



Covid-19 Impact on Minority Businesses

WA State Pandemic After Action Report Task Force

June 23, 2022

Table of Contents

1. We Are
2. Coronavirus (COVID-19) Facts
3. Town Hall Highlights
 1. Critical Challenges
 2. Critical Success Factors
4. Market Research & Findings
5. Live Survey – June 15, 2022
6. Questions & Answers



2022 Business Conference

Tim Wang, TDW+Co





We Are

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

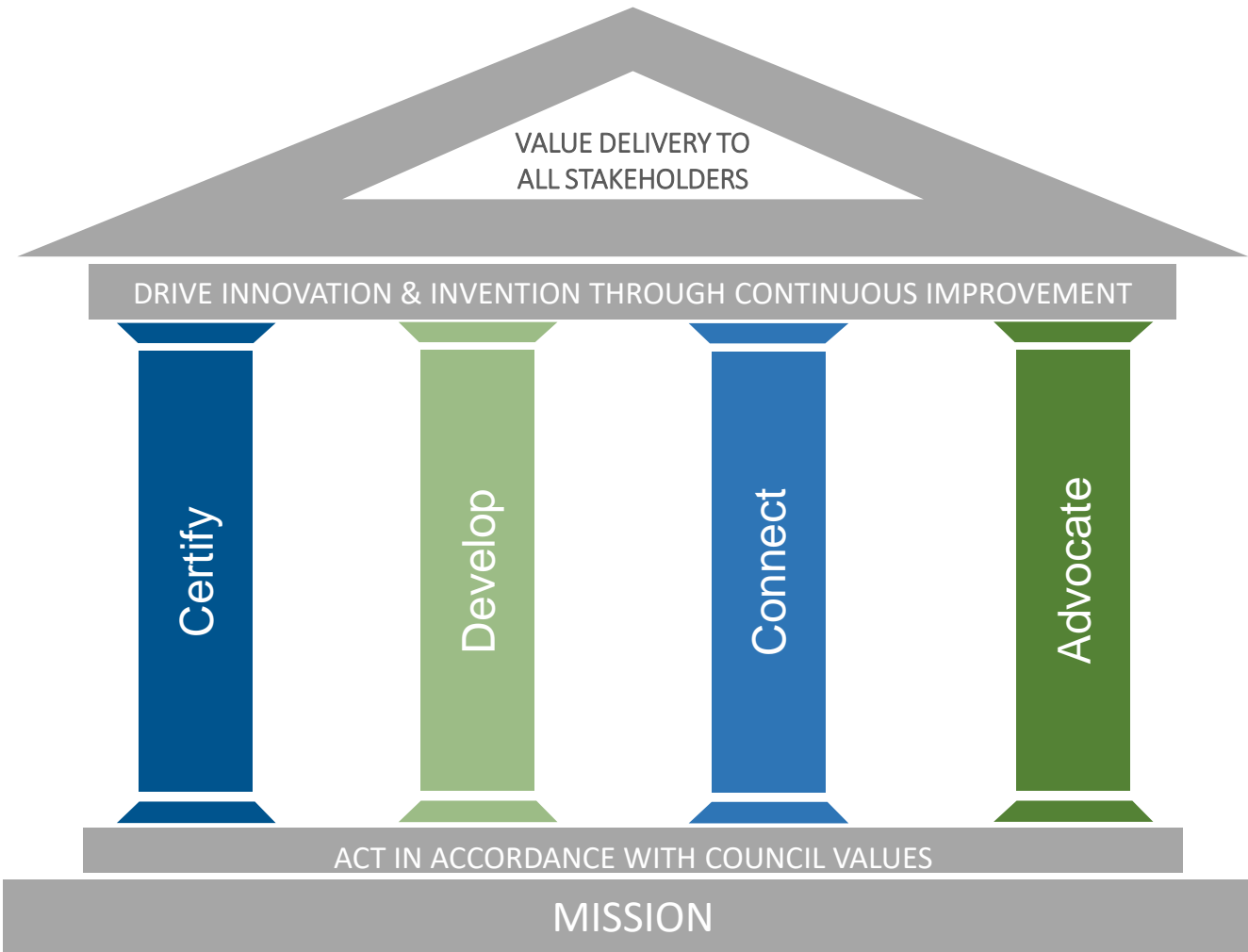
Foster an environment that creates opportunity and builds economic value.

