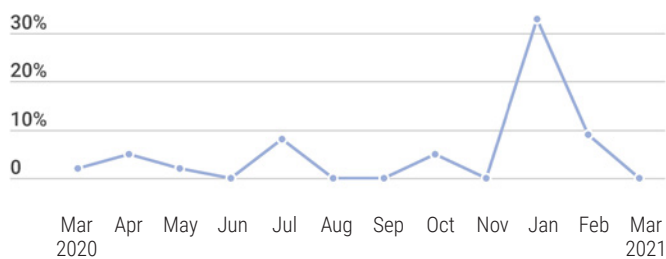
## FINANCIAL RECOVERY



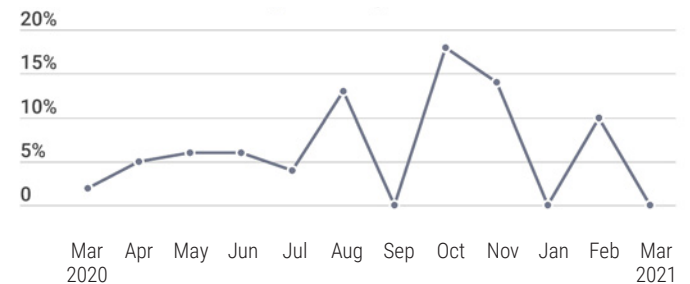
## CHILDCARE



## GOING OUT OF BUSINESS



## RENT/LEASE PAYMENTS



# WASHINGTON STATE COVID RESPONSE

**January 21, 2020** – First confirmed case of Covid in USA is in Washington state.

**March 23, 2020** – Governor Inslee issues 2-week, stay home order.

**April 3, 2020** – Stay-home order extended to May 4.

**May 29, 2020** – Governor announces phased, county-by county reopening plan.

**June 26, 2020** – Facial coverings become mandatory in all public places statewide.

**December 15, 2020** – Washington administers its first COVID-19 vaccine doses to frontline, essential workers.

**March 22, 2021** – All of Washington moves into Phase 3 of reopening.

**April 15, 2021** – Vaccine eligibility opens to all Washington residents over 16.

**June 30, 2021** – Washington state officially reopens.

Source: *mynorthwest.com*

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