

# 10 BIG IMPACTS OF CORONAVIRUS

ON LOCAL ECONOMIC DEVELOPMENT

How Economic Developers and Elected Officials  
Can Help Save Local Businesses and Workers

The global economic impact of the novel coronavirus (also known as COVID 19) is the cause of much anxiety and speculation. Clearly, the first concern for everyone's well-being is that lives are protected and hopefully the crisis passes quickly. However, while the projected spread of the disease and its associated impacts on economic development are still in flux, many economic developers are seeking guidance on how the profession can responsibly manage its response in the midst of this developing and ongoing crisis.

While public health, public policy, and businesses are working to respond to the impact of this coronavirus, so too must the profession of economic development. There are specific responses that economic developers can take collaboratively with elected officials, partners, and local businesses to adapt to this challenging environment for the profession.

Actions must be taken immediately by economic developers to address the urgent crisis facing the most at-risk local businesses and workers. These are discussed first. There are also economic development strategies to implement which address the more enduring operational challenges crisis creates for economic development organizations (EDOs). New strategies and programs can mitigate these problems. They can also make economic development organizations more resilient today, coming out of the coronavirus pandemic, and into the long-term future.

*This document was written by Anatalio Ubalde, Founder and CEO of SizeUp.*



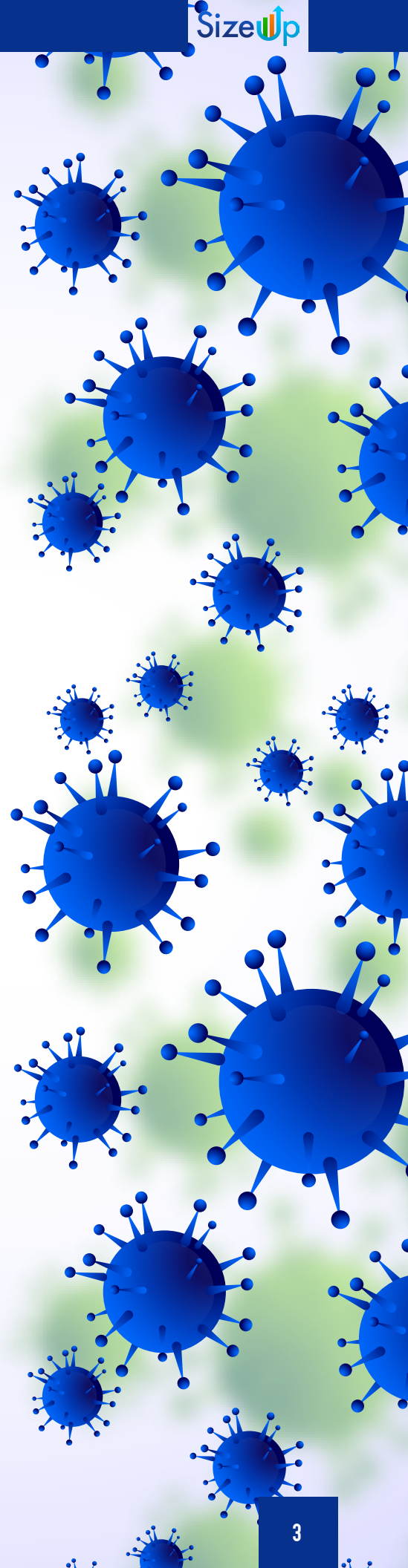
# 1

## VULNERABLE PEOPLE AND BUSINESSES ARE AT THE GREATEST RISK

Families can experience devastating impacts as a result of even a short gap in income. There are many people at risk.

- [Over 74 percent of US employees would experience difficulty meeting their current financial obligations](#) if their paychecks were delayed for a week According to the 2019 American Payroll Association survey.
- [28 percent of U.S. adults have no emergency savings](#), according to Bankrate's latest Financial Security Index.
- [Nearly 1 out of 5 US households had already experienced a layoff or reduction of work hours due to the coronavirus pandemic](#) as of March 20, 2020 according to an [NPR/PBS NewsHour/Marist poll](#).

