



W I S C O N S I N
LGBT CHAMBER
O F C O M M E R C E

IMPACT OF COVID-19 ON LGBTQ AND ALLIED OWNED BUSINESSES

*Survey Results of Wisconsin LGBT Chamber
of Commerce Members*

Released April 30, 2020

BACKGROUND

The Wisconsin LGBT Chamber of Commerce works to create a stronger pro-fairness business community through Wisconsin by supporting LGBT-owned and allied-owned businesses and organizations. Since 2012, the Wisconsin LGBT Chamber of Commerce has been one of the state's leading voices for diverse owned businesses.

In an effort to understand and respond to the needs of our small business members, the Wisconsin LGBT Chamber of Commerce conducted a short survey on the impact of COVID-19 and their business. This survey allowed the Chamber to better understand a business' current situation, as well as long-term needs. It further provided information on which programs and resources businesses were planning to utilize.

EXECUTIVE SUMMARY

Based on the results of the survey, Wisconsin LGBT Chamber members remain resilient in the face of adversity and are working to adapt to new economic and business norms, while remaining somewhat optimistic about what the future holds for their business.

Among the highlights learned through the survey:

- **Businesses remain optimistic about their ability to survive COVID-19.**
- **COVID-19 crisis will have a negative financial impact on more than 84% of business members.**
- **Businesses lack financial resources to survive a long-term crisis and need support.**
- **Members are pivoting their products, services and offerings to remain relevant in this unique time.**
- **United States Small Business Administration programs are among the most popular places for businesses to turn to for resources.**

OVERVIEW OF SURVEY RESULTS

Analyzing the responses of the survey looking at impact of COVID-19 on Wisconsin LGBT Chamber members produced the following takeaways:

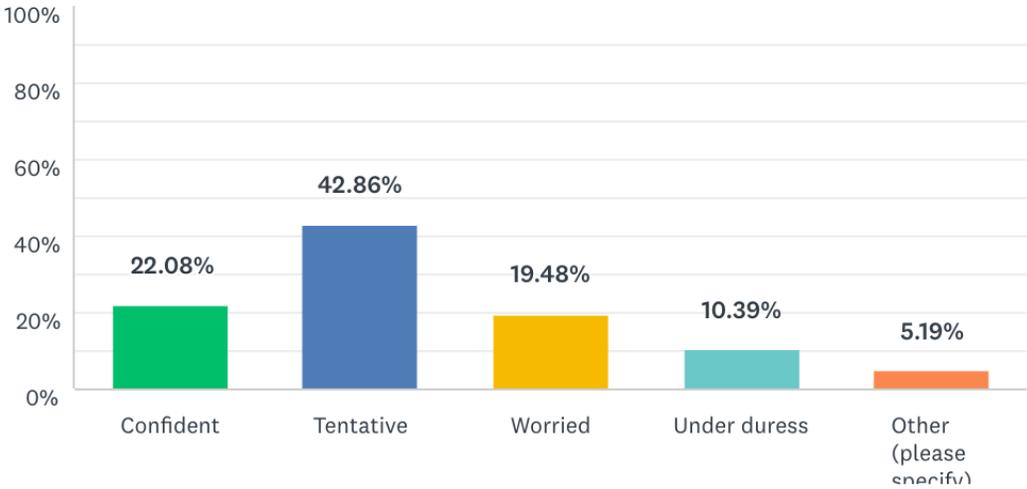
Businesses remain optimistic about their ability to survive COVID-19

When asked whether they felt confident about their business or organizations ability to survive the current COVID-19 crisis, 64.94% of businesses felt confident or were tentative (meaning while their business/organization has a plan, a long-term disruption could be problematic).

While a majority feels confident or tentative about the state of business, a long-term disruption to their business would cause significant impact.

Less than 11% were in immediate duress as a business. Interestingly, 50% of those businesses have been in operation for more than 10 years. They all have fewer than 10 employees and 87.5% are located outside of Milwaukee County.

