
COVID-19 Impact on Iowa Businesses – Survey 3

Cedar Valley Regional Partnership Area Report

June 7, 2021

Prepared For:



The information used in this report is from a third online COVID-19 impact survey conducted for the Iowa Economic Development Authority (IEDA) from February 23 through March 24, 2021. Businesses and organizations across the state offered information about what they are experiencing and how they are handling the current COVID-19 crisis. Over 6,450 Iowa businesses and organizations responded to the survey. The Statewide Executive Summary can be accessed [HERE](#).

The University of Northern Iowa is providing local summaries to help communities and organizations understand the ongoing impact of the COVID-19 crisis on local businesses and to assist local partners in implementing ongoing recovery strategies.

This survey was funded by the U.S. Economic Development Administration.

Research conducted by:

University of Northern Iowa
Business & Community Services
Institute for Decision Making | Strategic Marketing Services



About the Respondents

Survey 3 received 443 responses from businesses and nonprofits in the Cedar Valley Regional Partnership area of Black Hawk, Buchanan, Bremer, Butler, Chickasaw, and Grundy Counties. The majority of respondents, 78.6 percent, were for profit businesses and represented several industry sectors. Nearly 40 percent of the respondents were family-owned businesses and around 20 percent were women-owned businesses (Figure 1).

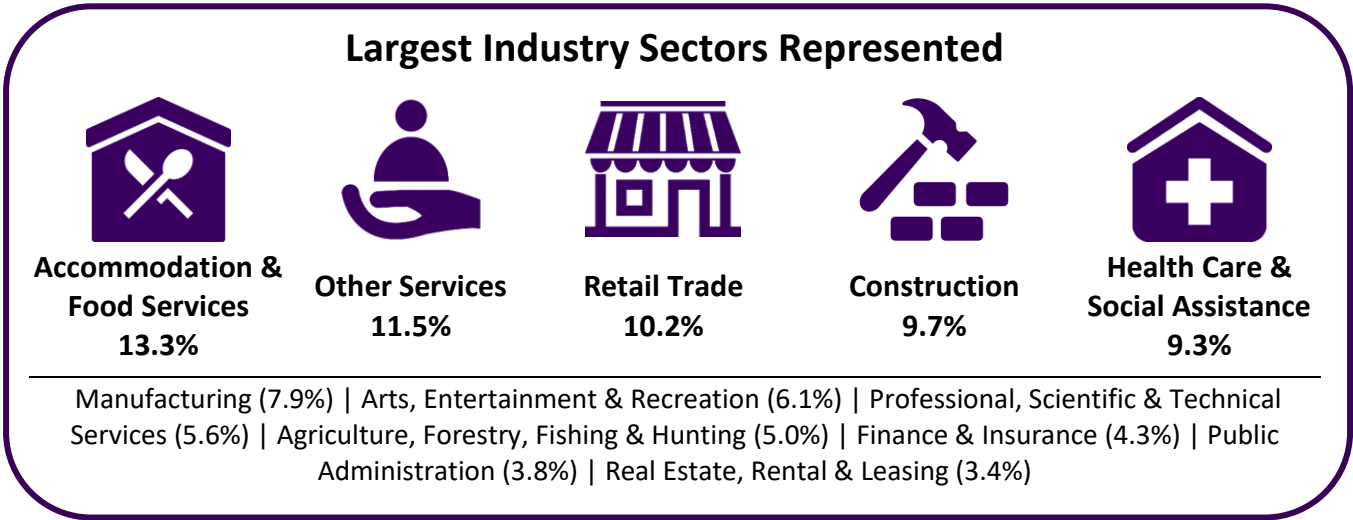
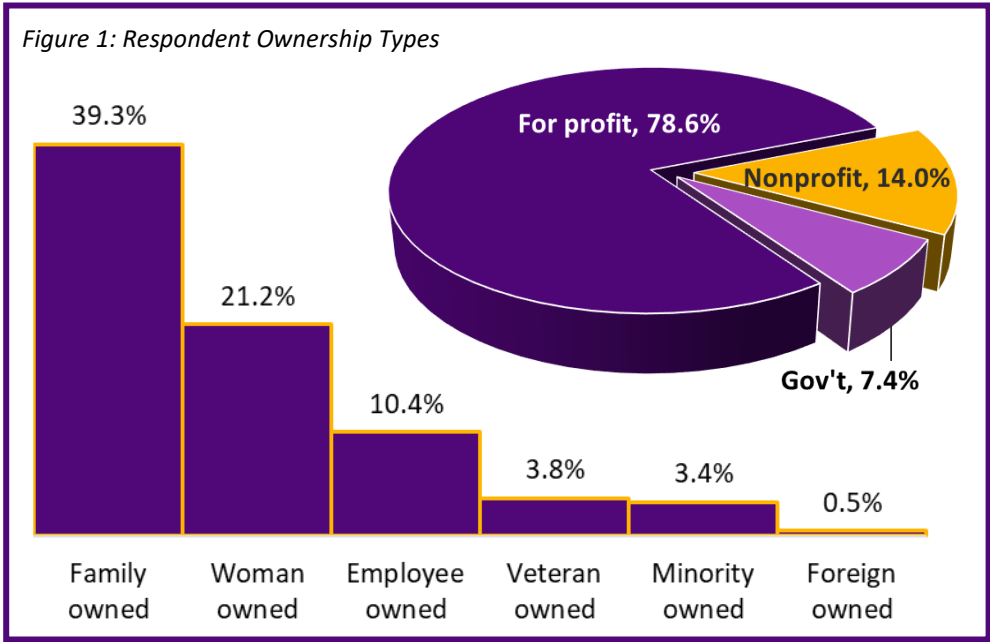
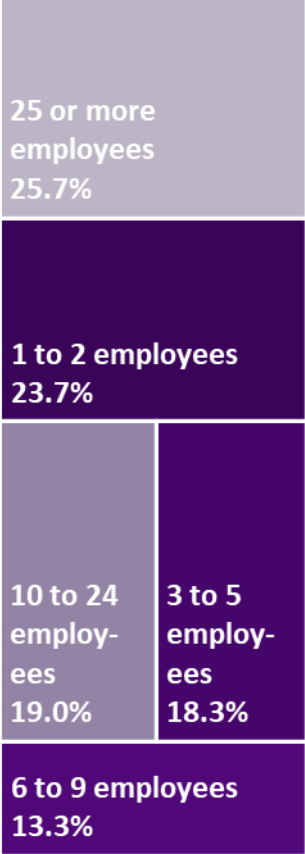


