Section 1. Executive Summary
2021 Moving Forward Business Survey Results

Dear Legislators and Maine Business Leaders:

Herein is the preliminary report of the **2021 Moving Forward Business Survey** which was written and analyzed by the Maine Association of Chamber of Commerce Executives (MACCE) in partnership with the Maine Tourism Association (MTA) and the Maine State Chamber of Commerce. Our hope is that you'll find this information helpful in creating recovery plans for our businesses and for the business community to have a better understanding of how their fellow businesses are doing.

For background, MACCE is the non-partisan network of local and regional chamber executives from around the state. We decided to create a follow-up survey to our *Re-Opening Maine's Economy* survey we created in May, to see how businesses did this year, and what their needs are headed into 2021. The survey was created for the sole purpose of helping legislators know what businesses needed as of December 2020. The survey was for open two and half weeks in December closing December 23, 2020. The original plan had been to analyze the results over a few weeks and publish a final report in January. Clearly, we missed that goal, due to several factors outlined in the next section, but nevertheless we know there is some very useful information contained within. For those looking **<u>for an at-a-glance bullet point list of key takeaways, turn to Page 8 now.</u>**

We received 514 responses representing over 26,000 employees from all across the state. Over 35 industries were identified. The survey covers six distinct sections of business topics including the effects of Covid-19 and predictions for 2021.

<u>Survey Process & Format Notes:</u>

Before analyzing any results there are a few key takeaways about the survey itself, and the process we used in creating the survey, that need to be recognized.

First and foremost, the survey took much longer than we ever could have anticipated to analyze, partly due to the timing of the survey analysis coinciding with the our organizations' year-end and partly due to the formatting and nature of the questions. We asked six open-ended questions, in addition to six additional questions where you could write-in a response under "other", essentially creating twelve open-ended questions to quantify. Twelve open-ended questions is a tremendous amount of information for any survey.

Secondly, the nature of the open-ended questions led to analysis of each individual response. Though we sorted the open-ended questions into quantifiable themes, just because an answer wasn't mentioned often doesn't mean it doesn't have value. Several questions asked 'how would you change this' and whenever you ask 'how' you will always get more in-depth answers. A great example is Question 29 asking for a proposed policy change– there may be only three suggestions for insurance changes, for instance, but each of those could be a recommended policy on their own.

Additionally, the length of the survey and the format of the survey were factors in participation. The length made it a time commitment, during a time of year when some businesses may not have had the 20-25 minutes to devote to it. We wanted the survey for the end of the year, but for some industries the holiday shopping season is their busiest time of year. Yet with our goal of giving the results to the incoming legislature we didn't feel we could wait longer into 2021 to get the results.

Survey Process & Format Notes:

Also, the survey was a one-sitting survey meaning you couldn't begin it and finish it later. This resulted in less responses as the survey went along as people either ran out of time, or closed it thinking they could revisit it later. Therefore *all percentages in the survey are by percent of those who gave a response and not necessarily of all 514 responses, unless otherwise noted.* For all of the questions there are still a few hundred responses, so it's definitely still a statistically significant survey, but we do need to recognize that all 514 respondents did not answer every question. Anecdotally, the average N/R for a typical question was between 15-20% of respondents, meaning 80% or so did submit an answer (meaning on average 80-110 respondents did not give an answer).

In future surveys we'll aim to keep the questions to around 15-20 (not including categorization questions such as name of business, size of business, etc.) Also we we'll limit future surveys to a maximum of 3-4 opened questions. Finally, in terms of formatting, we will require answers for more questions before you can move on, or perhaps include a 'chose not to answer' selection.

Lastly, this is considered the "preliminary report", because it's the baseline from which future results could be compared. By that, we mean that with the categorization questions there is an opportunity to thin-slice the responses should there be parties interested in that data. We did ask for employee size of businesses, industry sectors, seasonal/full time, trade groups associations, and region of the state categorization questions. Should a legislator, trade association, county/municipal office want to segment the data we could provide some data points of just the sub-group they were interested in. *Note: In those scenarios, business names and contact information for the respondents would not be shared, unless the respondent volunteered to be contacted as asked in Question 36.*

At this time, there is no plan for MACCE to segment the data any further than we have, but we will try to accommodate all requests that come forward. Please reach out to Cory King at **executivedirector@midcoastmaine.com** with any such requests or more information on the format or this analysis of the survey.