Specific segments of society are at the greatest economic risk as a result of the coronavirus global pandemic. In some cases, the risk is economic, health, or both. In general, these groups of at-risk workers are already economically disadvantaged being in jobs that have some combination of less pay, security, health benefits, opportunity, and flexibility.



## HOURLY WORKERS

Hourly workers are frequently some of the lowest paid workers in society and they may quickly have their hours cut back or eliminated as a result of declining business. They are at a high risk of being unable to cover necessities such as food and shelter. In addition, they typically have jobs that require a physical presence at work resulting in additional risk of exposure from interaction with others.

## ONLY AT WORKPLACE WORKERS

Not every employee has the option to work from home. Many types of work require physical contact and interaction. In addition, these workers' income is made possible by customers physically visiting a workplace. Barbers, physical therapists, athletic trainers, and manicurists all work in close physical proximity to their customers and coworkers. So do retail salespeople, concierges, restaurant servers, and cashiers. All of these types of workers are not only at increased risk of becoming infected simply by doing their jobs but if customers stop frequenting their workplaces the revenue that pays their wages may quickly lead to reduced hours or layoffs.

## GIG ECONOMY WORKERS

"Gig" workers, which are independent contractors, such as dog walkers, house cleaners, photographers, and on-demand laborers, may not have protections that come from full-time work. This may make them even more susceptible to trying to continue working even if they are infected. Uber and Lyft drivers have been impacted especially hard as demand has dropped and fears of being in close proximity to strangers and the car surfaces touched by many people makes ridesharing undesirable.

## WORKERS WITHOUT SICK-LEAVE

[One quarter of the US work force is not currently entitled to sick pay.](#) As Marissa Baker, Assistant professor at the University of Washington Environmental and Occupational Health Sciences department described, [these workers may be put in situations in which they have to face tough decisions.](#)

"Do I stay home if I feel ill, or go into work so I can have a paycheck? What do I do if my child's school is closed, and I can't afford to stay off work?"

## PUBLIC TRANSPORTATION COMMUTERS

While public transportation is shared by all economic classes in many urban areas, lower income workers may not have an option of an alternate way to get to work to avoid the crowds on transit. In suburban or low-density communities, it is often low-income people who use public transit while wealthier residents drive their personal cars. To make a living these lower income people are putting themselves and their families at greater exposure to infection out of economic necessity.



## SMALL BUSINESSES AND THEIR EMPLOYEES

The small businesses in your local community are more likely to be undercapitalized compared to big businesses and may not have the financial reserves to sustain a prolonged period of reduced revenue. Yet small businesses typically represent 99% of all businesses and half of all jobs in a community. As daily routines are shut down, customers will disappear. According to a March 2020 survey from the National Federation of Independent Business, already [42% of small businesses reported seeing slower sales, while 39% were experiencing supply-chain disruptions](#). In Seattle, [60% of small businesses are considering wage cuts and staffing cutbacks, while 35% said they may have to close](#). Keeping small businesses in business now is essential for the long-term economic viability of every community's economic development.

**Solutions for mitigating the negative economic impacts on the most vulnerable segments of society are challenging, but they do exist. Economic developers need to come up with innovative solutions to help those in need.**

**The following is a list of ways economic developers can take immediate action to help minimize the immediate crisis facing these at-risk populations:**

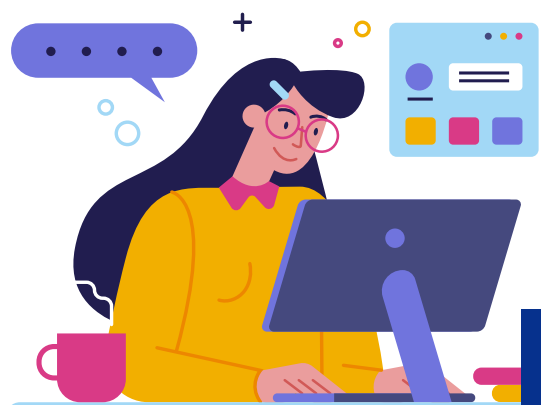
## UNEMPLOYMENT COMPENSATION FOR THE EMPLOYED