Figure 1: Respondent Ownership Types



As a percentage of respondents, over half (55.3%) were small businesses with fewer than 10 employees and about 75 percent (74.3%) had fewer than 25 employees (Figure 2). Around 24 percent (23.7%) were very small businesses with 1 to 2 employees.

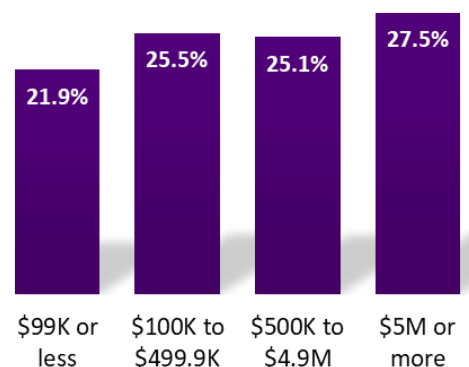
Figure 2: Respondents by Employment Size



Just under half (47.4%) of the respondents reported annual revenue for 2020 to be less than \$500,000. Figure 3 illustrates the 2020 annual revenue (by range) of the respondents. The mean and median of respondents' 2020 revenue were:

Mean	• \$4,293,024
Median	• \$374,950

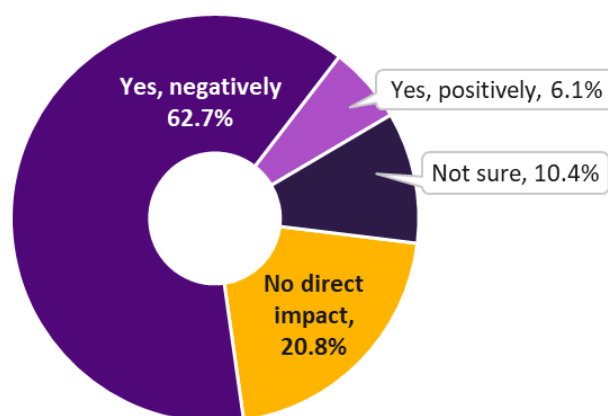
Figure 3: Average Annual 2020 Revenue



Impact of COVID Pandemic

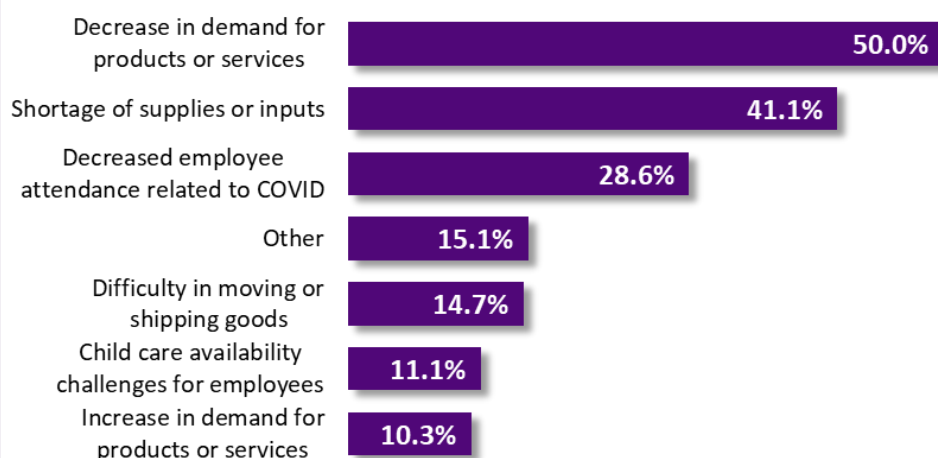
Respondents were asked to estimate the impact of the pandemic on their organizations' 2020 revenue and employment as it compared to 2019. In aggregate, respondents indicated a 17.6 percent average reduction in revenue, and a 10.7 percent reduction in employment. When asked whether the effects of the COVID pandemic were directly impacting their organizations, 62.7 percent of respondents indicated that they were currently experiencing a negative effect and 20.8 percent were experiencing no direct impact (Figure 4).

Figure 4: Respondents Experiencing Direct Effects of Pandemic at Present Time



Respondents were asked whether their organizations were currently experiencing certain impacts as a result of the pandemic. As illustrated in Figure 5, a decrease in demand for products and services was being experienced at the time by half (50.0%) of the 416 respondents answering this question.