Top Takeaways from the Survey:

Following the overview by section we will have a single -page for **Top Takeaways from the Survey** (page 8) which are a culmination of the section overviews, and should be considered the key takeaways from this survey. If you wanted a single-page overview, this is the page.

Overview by Survey Section

The survey is comprehensive in that it covers multiple topics, which is where a lot of the value lies. The survey is divided into six sections:

Categorization Questions (Q1-Q6)
Workforce Questions (Q7– Q11)
Needs Questions (Q12– Q16)
Covid-19, Government Programs and Communication (Q17– Q22)
Economic Effect of Covid-19 on Key Business Issues (Q23-Q29)
Concerns & Future Outlook (Q30– Q36)

Each section had some key takeaways we found, but you may find more answers on your own by looking at the Question-by-Question Breakdown (Section 2), or the Open-Ended Questions Detail Summary (Section 3).

Categorization Section Takeaways (Q1– Q6)

- 6 out of 10 respondents were from businesses with under 10 Employees (62.6%) while nearly 8 out of 10 were businesses with less than 25 employees (79.1%) (Q2)
- Though only accounting for 7.6% of respondents (39 in total) the over 100+ employee businesses account for 79% of the employees in the survey (20,821 of 26,406) (Q2)
- The median sized business in this survey is 5 employees (Q2)
- 1 out of every 5 respondents claimed either York or Cumberland counties as a key service area for their business, with the Hancock and Kennebec Counties accounting for 1 out of every 8 respondents. (Q3)
- Not surprisingly the top three industries respondents self-identified with were: **Lodging & Campgrounds** (23.2%), **Restaurants/Bars** (15.4%) and **Retail** (14.2%) with **Event Planning** and **Non-Profits** rounding out the top 5 (7.6% each). The top three in this survey were the same top 3 industries in our May *Re-Opening Maine's Economy* survey (Q5)
- Over 35 industries were tracked with 14 industries having at least 20 responses each which means we could certainly identify industry trends for those business sectors if someone were to want to look at those responses only (Q5)
- Approximately 2/3 of respondents were year-round businesses and 1/3 were summer seasonal businesses. We only had one respondent who responded as primarily a winter seasonal business (which may have to do with asking businesses to take the survey in December). (Q6)
- Overall, your average respondent then was under 25 employees (79%), does business in York, Cumberland, Hancock or Cumberland County (65%), identified with at least one trade association/chamber (511 responses out of 514 respondents), and is likely year-round business (68%). (Q2-Q6)

Workforce Section Takeaways (Q7– Q11):

- Over half of the respondents say they have approximately the same number of employees as last year (56.0%) which could be an indication of funding program success, while a 1/3 had less employees (34.7%) (and nearly 10% had more employees than last year) (Q7)
- The losses though did outweigh the gains, as the total losses from respondents was 2,191 less employees than last year. If the businesses who responded to the survey are an accurate cross-section of all businesses, then you could surmise that the average Maine business has four less employees than last year (Q8)
- While 57% of businesses say they have what they need for employees right now, 1 out of 3 respondents said they need more employees (31.9%) (Q9)
- When asked about the applicant pool, almost half (49.0%) of the respondents said the **majority of applicants** have the qualifications they would expect from a typical new hire, while an additional 17.0% said that exactly half of the applicants have the typical qualifications they would expect from a new hire. (Q10)

Workforce Section Takeaways (Q7– Q11) ***continued from previous page*****:**

- 1 out of 3 respondents (33.5%) said less than half of the applicants have the typical qualifications they would expect from a new hire (Q10)
- The top two reasons for not hiring specific candidates were (Q11):
  They did not have the skills needed in their background (46.5%)
  They don't want to work the hours/shifts available (45.9%)

Needs Section Takeaways (Q12– 16):