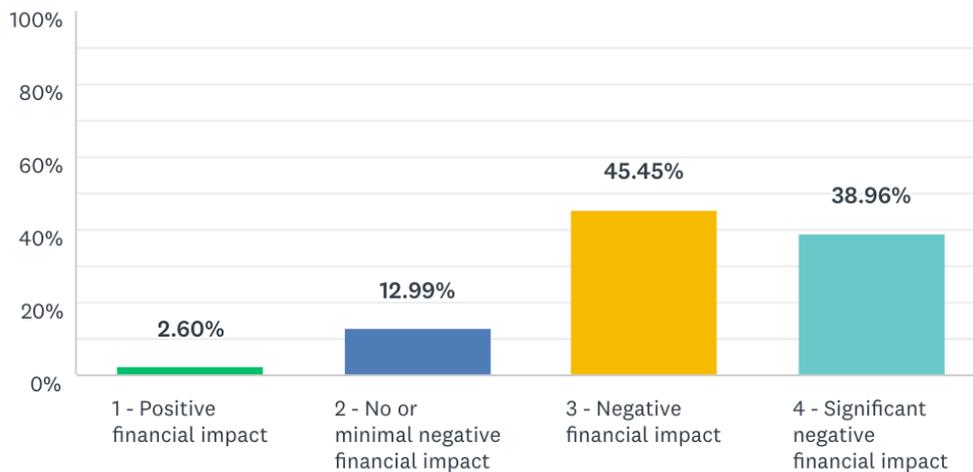
How do you currently feel about your business/organization's ability to weather through the COVID-19 crisis? Select the answer that most closely aligns with how you feel.



COVID-19 crisis will have a negative financial impact on more than 84% of business members

The current COVID-19 crisis will have a negative or significant negative impact on 84.41% of business members. 2.60% said this will provide a positive financial impact to their business.

On a scale of 1-4, what financial impact do you foresee this current situation having on your business/organization?



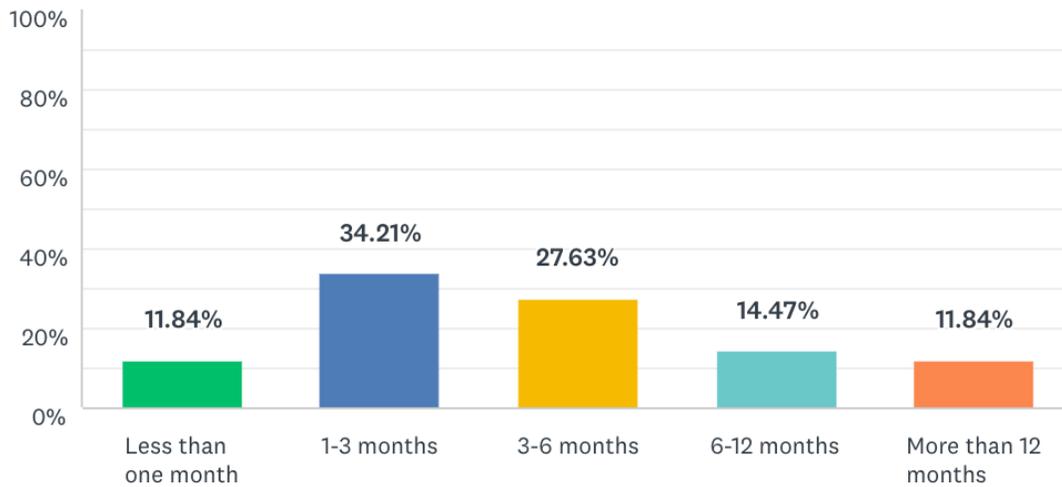
Businesses lack financial resources to survive a long-term crisis and need support

Businesses need support in order to survive this crisis. Only 26.32% of businesses have the resources to survive if the current situation continues as is beyond six months. That does not factor in whether or not the economy quickly bounces back before then and businesses are able to resume activities.

In general, businesses need to have additional resources to come out of this crisis. This includes initial investments, such as programs like the Paycheck Protection Program or the Economic Injury Disaster Loan.

11.84% of businesses cannot make it one month based on their current cash flow and/or reserves. 100% of these businesses also applied for the Economic Injury Disaster Loan from the U.S. Small Business Administration. Nearly 45% of these businesses are sole proprietors.

How long can your business/organization survive with your current cash flow and/or reserves?



