

DATA REPORT 22-032

Washington Small Business Needs Assessment

Executive Summary

Summer 2022

Prepared for:

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Submitted by

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and

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Project Profile

Title:	Washington Small Business Needs Assessment
Objectives:	A primary objective of the survey was to assess how Washington small businesses coped with the impact of the COVID-19 pandemic and to better understand how those businesses were currently faring. Another goal of the survey was to gather data on the types of assistance Washington small businesses would find most helpful moving forward and to identify barriers that business owners may have encountered in seeking help for their operations. Representation was another aspect of the research design that was important to the survey sponsors. Not only was the survey to gather data in a manner that represented business owners from all geographic areas of the state, but it was equally important that the survey reach populations that are often underrepresented by statewide assessments, such as minority or non-white business owners and female business owners.
Methods:	A survey of 156 questions was formatted as an online web survey, a paper mail-back survey and a telephone interview script. Letters were mailed to 7,176 small business in Washington with instructions for completing the survey. Surveying of these businesses continued through Jul 8, 2022.
Results:	For this study, 1,193 completed or partially completed the survey out of 6,506 eligible businesses resulting in an 18.1% response rate.
Timeframe:	Winter 2021-Summer 2022
Contract with:	Duane Fladland State Director Washington SBDC
Project Director:	Kent Miller
Project Manager:	Thom Allen
SESRC Acronym:	SBDC21
Data Report #:	22-032
Deliverables:	Excel dataset; SPSS dataset, open-ended remarks coding, and this procedures report including frequency listing, and a copy of the final survey instruments.

1.

Executive Summary

- ❖ In March of 2022, the Small Business Development Center at Washington State University, in conjunction with the Washington Department of Commerce and the Social and Economic Sciences Research Center, launched a survey of small business owners in the state.
 - ❖ The survey's main objectives were to assess how small businesses in Washington adjusted to statewide COVID-19 restrictions and how those businesses were faring two years after the start of the pandemic.
 - ❖ The survey also sought to better understand the specific business needs of owners in the state, and which resources the SBDC and other state agencies/departments could offer to best assist them.
 - ❖ A specific goal of the survey was to collect survey data from owners of businesses within certain commercial sectors and from all regions of the state. The survey also needed to represent women and racial/ethnic minority business owners; a segment of the population sometimes underrepresented in past surveys of this population.
 - ❖ 11 commercial sectors and 12 regions of the state of Washington were selected as population parameters for the study. A total of 229,812 businesses were identified within these parameters. See SESRC Data Report 22-032 for details.
 - ❖ Three sample frames were obtained in order to adequately cover this population. A total of 7,175 sample units were selected; 5,000 randomly selected from each of the 12 regions and two oversamples, one of female business owners and another of racial/ethnic minority business owners within the state.
 - ❖ The survey instrument of 156 items was developed as an online web survey, a paper postal mail-back survey and as a telephone interview script. The survey was translated into the Spanish and Chinese languages.
 - ❖ Data collection and survey administration was conducted by the Social and Economic Sciences Research Center at Washington State University and ran from March 1 through July 8, 2022.
 - ❖ A total of 1,193 fully and partially completed surveys were collected during this time period, resulting in an 18.1% response rate and producing a response dataset with a sample error of $\pm 3\%$ at the 95% level of confidence.
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- ❖ Survey representation at the regional level was achieved with between 84 and 129 surveys collected from each defined region:

Region	#	%
1. Olympic Consortium	92	7.7
2. Pacific Mountain	102	8.6
3. Workforce Southwest Washington	93	7.8
4. NW Workforce Council	122	10.3
5. Future Workforce Alliance	79	6.6
6. Seattle-King County	129	10.8
7. Workforce Central	84	7.1
8. North Central	92	7.7
9. South Central Workforce Council	92	7.7
10. Eastern Washington Partnership	110	9.2
11. Benton-Franklin	96	8.1
12. Spokane Workforce Council	99	8.3
Total	1,193	100%

- ❖ The COVID-19 pandemic and the statewide operational restrictions which began in March of 2020, had varying impact on small businesses in the state. While the survey did not specifically attempt to measure business closures, 9.2% of the businesses selected for participation had closed and were no longer in operation at the time of contact.
- ❖ Just under half (48%) of survey participants indicated decreased sales or revenue since the start of the pandemic in January 2020.

Q18. How much has your business' sales or revenue (changed) since January 2020?

Decreased 50% or more	18%
Decreased less than 50%	30%
Stayed about the same	29%
Increased less than 50%	19%
Increased 50% or more	5%

- ❖ In addition, the primary impact of the pandemic on businesses identified by respondents was loss of sales or cash flow (71%)

Q16. Which of the following impacted your business after March 2020?

Loss of sales or cash-flow	71%
Difficulties getting supplies	57%
Complying with customer and worker safety measures	47%
Complying with the government-ordered lockdown	41%
Finding and keeping employees	33%
Difficulties with transportation, storage, or warehousing	19%
Credit issues with banks and suppliers	13%

- ❖ The pandemic also had an effect on how Washington businesses interacted with their customers. Survey respondents reporting a 14.4% decrease in in-person customer interactions since March 2020 and a 13.7% increase in online interactions.
- ❖ Net loss of employees among these businesses was low. A total of 5,260 employees were reported working for all survey respondents in 2020, or an average of 5.5 employees per respondent. A total of 5210, or an average of 5.4 employees per respondent, were reported employed in 2022, just 50 less than before the pandemic.
- ❖ When asked about response to the COVID-19 pandemic, more than three-quarters of respondents (78%) reported adopting social distancing practices and just less than a third reported making changes to delivery services (30%) and having to retrain workers (29%).