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

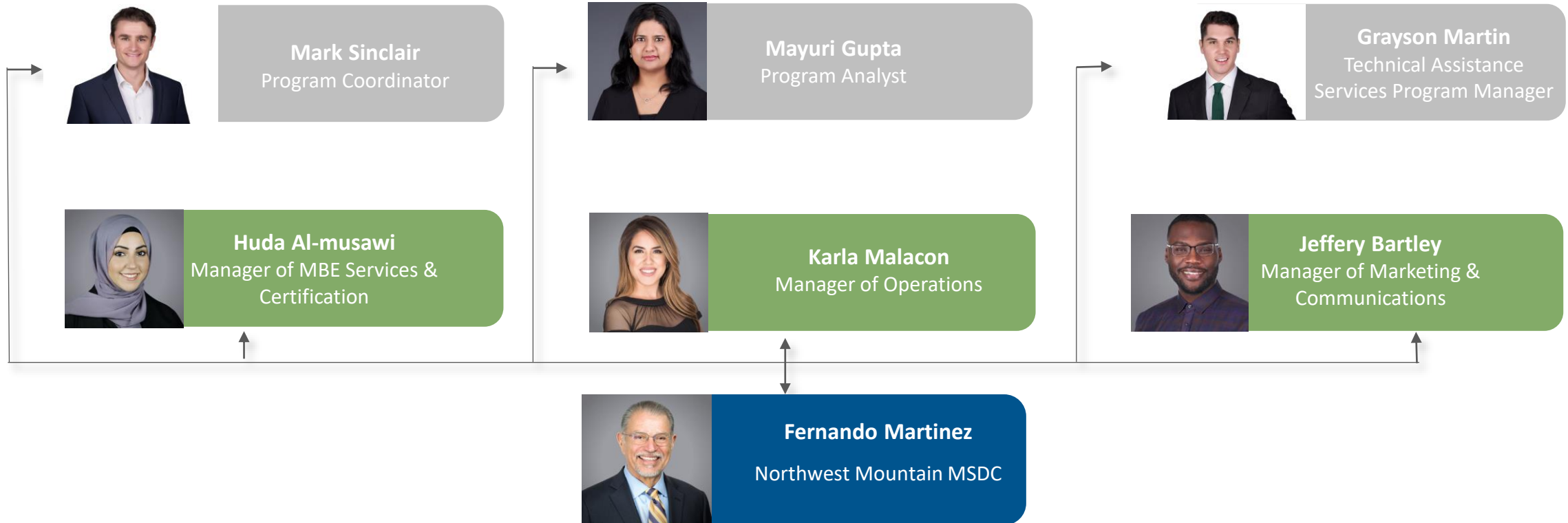
Leverage Network of Members & MBEs with the intention to Engage in Business.

4

ADVOCATE


Actively Educate and Promote Minority Business Value to all Stakeholders.

Team Introduction





Coronavirus (COVID-19)

- \$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

Leadership

Did not Move Quickly: Waited too Long to take Decisive Action.

Not set up With Good Support Team.

Business Model not Designed for Adaptation.

Cash & Cost Management

Private Sector Dried Up: Business Shut Down - Revenue Went Down.

Lack of Cash, Lack of Resources, too Much Debt.

Not Pursuing Paycheck Protection Program Funding.

Reinvention & Pivot

Not Meeting the Customer's Needs at their Doorstep.

Not Appropriately Redistributing the Workforce to Retain Them.

Big Firms Dipped Down into the Mid-sized Market Stripping Business Away.

Communications

Not Consulting with Customers and Support Course Correction.

Not Asking for Help When Needed.

Lost Touch with MBEs – No Communication.

Entrepreneurship

One Dimensional Service or Product: No Diversification in the Business.

