Covid-19 Impact on Minority Businesses

WA State Pandemic After Action Report Task Force

June 23, 2022
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The Northwest Mountain Minority Supplier Development Council (Northwest Mountain MSDC) is one of 23 regional councils of the National Minority Supplier Development Council, one of the nation’s leading business membership organizations. We are the only multicultural business development organization in the Region. As an affiliate of the National Minority Supplier Development Council, we serve as a direct link between corporate America, Government Agencies and minority-owned businesses. There are 1,750 corporate members throughout the network.

**Mission**
Foster an environment that creates opportunity and builds economic value.

**Vision**
Be recognized as a leading supplier diversity organization.
4 Foundational Pillars of Actions

1. **CERTIFY**
   Validates Ethnic Minority Ownership Business Entity.

2. **DEVELOP**
   Enhance Ethnic Minority Business Competencies through Educational Programming.

3. **CONNECT**
   Leverage Network of Members & MBEs with the intention to Engage in Business.

4. **ADVOCATE**
   Actively Educate and Promote Minority Business Value to all Stakeholders.
$27 Billion in State Revenue is at Risk

Historical Recovery Average is 3-years
- Katrina – 1.7-Years to Recover – Fastest
- Katrina – Employment Started to Rise after 3-Months
  - Historical Average is 6-Months

COVID-19 is expected to become an Annual Strain
### Town Hall Highlights: Critical Challenges

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- **Entrepreneurship**
  - High Dependency on a Single Customer.
  - New Firms had a Bigger Challenge without Established Customer Relationships.
**Town Hall Highlights: Critical to Success**

**Leadership**
- Fast and Effective Decision-Making.
- Business Diversification.
- Envision/Anticipate new wave of Activities & Quickly Plan Mitigation.

**Cash & Cost Management**
- Immediate Cash Preservation Mode.
- Quickly Reacted and Did Not Pass the Hardship Downstream.
- Went to Where the Money Was: PPP & Public Agency Contracting.

**Reinvention & Pivot**
- Adapted to the Yo-Yo Effect.
- Immediate Shift to How we do Business in the Current Environment.
- Shifted & Met PPE Demand.

**Communications**
- Strict Line of Focus on all Customers & Protecting our Ecosystem.
- Met the Challenge at the Customers Point of Intersection.
- Customer Relationships – Shared what Everyone Needed to Know.

**Entrepreneurship**
- Will-to-Win & Commitment-to-Succeed In spite of Economic Shock.
- Understood the Market and Properly Positioned/Partnered with Customers.
- Decision to Build the Business on the Foundation of Customer Safety.

**Entrepreneurship**

COVID-19 Regional Costs

Total GDP $1.286 Trillion
$111.76 Billion Decline in GDP
411,000 Decline in Jobs
$14 Billion Decline in Wages

TOTAL GDP IMPACT
8.60%
Pandemic Negatively Affects Northwest Mountain MSDC Region

TOTAL JOB DECLINE
4.41%
Northwest Mountain MSDC Region Loses 411,000 Jobs

DECLINE IN REGIONAL GDP
$111.76 B
From $1.286 Trillion to $1.174 Trillion

LOST WAGES
$14.19 B
Hardest Hit Wages Median Wage of $16.83

Pandemic Negatively Affects Northwest Mountain MSDC Region
Northwest Mountain MSDC Region Loses 411,000 Jobs
From $1.286 Trillion to $1.174 Trillion
Hardest Hit Wages Median Wage of $16.83
COVID-19 Case Impact

1,267,150 Cases Of COVID-19

$111.76 Billion Decline in GDP

Control COVID-19 Spread For GDP Growth

TOTAL NUMBER OF CASES IN THE REGION

1,267,150

As of March 10th, 2021

ESTIMATED ECONOMIC COST PER CASE

$88,218

CONTROL FOR A DECREASE IN CASES AND AN ASCENT IN GDP CONTRIBUTION

Manage Regional GDP Growth by Managing COVID-19 Spread

Simple Math: GDP Decline/Number of Cases

$88,218
“COVID-19 Impact To WA State Businesses”

- 148,824 Businesses in State of WA Generating $865B in Annual Revenues
- 2.75M Employees Drawing $160B in Wages
- Loss of $349.6B in Economic Impact
- -22% In Business Activity is a $190B Loss in Annual Business Revenues
- -22% In Business Activity is 605K Employee and $35B in Wage Losses
- Negative $1.84B Economic Generator to WA State Economy
Live Survey: June 15, 2022
64 Participants

**MBEs: What Effects did COVID-19 Have on Your Business or Businesses Within Your Circle of Influence?**

1. Had to Analyze your Client Base: Gov't had to Continue to Spend Money/Private Sector had to Stop Spending Money
   a. 2-years later: Public Agency Members are spending Less as Budgets have been reduced
2. Personnel Management was difficult to Manage
   a. Recruiting personnel that had to adapt was even more difficult
3. Financial Institutions were selective in who they provided PPP (Paycheck Protection Program)

**Members: What Effects did COVID-19 Have on Your Business or Businesses Within Your Circle of Influence?**

1. Reduction in Staff:
   a. Less Mind Share to Focus on Supplier Development Initiatives
   b. Constrained Supply Chain and Created Higher Barriers to Entry
2. Cash Flow was an Issue for MBEs
3. Work from Home created lag in Workflow
4. Employee Burnout
What is Important for us to Share with MBEs and Other Members to Mitigate Risk During Disastrous Economic Downturns?

1. Effective Forecast to Mitigate Risk
2. Cash Flow Management is Imperative
3. Shift your Services to Meet Market Pain
4. Important to be Mindful to what Employees are Going Through to Prevent Burnout
   a. Create Great Work-life Balance
5. Members can Mitigate MBE Cash Flow Risk by setting up Prompt Payment Terms
QUESTIONS & ANSWERS