Q28. Did your business do any of the following in response to the COVID-19 pandemic?

Adopted social distancing practices	78%
Made changes to your delivery services	30%
Retrained workers	29%
Changed your website to include changes about how your business operates during the pandemic	27%
Purchased new equipment, such as outdoor seating and plexiglass dividers	23%
Developed a novel product, service, process, or feature	22%
Other, please specify	20%
Tapped into a new market or customer base	19%
Changed your procedures to allow employees to work from home	18%
Got permits for things like outdoor dining	3%

- ❖ Survey respondents were asked whether they would like help or assistance with any of 31 business operation topics. The top five items selected by business owners in the survey were: 1) finding new customers (45%), 2) increasing sales (44%), 3) planning for retirement (43%), 4) protecting your business from cyber-attack or data loss (43%) and 5) setting goals for growth (40%).
 - ❖ When asked whether respondents had used state services supporting small businesses, just over 1 in 10 (11.8%) said they had contacted the SBDC in the past while just under 1 in 10 (7.8%) said they had used the services available at the Washington Department of Commerce.
 - ❖ Of those who had not contacted the SBDC in the past, most (70%) said they did not know how the SBDC could help them while a similar number (67%) said they were not sure what the SBDC does.
 - ❖ When asked why they had not used the services available to small businesses at the Washington State Department of Commerce, most (75%) said they did not know how Commerce could help them while a like number (74%) said they were not aware of the programs the department had for them.
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- ❖ Of the respondents who had used the services available at the Washington State Department of Commerce, the most commonly used resource (44%) said they had used the COVID Business Resources.
- ❖ When asked about grants or loans applied for during the pandemic, nearly half (45%) of survey respondents said they had applied for the Paycheck Protection Program (PPP). This program also had the highest award rate (91%) of the grants and loans that were asked about

Q22. After March 2020, did your business apply for any of the following grants or loans?	Applied	Awarded
The Paycheck Protection Program (PPP)	45%	91%
An Economic Injury Disaster Loan (EIDL)	29%	84%
A Working Washington state grant from the Department of Commerce	15%	69%
A loan from friends or family	11%	87%
Any other type of grant from a private organization or foundation	10%	62%
Any other type of grant from the Department of Commerce	7%	49%
A loan from a bank or credit union	7%	78%
A loan from private investors	5%	48%
Any other state or local financing	4%	47%
The Main Street lending program	2%	19%

- ❖ Of those respondents who did not apply for a grant or a loan during the pandemic, most (61%) said they didn't need the assistance, while another third (36%) said they didn't know where to start (the application process).
 - ❖ Just under 1 in 10 respondents (8%) said they refinanced a home to help their business during the pandemic, and over a quarter (27%) said they used credit card debt to help start or save their business during this time.
 - ❖ The vast majority of business owners surveyed (93%) said they had reliable access to the Internet, but of those who reported not having reliable Internet access, most (63%) said the reason why was because their service was too slow.
 - ❖ One in ten survey respondents (11%) described the owner(s) of the business as veterans of the U.S. armed forces. Five percent (5%) were described as identifying as LGBTQIA+, and seven percent (7%) were said to identify as a person(s) with disabilities.
 - ❖ When asked about how they would like to receive additional information regarding small business assistance, most (73%) said they preferred email, websites (62%) and postal mail (62%).
 - ❖ One in five (21%) said they would prefer to receive business assistance from someone within their community. The survey allowed respondents to then provide a description of what that community was.
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Credits

Project Team

SESRC is committed to high quality and timely delivery of project results. The following list identifies the SESRC team members responsible for particular elements of this project.

Kent Miller.....	Assistant Director
Thom Allen.....	Project Manager, Data Manager
Nick Ponomarev, Ph. D.....	Software Engineer
Colleen Kulzsca.....	Data Collection Manager
Ian Kessack.....	Survey Supervisor
Tara Courtney.....	Survey Supervisor
Katrina Shelton.....	Administration Services Manager
Collette Pipkins	Fiscal Technician

SESRC Staff

All of the work conducted at the Social & Economic Sciences Research Center is the result of a cooperative effort made by a team of dedicated research professionals. The research in this report could not have been conducted without the efforts of interviewers and part-time personnel not listed.

Principal Investigators and Study Directors

Lena Le, Ph.D. Director
Rose Krebill-Prather, Ph. D. Principal Investigator Lead
Don A. Dillman, Ph.D..... Deputy Director for Research & Development
Candiya Mann, M.A. Research Associate, Puget Sound
Kent Miller, M.A. Program Operation Lead
Thom Allen, B.A. Project Manager
Nathan Palmer, M.S. Project Manager
Yikang, Bai, Ph.D... Project Manager
Adam McKee, PhD..... Project Manager
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Programming and Network Administration

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