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

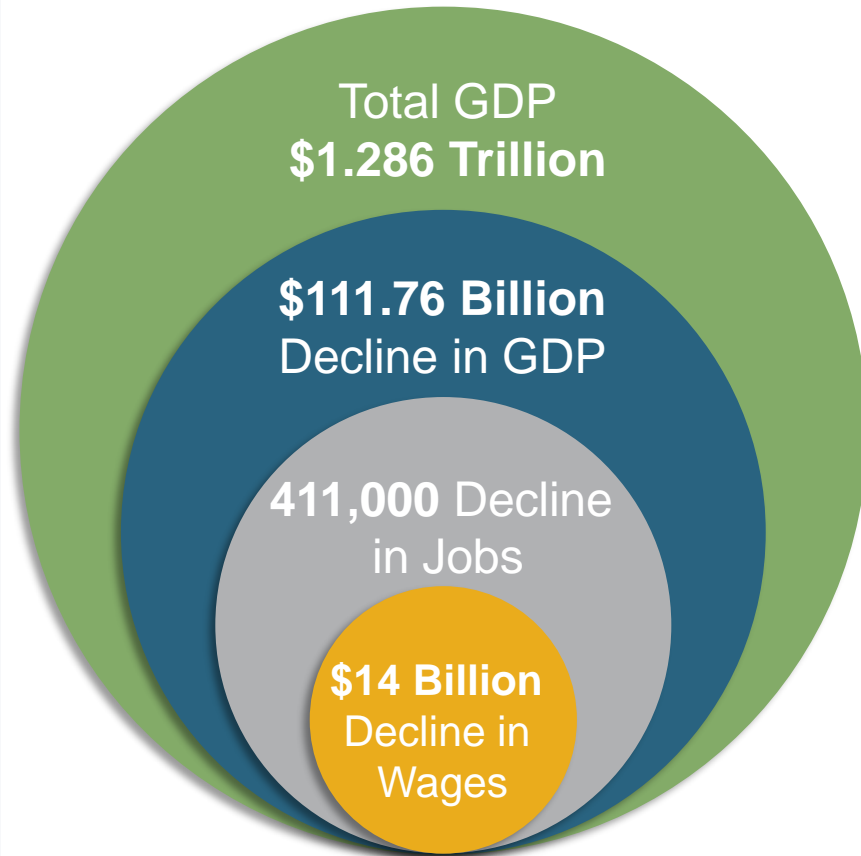
Will-to-Win & Commitment-to-Succeed In spite of Economic Shock.

Understood the Market and Properly Positioned/Partnered with Customers.

Decision to Build the Business on the Foundation of Customer Safety.



COVID-19 Regional Costs



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**

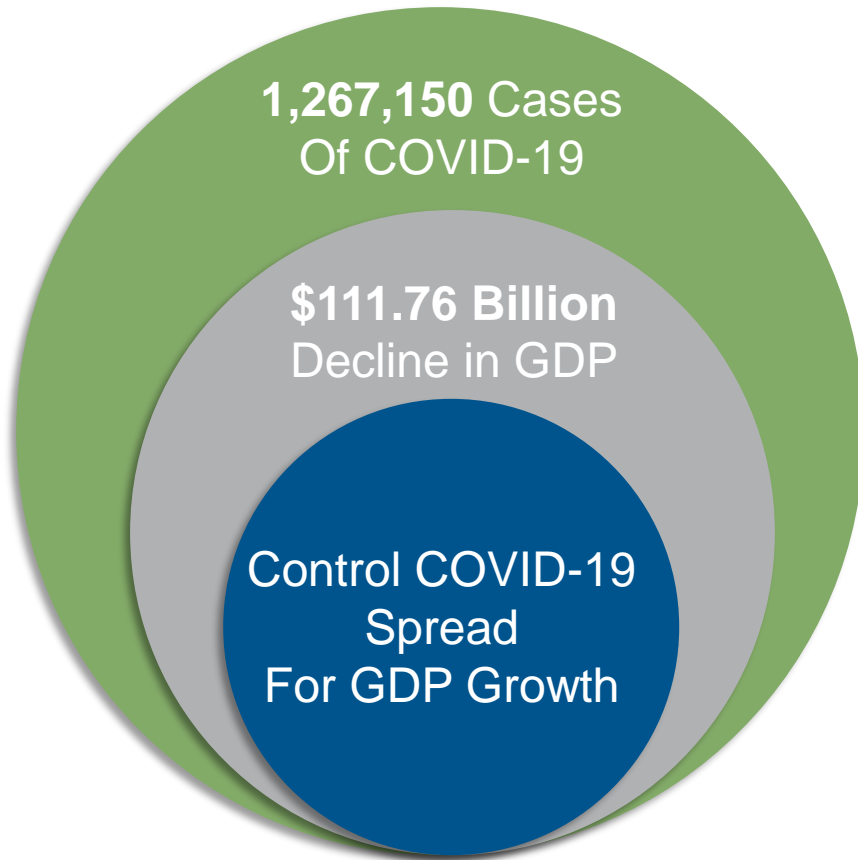
From \$1.286 Trillion
to \$1.174 Trillion

LOST WAGES

↓ **\$14.19 B**

Hardest Hit Wages
Median Wage of \$16.83

COVID-19 Case Impact



**TOTAL NUMBER OF CASES
IN THE REGION**

1,267,150

As of March 10th, 2021

**ESTIMATED ECONOMIC
COST PER CASE**

↓ \$88,218

Simple Math:
GDP Decline/Number of
Cases

**CONTROL FOR A
DECLINE IN
CASES AND AN ASCENT
IN GDP CONTRIBUTION**

↑ \$88,218

Manage Regional GDP
Growth by Managing
COVID-19 Spread

“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

Live Survey: June 15, 2022

64 Participants (Continued)

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