Figure 5: Currently Experiencing as a Result of Pandemic

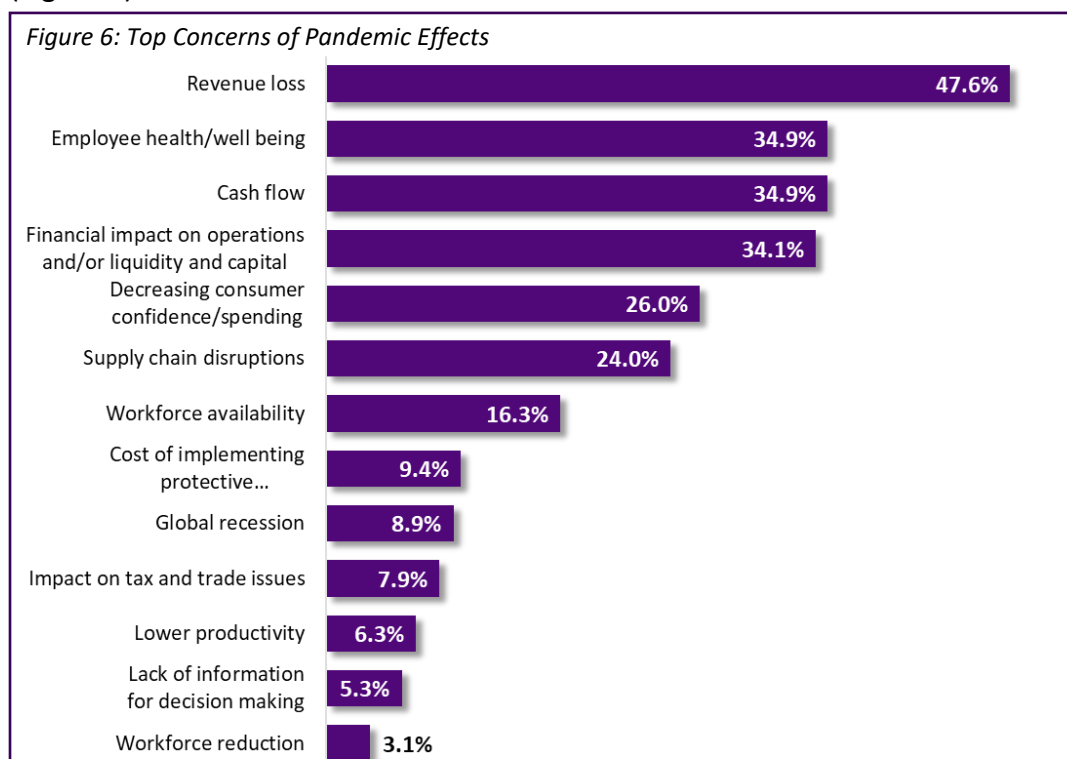


"Other" Responses Include:

- Limited in-person services/meetings
- Revenue loss
- Workforce availability
- Supply cost increases
- Business closure
- Health care concerns

Effects of the Pandemic

Respondents were asked to identify their organizations' top 3 concerns with respect to the effects of the coronavirus pandemic. The highest percent of respondents (47.6%) indicated that revenue loss was one of their top three concerns. Respondents were least concerned about workforce reductions (3.1%); however workforce availability was noted as a top concern by 16.3 percent of respondents. (Figure 6)



Respondents were asked about particular adjustments they may have made to their businesses and/or business models due to impacts from the pandemic, and whether they planned any certain adjustments in the next six months. Top adjustments already made include different product and service delivery methods (29.8%), incorporating digital/online operations (29.3%), and new collaboration systems or technology (28.4%). The top short-term pending adjustments included hiring new employees (30.7%), making adjustments to their business model (27.3%), and getting additional financing (27.1%). Tables 1 and 2 include additional response tabulations.

Table 1: Due to impacts of the pandemic, has your organization done any of the following?	
Started delivering products and services differently	29.8%
Added or transitioned to digital/online operations	29.3%
Implemented new systems or technology to allow for remote collaboration	28.4%
Started offering new products and services to adapt to changing customer needs	20.8%
Eliminated products and services to adapt to changing customer needs	16.3%
Explored new or expanded international sales	0.9%
Started posting products on Iowa's new ShopIowa website	0.5%
None of these	37.7%

Table 2: In the next 6 months, will your organization need to do any of the following?	
Identify and hire new employees	30.7%
Adjust our business model	27.3%
Obtain financial assistance or additional capital	27.1%
Increase or pivot marketing or sales efforts	26.4%
Identify new supply chain options	18.5%
Evaluate work arrangements for employees	16.7%
Offer new/additional training for employees	14.9%
Develop online sales or websites	14.4%
Learn how to better provide for the safety of customers and employees	11.7%
Permanently close this business	5.9%
None of these	15.6%

Financial Assistance Applications

Respondents were asked whether they had requested financial assistance at any time from a list of potential sources since March of 2020 and whether or not they were funded by that source (Table 3). Of the 443 respondents, 63.0 percent applied for the Paycheck Protection Program (PPP), and 261 respondents received funding from the PPP. As a follow-up question, they were asked whether their organization may have faced permanent closure had the funding not been received (Table 4). Nearly a third (32.6%) of those receiving PPP funding felt that without that support, they may have faced permanent closure.