Rural-owned businesses are over twice as likely to have uncertain finances and struggle to pay employees

Based on counties that were designated urban over rural based on this website (<https://www.wiscontext.org/putting-rural-wisconsin-map>), rural counties were 2.3 times more likely to have uncertain finances and/or are struggling to pay their employees.

Members are pivoting their products, services and offerings to remain relevant in this unique time

62% of members are either adding new products/services or enhancing/changing products or services during this crisis. Only 40.26% are slowing or halting their production/service offerings.

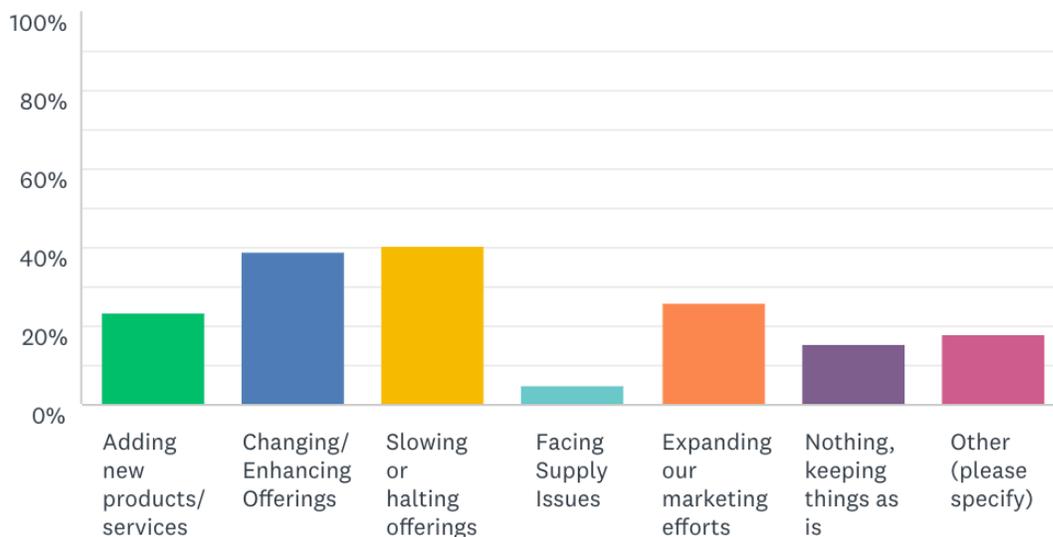
In addition, 25.97% of respondents are working to expand their marketing and outreach during the COVID-19 crisis to reach additional customers.

Those that responded other are working on moving events virtual (changing their service), offering discounts to customers who purchase in advance, and more. In specific, members shared these two anecdotes:

- “It has afforded me the time to focus on creating an online presence with digital products (and possibly physical products). When I was seeing clients, I was too distracted to do this properly.”
- “With the lack of people in the building we are taking advantage of painting and building restoration that would be hard to do with large amounts of people coming and going.”

Here is a graph showing how companies are pivoting during this crisis.

What adjustments have you made to products/services to shift to current economy? (Select all that apply)



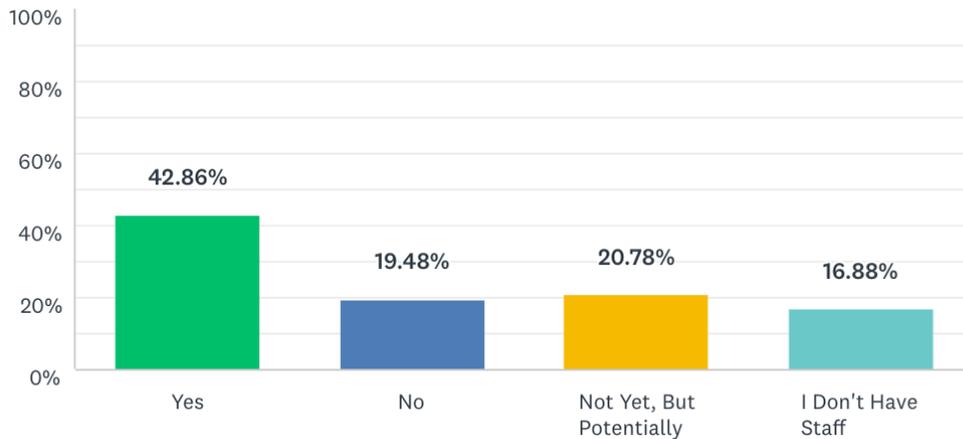
Employees of businesses will be significantly impacted

Current situation is having a major impact on ability to pay employees. More than 42.86% said that the current COVID-19 crisis is having an impact on their ability to pay their staff. While a small percentage don't have staff, 20.78% replied that they have not had an impact on paying staff yet, they may. 63.34% of those individuals have applied for the SBA's Payment Protection Program.