- When asked what amount of money they would need to guarantee they would be open 12 months from today, the average from all responses was approximately $65,000. If this survey is an accurate cross-section of all Maine businesses, then we can surmise that the average Maine business says they would need $65,000 on top of the business they are expected to do, in order to guarantee they will be open 12 months from today (Q12)
- The same number of respondents who said they would need over $100K in order to guarantee they would open a year from today, was equal to the number of respondents who said they do not need a single dollar (about 1 in 4 for each of those). The other 50% had requests between $1 and $100,000. (Q12)
- Maine businesses could use a reimbursement on average of $6,000 to cover building modifications they made to adhere to Covid mandates, for alterations like: plexiglass installation, outdoor service stations, walls and barriers, directional signage and other physical alterations for customer and employee safety (Q13)
- 4 out of 10 respondents said they either don't need any additional reimbursement for Covid building modifications or that the question does not pertain to their business. 5 out of 10 said they could use less than $10,000 in reimbursements while about 1 in 10 could use reimbursements above $10,000. (Q13)
- Maine businesses could use a reimbursement on average of $4,000 to cover Personal Protective Equipment expenses they incurred due to Covid-19, for customer and employee safety (Q14)
- 3 out of 10 respondents said they don't need any additional reimbursement for Covid PPE, or that the question doesn't pertain to their business. Over 60% said they could use less than $10,000 in reimbursements while about 1 in 10 could use reimbursements above $10,000. (Q14)
- The overwhelming business need over the next 3-6 months is an **Injection of Cash** (51.4% of respondents picked this a top-three priority). It was nearly twice as likely to be included by a respondent than any other answer. The next four most popular answers were: Rent/Mortgage Relief (28.7%), Better Insurance Rates (24.8%), More Employees (23.9%) and Lower Utility Rates (21.3%) (Q15)
- Between "other" and Question 16 there were 289 unique suggestions business leaders had for business needs pertaining to all businesses or their industry in particular. Both employee training and a return to normal were popular suggestions (see Section 3/*Page 23 & 24 for more results)*

Covid-19, Government Programs & Communication Section Takeaways (Q17 - 22):

- Over 64% of respondents utilized the Paycheck Protection Program (Q17)
- 32% utilized the EDIL program; 27.5% utilized the Small Business Recovery Grants (Q17)

Covid-19, Government Programs & Communication Section Takeaways (Q17 - 22):

- Only 31 of 400 respondents to this question selected either that they 'tried to acquire support through funding programs but were unsuccessful' (24), or that they 'didn't know enough about these programs to apply' (9) which is great news for the communication and effectiveness of the programs. (Q17)
- Between other on Q17 and the open-ended Q18, we received 240 unique suggestions and comments on the funding programs ranging from ways to improve the programs to the effect the programs had on business sustainability (Q17/Q18– Sec. 3- *Page 25 & 26 for additional results*)
- Over 68% of the respondents mentioned a positive takeaway from Covid-19 changes they made in their business. The most popular changes were New Cleaning Protocols which was selected by 59.0% of respondents, followed by More Zoom/Remote Meetings (42.7%), Flexible Scheduling (28.8%) and Remote Work Spaces (25.8%) (Q19) Over 25% of businesses will continue with both remote work spaces and flexible scheduling, while over 40% will continue with more remote/ Zoom meetings with their teams. 6 in 10 will maintain new cleaning protocols (Q19)
- Between "other" on Q19 and open-ended Q20, we received 185 unique suggestions and comments on positive Covid-Changes people will make, though 11 of them were comments of 'nothing good came from Covid-19' which based on the other responses doesn't seem accurate (Q19/Q20– Sec. 3-*Page 27 & 28 for additional results*)
- Q21 was our most answered open-ended question and relates to how well the State of Maine communicated Covid-19 changes. Though *Section 3* covers this question much more in-depth *(pages 29-31*), the general takeaway is that more people felt positive then negative about the communication from the state. We came to this conclusion because we quantified the comments by theme, and for those that made comments which were purely a grade of the effectiveness (as opposed to suggestions for improvements or other process commentary), we found the positive outweighed the negative in the following way (Q21):
  - Respondents whose responses were classified as: Very Effective, Effective or Perfect (119)
  - Respondents whose responses were classified as: Not Good, Poor or Terrible (36)
  - Respondents whose responses were classified as: Average or Clearly Communicated (35)

  Only other response themes with double digit responses:
  - More Advanced Notice Needed (24 Responses)
  - Chambers & Trade Associations Were a Big Help (17 Responses)
- Q22 made statements about the state's communications and asked respondents to select the statements that most matched their views. The responses confirmed what we found in Q21. Here are the top 6 responses:

  I believe the State is doing the best they can in a tough situation (57.8%)

  The State of Maine had to do whatever was necessary to keep our citizens safe and healthy (43.4%)

  I felt like there was inconsistencies in which industries were allowed to open first (40.4%)

  The State had some good plans for some industries but I believe they over-reached on others (29.2%)

  I'm unclear on what metrics were used and what the thresholds there were for the State to initiate new changes (25.3%)

  The State let us know clearly how and why they were making their decisions (25.0%)

Economic Effect of Covid-19 on Key Business Issues Section Takeaways (Q23-Q29):

- Questions 23– 26 focused on how Covid effected 12 key business issues that Economic Development leaders have been tracking for 4-5 years or more. No business topic received higher than 10% responses for "Covid had a positive effect on this issue". The highest respondent was for Energy Costs where 8.1% of respondents said Covid-19 had a positive effect on this issue (32 of 392 respondents) (Q23-26)
- In terms of workforce, Covid-19 had a much more severe negative impact on finding available entry-level workers (41.6%) than finding other workers when compared to finding professional level (26.4%), or skilled technical workers (28.6%). (Q23)
- Looking at all the key issues that were tracked, Covid-19 seemed to most negatively impact these three issues (Q23 - Q26):
  - Finding available entry level workers (41.6% of respondents said COVID-19 made this harder)
  - Availability of Maine's Transportation System (39.2%)
  - Cost of Healthcare (36.1%)
- Looking at all the key issues that were tracked, Covid-19 did not seem to have an affect one way or the other on these three issues (Q23 - Q26):
  - Availability of High Speed Internet (46.4% said Covid did not affect this issue)
  - Energy Costs (41.1%)
  - Property Taxes (37.0%)
- When asked to rank the key issues from Q23-Q26, in terms of what would have the most positive impact on their organization should a policy change be made, the top five answers were (Q27):
  1. Cost of Healthcare (568 points)
  2. Effective State Regulations (513 points)
  3. Availability of Entry Level Workers (498 points)
  4. Personal Income Taxes (439 points)
  5. Availability High Speed Internet (410 points)
  - However, **Availability of Entry Level Workers**, and **Effective State Regulations** both had more first place votes than **Cost of Healthcare,** but more people ranked Cost of Healthcare ahead of the other two overall.
- When asked to rank the key issues, in terms of what would have the most positive impact on all Maine Businesses should a policy change be made, the top five answers were (Q28):
  1. Cost of Healthcare (585 points)
  2. Availability of Entry Level Workers (498 points)
  3. Availability High Speed Internet (458 points)
  4. Effective State Regulations (409 points)
  5. Personal Income Taxes (383 points)
  - Cost of Healthcare and **Availability of Entry Level Workers** tied for the most first place votes with **Effective State Regulations** a distant third.
- With those results you can surmise that respondents said the top areas in which a policy change would help their organization **AND** all Maine Businesses are: Cost of Healthcare, Effective State Regulations and Availability of Entry Level Workers. (Q27 & Q28)
- Q29 had 179 unique responses for recommended policy changes (Sec. 3– *Pages 32-34 for more results*)

Concerns & Future Outlook Session (Q30-Q36):

- When asked the likelihood that they will be open one year from today, only 7.5% said that it was somewhat unlikely or extremely unlikely, while 81.8% it was somewhat likely or extremely likely they would be open. Reported another way, for every business who is somewhat unlikely or extremely unlikely to open, 11 others say they are likely to be open. Or businesses are 11 times more likely to be open a year from now than not. (Q30)
- When asked to rank a list of business concerns, from most important to least important, the ranking was as follows (Q31):

  1. Cash Flow (2,804 points)
  2. Having Enough Customers (2,660 points)
  3. Keeping Employees & Customers Healthy (2,433 points)
  4. Having Enough Employees (1,967 points)
  5. Survival of Fellow Businesses (1,709 points)
  6. Being Open for Tourists ASAP (1,603 points)
  7. Better Tax Environment (1,554 points)
  8. Work-Family Balance (1,543 points)
  9. Making Investments in the Future (1,529 points)
  10. Lower Utility Rates (1,353 points)