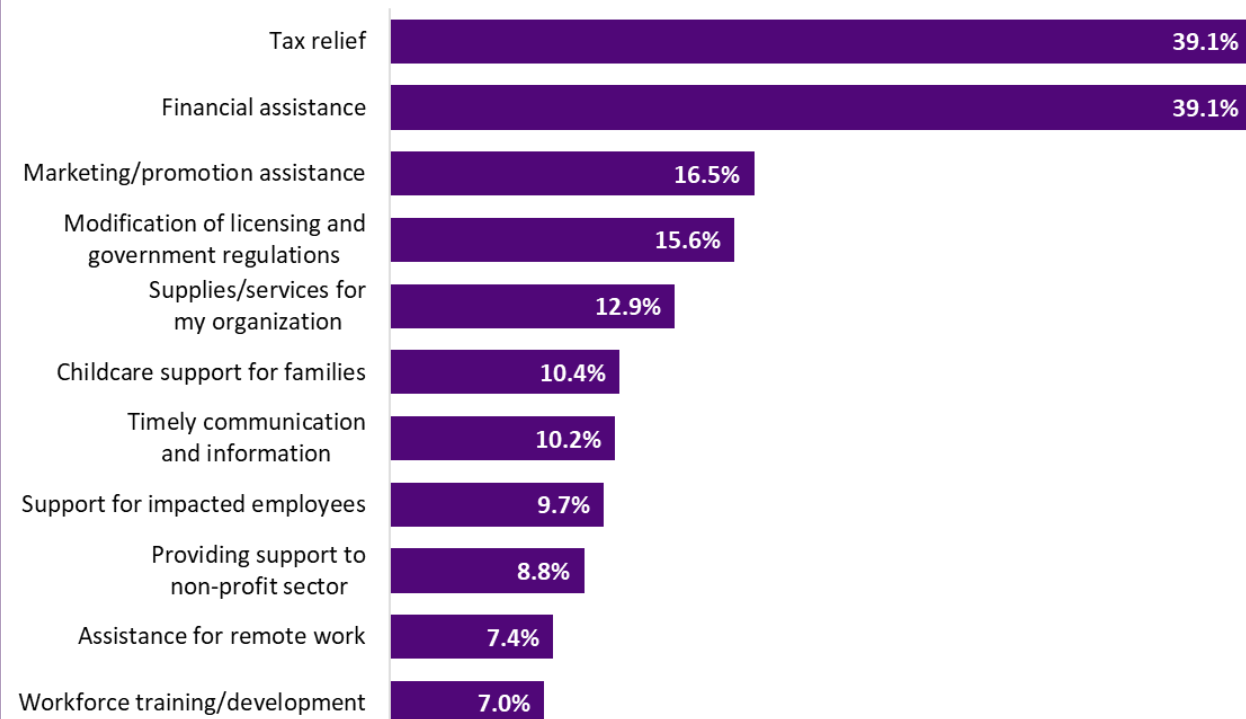
Table 3: Since March 2020, has your organization requested financial assistance from any of the following sources?	Requested and Received from Source	Requested but Did Not Receive from Source
Paycheck Protection Program (PPP)	58.9%	4.1%
Small Business Admin. (SBA) Loan Forgiveness	21.2%	7.7%
Self	20.8%	1.1%
State of Iowa assistance programs	17.4%	8.8%
Economic Injury Disaster Loans (EIDL)	16.3%	7.4%
Federal Sick and Family Leave Tax Credits	13.1%	2.9%
Banks	10.4%	4.7%
Other Federal programs	7.0%	3.6%
Deferral of Federal Employment Tax Deposits and Payments	5.6%	1.6%
Family or friends	5.6%	1.8%
Other sources	5.2%	2.5%
Local community assistance programs	3.4%	4.1%
Federal Employee Retention Tax Credit	3.4%	2.5%
Main Street Lending Program	0.5%	2.7%

