

COVID-19 Impact and SBA Assistance Survey

Results of Manufacturer Representative Survey Ended May 1, 2020

Dale Ford, Chief Analyst

Introduction

One of the critical factors to arise during the COVID-19 pandemic has been the devastating impact of the government mandated economic shutdown on small businesses. It has been noted that small business accounts for half of the U.S. economy and is a vital contributor to employment in the country. As a result, two bills have been passed by congress and signed into law that allocate significant funding to support small businesses during this crisis. The management of the loans and grants has been delegated to the Small Business Administration (SBA) working together with banks. Unfortunately, the demand for help has overwhelmed SBA and bank resources and surveys have shown that most small businesses are still waiting for help many weeks after submitting applications for either Paycheck Protection Program (PPP) assistance and/or Economic Injury Disaster Loan (EIDL) assistance.

To make matters worse, anger has erupted as reports have emerged that seem to indicate banks and the SBA are favoring and disbursing funds to larger businesses and publicly traded companies in violation of a general sense of fairness. In spite of the fact that only 4% of loans have been given in amounts greater than \$1 million, over 45% of the total funds disbursed have gone to those qualifying for loans over \$1 million leaving many smaller businesses struggling for help. Finally, the process has a complete lack of transparency with applicants unable to get any idea of where they are in the processing of their applications.

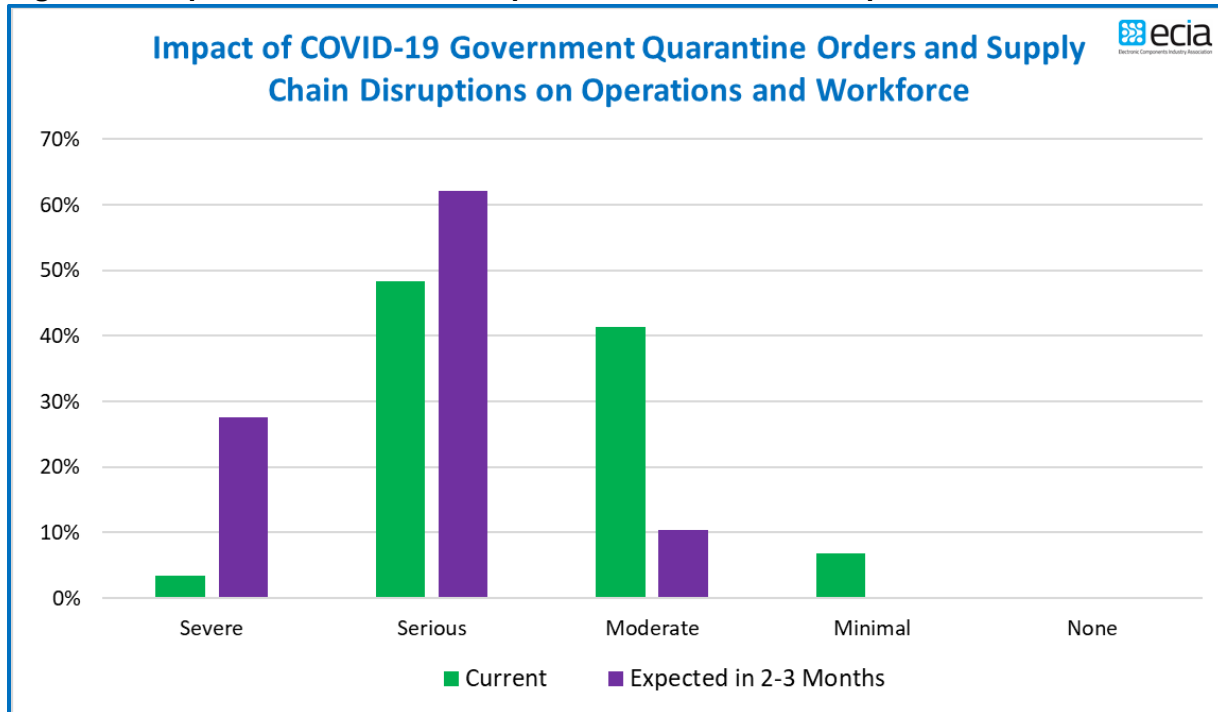
Manufacturer representatives play a key role in the world of electronics components distribution and, like other small businesses, have been impacted by the COVID-19 economic shutdown that has harmed both their suppliers and customers around the world. Given the lack of visibility on how this has impacted this important business community and what help it has been able to procure from the government, ECIA conducted a survey of its Manufacturing Representative members on the topic of COVID-19 impact and government assistance.

This survey was conducted between Tuesday, April 28th and Friday, May 1st. The report reveals that all manufacturer representatives have seen their business disrupted to some degree currently. Given the lag in compensation that flows to manufacturer representatives it is important to look out over the coming 2 to 3 months to determine expectations for future impact. This metric gives cause for the greatest concern with 90% of members expecting serious to severe impact on their business in the coming 2 to 3 months. At this point, no workforce reductions have been reported. However, compensation reductions are being implemented among many representative firms.

The good news is that manufacturer representatives have been relatively successful in receiving approval and funding for their PPP loan applications but lag behind the overall small business community. Eighty-six percent of manufacturer representatives applied for PPP loans and 50% received approval with most receiving funds at this point. By comparison, a survey performed by NFIB, the largest small business association in the U.S., that was released on May 5th found that, "The PPP is very popular among small businesses, with 77% of owners (NFIB members)

reporting they have successfully submitted an application. About 61% of PPP loan applicants have received their loans.” This is a significant improvement over the status of loan applicants prior to approval of the second round of funding. The full results of the NFIB survey can be found [here](#).

Figure 1 – Impact of COVID-19 Disruption on Manufacturer Representatives



Source: ECIA

Table 1 – Impact of COVID-19 Disruption on Manufacturer Representatives

Impact of COVID-19 Government Quarantine Orders & Supply Chain Disruptions on Operations and Workforce

IMPACT	Current	Expected in 2-3 Months
Severe	3%	28%
Serious	48%	62%
Moderate	41%	10%
Minimal	7%	0%
None	0%	0%

Source: ECIA

The full report provides additional detail on how the COVID-19 pandemic has impacted manufacturer representatives and the status of their efforts to obtain loans and grants through the SBA and associated banks.