  - The top three results were overwhelmingly popular with **71.7% of respondents ranking those as their top priority.** Cash flow was twice as popular as the other two for first place votes. (37% to 17% to 17%)
- When asked to rank a list of societal concerns, from most important to least important, the ranking was as follows (Q32):

  1. Health & Safety of my Family (2,801 points)
  2. Health & Safety of our Community (2,790 points)
  3. Having a Strong Economy (2,486 points)
  4. Having Adequate Healthcare (2,206 points)
  5. School Closings/Re-openings (1,971 points)
  6. Livable Wages (1,704 points)
  7. Affordable Housing (1,448 points)
  8. Daycare/Childcare Needs & Affordability (1,423 points)
  9. Racial Equality (1,292 points)
  10. Robust Public Transportation (720 points)

  The top three results were overwhelmingly popular accounting for **77.7% of the first place votes**.
- Respondents were nearly twice as likely to say they were optimistic than pessimistic (41%- 23%) about their expectations for Maine's Business Climate 12 months from now; but 1/3 of respondents said they were unsure (35%) (Q33)
- Question 34 had 140 unique closing comments with commentary on politics dominating with 15% of comments though other helpful topics are also covered (see Sec. 3– *Pages 35-36 for more results*) (Q34)
- 263 respondents (51.2%) asked for the final report to be sent to them directly; and 147 respondents (28.6%) left their e-mail addresses to be followed up with by their trade association or chamber of commerce should the need arise (Q35 & Q36)

Top Takeaways from this Survey

The ***Moving Forward Business Survey*** had 514 respondents from over 35 industries and each county is represented. The survey was taken in December of 2020 with the expressed intent of getting the final results to legislators and other business leaders to help shape policy with the direct responses from Maine businesses. The survey had 28 content questions with 8 additional categorization questions which did not give content opinions but were used to help sort the data.

These are the top takeaways from the survey, in our opinion:

- Respondents were nearly twice as likely to say they were **optimistic than pessimistic** (41%-23%) about their expectations for Maine's Business Climate 12 months from now; but 1/3 of respondents said they were unsure (35%) (Q33)
- The overwhelming business need over the next 3-6 months is an **Injection of Cash** (51.4% of respondents picked this a top-three priority). It was nearly twice as likely to be included by a respondent than any other answer. The next four most popular answers were: Rent/Mortgage Relief (28.7%), Better Insurance Rates (24.8%), More Employees (23.9%) and Lower Utility Rates (21.3%) (Q15)
- The average Maine business says they would need **$65,000 on top of the revenue** they are expected to make, to **guarantee** they will be open 12 months from today (Q12)
- Maine businesses could use a reimbursement on average of **$6,000 to cover building modifications** they made to adhere to Covid mandates (Q13)
- Maine businesses could use a reimbursement on average **of $4,000 to cover Personal Protective Equipment expenses** they incurred due to Covid-19, for customer & employee safety (Q14)
- More people felt **positive** then negative about the communication from the state about Covid-19 recommended changes.(Q21)
- Businesses said the top areas in which a policy change would help their organization **AND** all Maine Businesses are: **Cost of Healthcare**, **Effective State Regulations** and **Availability of Entry Level Workers**. Additionally, policy changes to the Availability of High Speed Internet and Personal Income Taxes also ranked highly. (Q27 & Q28)
- Over half of the respondents say they have approximately the same number of employees as last year (56.0%) which could be an indication of funding program success, while a 1/3 had less employees (34.7%) (and nearly 10% had more employees than last year) (Q7)
- While 57% of businesses say they have what they need for employees right now, 1 out of 3 businesses said they need more employees (31.9%) (Q9)
- Over 68% of the respondents mentioned a **positive takeaway from Covid-19** changes they made in their business. (Q19)
- Over 25% of businesses will continue with both **remote work spaces** and **flexible scheduling**, while over 40% will continue with **more remote/ Zoom meetings** with their teams. 6 in 10 will maintain new **cleaning protocols** (Q19)
- 1 out of 3 respondents (33.5%) said **less than half** of the applicants they get have the typical qualifications they would expect from a new hire (Q10)
- The top two reasons for not hiring specific candidates were: They did not have the skills needed in their background (46.5%) and they don't want to work the hours/shifts available (45.9%) (Q11)