Table 4: Do you feel that your organization may have faced permanent closure related to the coronavirus pandemic had this funding not been received?	Yes	No	Unsure
Paycheck Protection Program (PPP) (N=261)	32.6%	36.8%	30.7%
Small Business Admin. (SBA) Loan Forgiveness (N=94)	42.6%	33.0%	24.5%
Self (N=92)	55.4%	21.7%	22.8%
State of Iowa assistance programs (N=77)	44.2%	35.1%	20.8%
Economic Injury Disaster Loans (EIDL) (N=72)	47.2%	30.6%	22.2%
Federal Sick and Family Leave Tax Credits (N=58)	8.6%	72.4%	19.0%
Banks (N=46)	50.0%	37.0%	13.0%
Other Federal programs (N=31)	29.0%	54.8%	16.1%
Deferral of Federal Employment Tax Deposits and Payments (N=25)	8.0%	60.0%	32.0%
Family or friends (N=25)	40.0%	24.0%	36.0%
Other sources (N=23)	17.4%	52.2%	30.4%
Local community assistance programs (N=15)	20.0%	53.3%	26.7%
Federal Employee Retention Tax Credit (N=15)	0.0%	46.7%	53.3%
Main Street Lending Program (N=2)	0.0%	0.0%	100.0%

General Assistance and Resources

Respondents were asked about the types of assistance that would be most helpful to their organizations (Figure 7). Financial assistance and tax relief were the assistance types that were selected most by respondents, both by nearly 40 percent of respondents.

Figure 7: Areas of Assistance Most Helpful to Organization



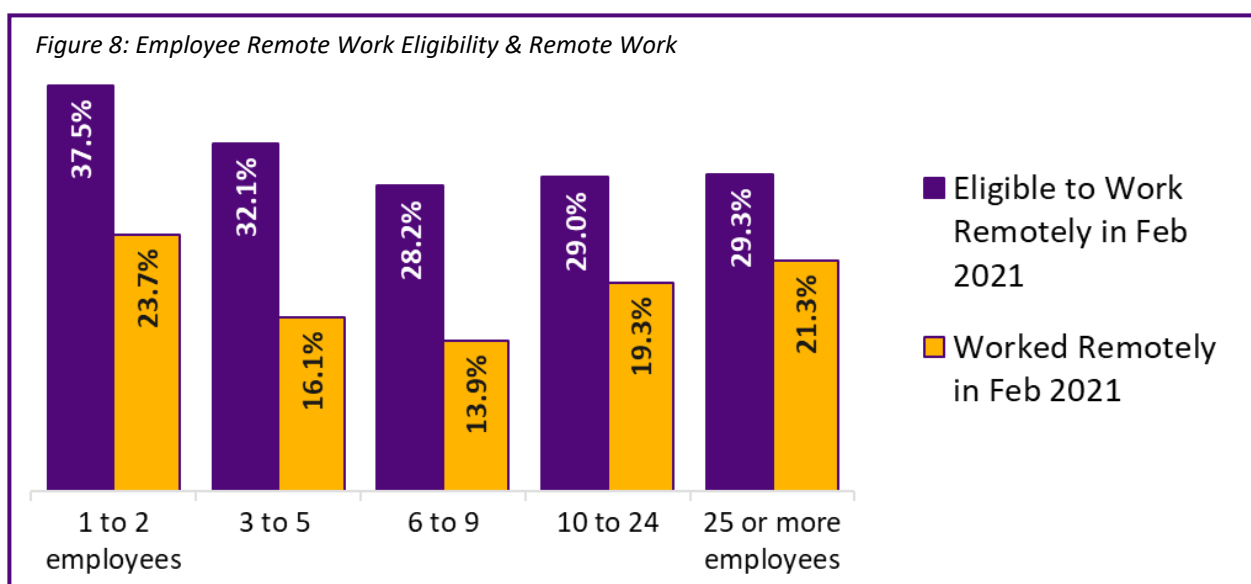
Business Operations

Respondents were asked whether they had made any specific operational changes to their business, or whether they were considering certain activities. Over half (56.9%) of respondents indicated that they were already heightening cleaning protocols, and close to a quarter were considering creating or revising contingency plans. (Table 5)