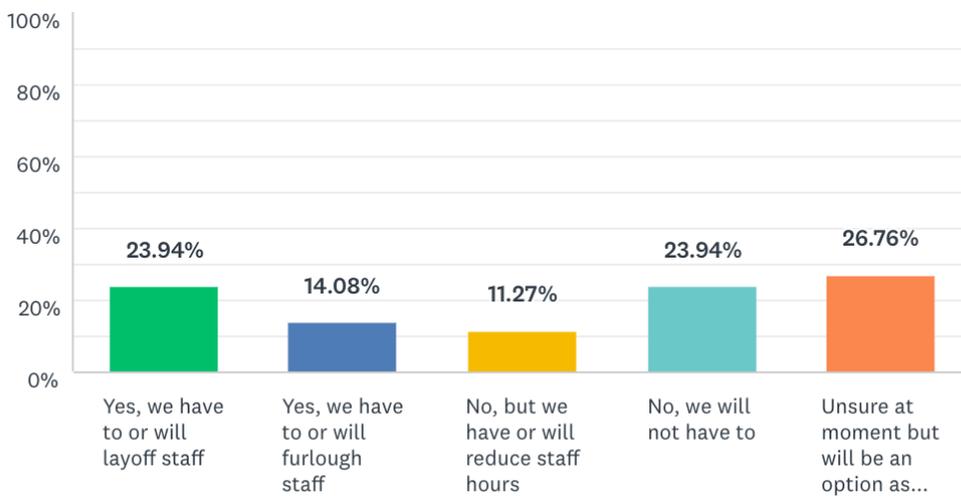
In addition, 38.02% said they have laid off or furloughed staff, with another 26.76% saying they have not yet but may have to before this crisis is over.

Here are a few graphs that provide further statistics:

Is the current situation impacting your ability to pay staff?



Will your business/organization need to layoff or furlough staff during this crisis?



United States Small Business Administration programs among the most popular places for businesses to turn to for resources

A majority (50.70%) of respondents have or intend to apply for the U.S. Small Business Administration's Paycheck Protection Program. Additionally, 45.07% of respondents have or intend to apply for the U.S. Small Business Administration's Economic Injury Disaster Loan. These are not mutually exclusive categories for businesses. Of those that said they would apply for the PPP program, 58.33% said they would also apply for the EIDL program.

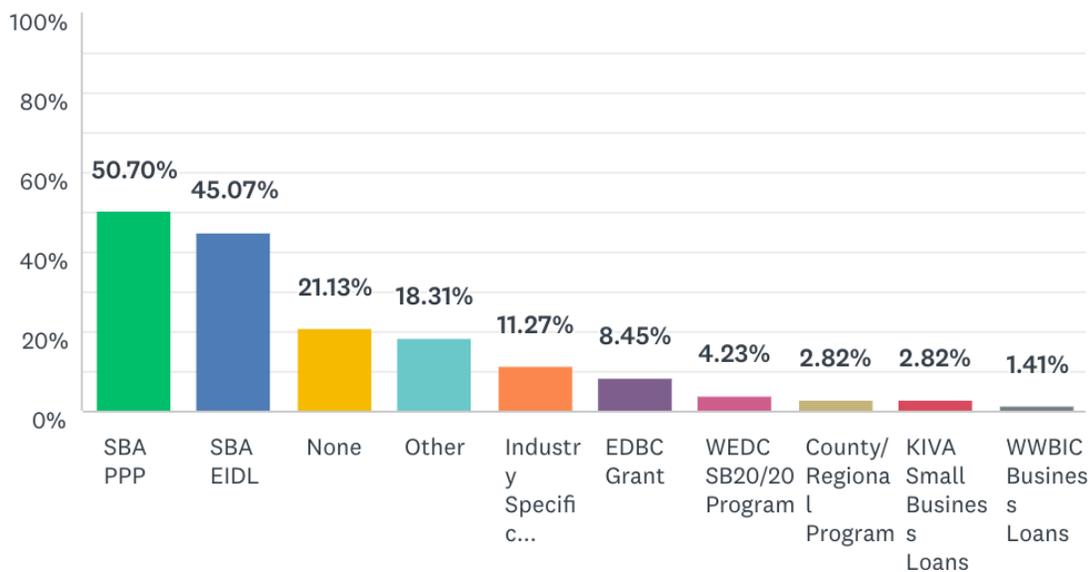
Based solely on those 38 members that completed the survey and indicated that they would be applying for the Paycheck Protection Program, using the most conservative estimates, businesses would be requesting at least \$2,572,969 to assist them in payroll. This is using an estimated 40-hour work week at minimum wage for employees. The actual amount requested is likely to be significantly larger. This just represents the needs of 38 businesses.

