



RESTART
KENTUCKY

THE IMPACT OF COVID-19 ON
BUSINESSES
& WHAT COMES NEXT



Kentucky Chamber

THE IMPACT OF COVID-19 ON BUSINESSES & WHAT COMES NEXT

In the midst of the COVID-19 pandemic, the Kentucky Chamber of Commerce surveyed 443 businesses across the Commonwealth in attempts to illustrate the virus's impact on our business community. The Chamber invited businesses from across the state to provide their feedback over a 10 day period from April 10-April 20, 2020. The majority of responses came from small businesses with more than 65% of surveys submitted from companies with less than 50 employees.

The industries best represented in the survey were

manufacturing and professional services, which accounted for 19% and 18% of responses, respectively. Other industries represented were retail, health care, hospitality/tourism, non-profits, distribution/logistics, energy, and education/government.

On average, the overall on the 443 businesses was a seven out of 10 with one being little impact and 10 being extreme impact.

7
average overall
impact of the
coronavirus
to businesses

IMPACT OF COVID-19 ON BUSINESS

Only **4%** of respondents said their business had not been impacted in any way by the coronavirus

79% said they have lost revenue

55% are facing cash flow issues

28% have had to suspend operations and

33% have had to lay off employees

31% said they are facing "other" challenges caused by the pandemic including loss customer base, having to change the way their office operates with most employees working remotely,

struggles being faced by higher education institutions

- **Businesses have taken steps like cutting hours, sending employees home with pay, implementing pay cuts, and more to deal with lost revenue while others have had to furlough many of their employees**
- **Companies that have remained open in fields like manufacturing have worked to provide their employees with PPE, split up their workforce physically in the building and in terms of work schedules, and/or suspended parts of their operations**

CHALLENGES TO RETURNING

Challenges employers expect when they restart their business include having the money they need to operate (52%), retaining customers (41%), being able to bring employees back into the workplace (31%), the availability of resources they need (30%), and being able to ramp up to meet new demands (16%).

Only **7%** of respondents said they expect no impact on their business in returning back to normal

22% expressed other concerns including people feeling confident enough to return to work/patronize businesses again, clients that are also struggling financially and likely will not be able to pay in a timely manner, having enough PPE and other resources to keep employees safe, unknowns about customer demand and supply chains, staffing shortages, and more.



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IF MEASURES ARE EXTENDED

When asked what they expect for their own business if the shutdowns extend past April 30, the majority of businesses (59%) said they expect to have to make tough financial decisions including layoffs and/or salary changes.

Only **4%** said they expect permanent closure if the measures extend past that date.

38% chose the “other” response and indicated they expect further financial damage, concerns about their ability to pay for their facilities, continued loss of clients and business, higher costs for operations, not being able to maintain production, and other concerns.

PHASED-IN APPROACH TO REOPENING

67% of respondents said they support a phased-in approach to reopening the government. Only 7% said they did not support that approach and 25% were not sure.

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Respondents commented with a range of opinions including the state economy must be reopened as soon as possible, that safety of their employees and all Kentuckians is of the utmost importance in considering a plan, PPE

and sufficient testing must be available before reopening, timing and efficient data must be the driving factors, gradually reopening will be important to avoid a huge spike in illnesses, and more. Some felt that because all businesses closed together, they should all open together as well. Others indicated they want to see the business community and health officials build a plan rather than politicians. The overall sentiment among the comments was that employers want to see a smart, safe, fast return to normalcy as soon as it is possible.

WHAT'S NEEDED TO RESTART

The majority of respondents (60%) said the number one thing they need in order to restart is for government restrictions to be lifted and communicated clearly. A growth in customer base and traffic to the business (47%), access to cash to pay employees, vendors, and other expenses (45%), guidance on what is needed to keep employees and/or customers safe (42%), and access to PPE for all employees (35%) are also among the top considerations for businesses as they start to return to work.

Some expressed concerns about enhanced unemployment insurance benefits totaling more than their salary

because of additional money coming from the federal government as a deterrent for employees coming back to work.

**#1 BUSINESS
NEED**
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**RESTART
KENTUCKY**
A Responsible Plan for Returning to Work

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FINANCIAL ASSISTANCE FROM THE FEDERAL GOVERNMENT

Most businesses (48%) are still unsure if federal assistance is sufficient and if it will help them. 32% do not believe it has been enough and 20% do feel it has been helpful.

25% said applied for relief under the Paycheck Protection Program while very few had applied for economic disaster loans and/or other business or commercial loans. 15% said they had not applied for any form of assistance, 12% stated they were

still exploring options. 16% of respondents did not feel the relief programs applied to their company and 4% said they were not interested.

Of those who said they had applied for some form of assistance, 39% said they were still awaiting an answer to their application at the time they filled out this survey.

WHEN SHOULD ECONOMY OPEN UP?

The main sentiments seen in the survey results were businesses feel the economy should open after May 1 (28%) and when there is sufficient testing (27%) only 10% wanted a proven treatment before the economy is reopened and just 3% feel a vaccine is necessary.

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Other responses (33%) included the need to have decreased the number of cases, confirmation health care facilities can handle potential caseloads, a soft re-opening for two weeks to evaluate the spread, proceeding with opening the economy as long as CDC guidelines for health and social distancing are followed, a model that ensures the safety of at risk populations, and more.

LEARN MORE ABOUT RESTART KENTUCKY



The Kentucky Chamber knows we are stronger together against this common enemy as we mount our restart. The Chamber will provide education, guidance, policy recommendations, connect job seekers with employers and recommend best practices to prepare business to restart our economy. The Chamber will call on key industry leaders to guide our work to give Kentucky every opportunity to unleash our potential.

Learn more at kychamber.com/restartky.