Table 5: Is your organization is currently doing, considering, or not considering any of the following?	Currently doing	Consider ing	Not at this time	NA / Not sure
Heighten the cleaning protocols for our office or retail space	56.9%	5.0%	14.9%	23.3%
Increase cash reserves	32.7%	17.2%	26.0%	24.2%
Rely more heavily on communications services for our business operations	30.9%	7.7%	19.4%	42.0%
Change the layout of our office, retail, and/or production space	25.5%	7.2%	28.2%	39.1%
Expand our organization through digital means and related technology	24.8%	15.6%	20.3%	39.3%
Create or revise a contingency plan	19.0%	22.1%	24.8%	34.1%
Create or revise our supply chain strategy	15.1%	16.9%	23.7%	44.2%
Utilize contractors/contract services more to segment workforce needs	8.1%	9.7%	30.7%	51.5%
Invest more in work automation	7.4%	9.3%	26.6%	56.7%

Remote Work

The pandemic has caused many employers and organizations to reconsider where employees conduct their work. Respondents were asked about remote work in terms of the percent of their workforce eligible to do so, and the percent working remotely at that time. (Figure 8)



Respondents were asked to indicate whether their organization was implementing or considering alternative work options as a result of the pandemic. As shown in Table 6, 21.3 percent of respondents currently have employees working remotely, either full time or part of the time.

Table 6: Is your organization is currently implementing or considering the following alternative work options as a result of the pandemic?	Currently Doing	Consider ing	Not at this time	NA / Not sure
Implementing a hybrid work in office/home model	12.9%	6.1%	28.0%	53.0%
Allow employees to work remotely full-time	8.4%	4.1%	30.7%	56.9%
Downsizing the physical footprint of our organization	5.0%	9.3%	37.2%	48.5%
Four-day work week	7.2%	5.9%	39.3%	47.6%
Six-hour work shifts	5.9%	2.3%	44.7%	47.2%

Lastly, in terms of remote work, respondents were asked about specific initiatives that might be valuable to their businesses and organizations. Public investments in broadband infrastructure was selected by 27.6 percent of respondents as being very or extremely valuable; and incentives for investing in technology to support remote work was selected as very or extremely valuable by 18.6 percent of respondents. (Table 7)

Table 7: How valuable would the following remote work initiatives be to your organization?	Extremely valuable	Very valuable	Moderately valuable	Slightly valuable	Not valuable	NA / Not sure
State and federal government investments in broadband infrastructure, particularly for rural communities	17.4%	10.2%	7.4%	4.7%	14.0%	46.3%
Incentives for investing in technology/ programs to support remote work	10.2%	8.4%	6.8%	5.2%	17.6%	51.9%
Digital skills training for staff	6.5%	6.5%	7.9%	10.6%	19.6%	48.8%
Productivity training for staff	5.9%	6.5%	8.6%	10.4%	19.6%	49.0%
Increased availability of training for HR	5.0%	6.1%	6.3%	8.8%	20.5%	53.3%
Assistance establishing remote work plan	4.5%	5.2%	7.2%	7.0%	21.0%	55.1%
Sector-specific guides on working remotely	3.6%	4.7%	6.5%	7.0%	21.4%	56.7%

Nonprofit Respondents

Of the total respondents to Survey 3, 14.0 percent, or 62 respondents indicated they were nonprofit entities. Nonprofit respondents were asked about the impact COVID was expected to have on their 2021 budget when compared to 2020. Over half (51.6%) indicated an ongoing or new negative impact as a result of the pandemic. About two-thirds of the nonprofit respondents on average estimated that 20.9 percent of their clients/customers/beneficiaries were no longer being served, or were receiving reduced or incomplete services. In aggregate, nonprofit respondents project an average budget shortfall in the first half of 2021 to be \$51,642. Table 8 shows that private donors were turned to for financial assistance more often than other sources.

Table 8: Since March 2020, has your organization requested financial assistance from any of the following nonprofit specific sources?	Requested and Received from Source	Requested but Did Not Receive from Source
Private Donors	38.7%	3.2%
Philanthropic Organizations/Foundations	12.9%	6.5%
Iowa Arts & Culture Recovery Program Grant	9.7%	1.6%
Iowa Nonprofit Recovery Fund Grant	8.1%	0.0%