Members also intend to apply or have applied for a number of other programs, including the Ethnic & Diverse Business Coalition grant, the WEDC 20/20 program, and other industry specific programs.

Surprisingly, 21.13% of respondents (15 businesses) do not intend to apply for any financial resource program to support their business.

Here is a graph showing which programs members applied or were going to apply to for financial resources.

Which of the following resources/program(s) do you plan to or have already applied for? (Select all that apply)



METHODOLOGY

In order to gain a better insight into impacts of COVID-19 on members of the Wisconsin LGBT Chamber, the Wisconsin LGBT Chamber solicited responses via an online survey to current, dues-paid members who had businesses headquartered and located throughout the entire state. A summary of our methodology is provided here:

- Respondents were invited via email on April 8, 2020 to complete a survey on SurveyMonkey developed by our team.
- The survey was only directed at the primary representatives of our small businesses in our membership and not to any other of our constituents (such as corporate partners).
- A reminder of the survey was sent out on April 10. It was also referenced during virtual Chamber events where a request was made to respond to the survey.

RESPONSE RATE/ANALYSIS

In total, 77 small business owners responded between Wednesday, April 7 and Sunday, April 10. With 594 small businesses invited to take the survey, this constitutes a 12.96% response rate which we believe to be a good sample size of overall impact on our members.

Respondents owned or worked for businesses in 16 different Wisconsin counties, with 44% having a business located in Milwaukee County. We also asked each business to identify their primary industry/business category (i.e. Legal, Retail, Hospitality, Professional Services, etc). No business category had more than 12 respondents (making up 15.58% of the responses), which was hotels, hospitality and tourism. The other categories were fairly equally distributed throughout showing a range of businesses responding.

49.35% (35 respondents) stated that they worked in a business or industry that was deemed essential. 45.45% (35 respondents) said they were not in an essential business, with 5.19% (4 respondents) unsure.

75.33% of respondents worked with a business with 10 or fewer employees. A full breakdown is available here:

- Sole Proprietor/Self Employed - 32.47% (25 respondents)

- 2-10 Employees - 42.86% (33 respondents)
- 11-25 Employees - 5.19% (4 respondents)
- 26-50 Employees - 6.49% (5 respondents)
- 51-100 Employees - 2.60% (2 respondents)
- 101-250 Employees - 2.60% (2 respondents)
- 251-500 Employees - 1.30% (1 respondent)
- More than 500 Employees - 6.49% (5 respondents)

Interestingly, respondents to the survey tended to be older businesses than many of our members. The summary of respondents' years in business is available here:

- Less than one year - 0.00% (0 respondents)
- 1-2 years - 7.79% (6 respondents)
- 3-6 years - 32.47% (25 respondents)
- 7-10 years - 10.39% (8 respondents)
- More than 10 years - 49.35% (38 respondents)

While responses will vary between businesses based on size, location and age, this survey provides valuable findings to better understand how members are weathering this current crisis.

For further details on the results of the survey, please contact Jason Rae, President & CEO of the Wisconsin LGBT Chamber of Commerce at jason@wislgbtchamber.com.