Negative economic impacts may come as a cut in total hours of work or a decrease in income for workers or entrepreneur. While not able to qualify for unemployment benefits, their economic situation is distressed and are in need of assistance. In New Mexico, [people who have had their wages cut due to coronavirus-related circumstances can apply for unemployment compensation even though they are still working reduced hours](#).

for Uber rides and the income drivers receive to take people around. But people staying home can create new jobs in which these ride-share workers can immediately transition. For example, they can serve emerging market demands such as becoming delivery people. Grocery delivery drivers are experiencing booming business. Becoming a restaurant delivery driver can help the ride share worker keep income coming in and also keep local businesses open and employing their workers.

## TRANSITIONING WORK

As people work remotely, schools close, and people implement social distancing, it is destroying demand



As another example, a 5-star, fine-dining caterer in Richmond, California was negatively impacted from corporate cancellations, so they reinvented their offerings to provide drive-through farm-to-table artisan pizza and salad. They are also willing to deliver the pizza or rent out their private chefs to peoples' homes. Economic developers need to work with the entrepreneurs and businesses in their community to identify how the type of work they are doing may be able to be transitioned into some other type of work.

## EMERGENCY LINES OF CREDIT

Businesses in your community are having emergencies as a loss of revenue may make it difficult or impossible for them to make payroll, pay vendors, or pay the lease. State and large-city economic development organizations may have the budget to provide emergency lines of credit to businesses to help them bridge a difficult time of cashflow. [New Mexico is at the forefront of policies and programs supporting small businesses. It offers emergency loans and lines of credit to cover needed expenses to keep their businesses running.](#) Whether a state or local economic development organization, this is an opportune time to partner with your local community banks which, by definition and mission, are committed to the success of your community. Community banks are already engaged locally and have core expertise providing business credit.



## FEDERAL SMALL BUSINESS LOANS

The US Small Business Administration is offering small businesses up to \$2 million to help cover losses in revenue due to coronavirus. The SBA is working with state governors to provide these low-interest disaster recovery loans for small businesses. The SBA will issue loans under an Economic Injury Disaster Loan declaration if requested by the governors. Economic developers should quickly coordinate to make sure their governor implements this loan program immediately to take advantage of these federal funds.

## DEFER SMALL BUSINESS FEES

Recognizing that small businesses are experiencing a revenue slowdown due to coronavirus and a ban on large public gatherings, the City of San Francisco implemented policy that defers all business taxes and licensing fees. San Francisco doesn't want businesses to lay off employees, so they are creating a safety net by deferring any costs they create. Taxes can be differed for a year without interest, fees, or fines.

## ENGAGE COMMERCIAL PROPERTY OWNERS

Property owners may want their business tenants to pay their rent on time and the banks that have mortgages on small business owned-properties may also want their regular payment. However, if that small business goes out of business the property owner is not going to get paid. Property owners, banks, and small businesses need to see their interconnected success or failure. Economic developers need to help facilitate these difficult conversations and motivate all parties to accept a shared sacrifice, so every business is able to survive.

It doesn't have to be an all-or-nothing conversation but in the short-term people may need to pay what they can as best as they can. [Los Angeles Mayor Eric Garcetti temporarily suspended commercial evictions for business owners unable to pay rent due to the coronavirus emergency.](#)

## ENGAGE RESIDENTIAL PROPERTY OWNERS

Workers who have lost income may be unable to pay rent or mortgages. The cities of [Seattle and San Francisco, along with the State of New York, have temporarily suspended evictions to support residents who have been impacted by coronavirus and can't pay rent.](#) Industry organizations can be an important partner; as an example, the Real Estate Board of New York pledged not to execute any eviction warrants for 90 days. Halting evictions is a way to support people bearing the brunt of the economic impact.

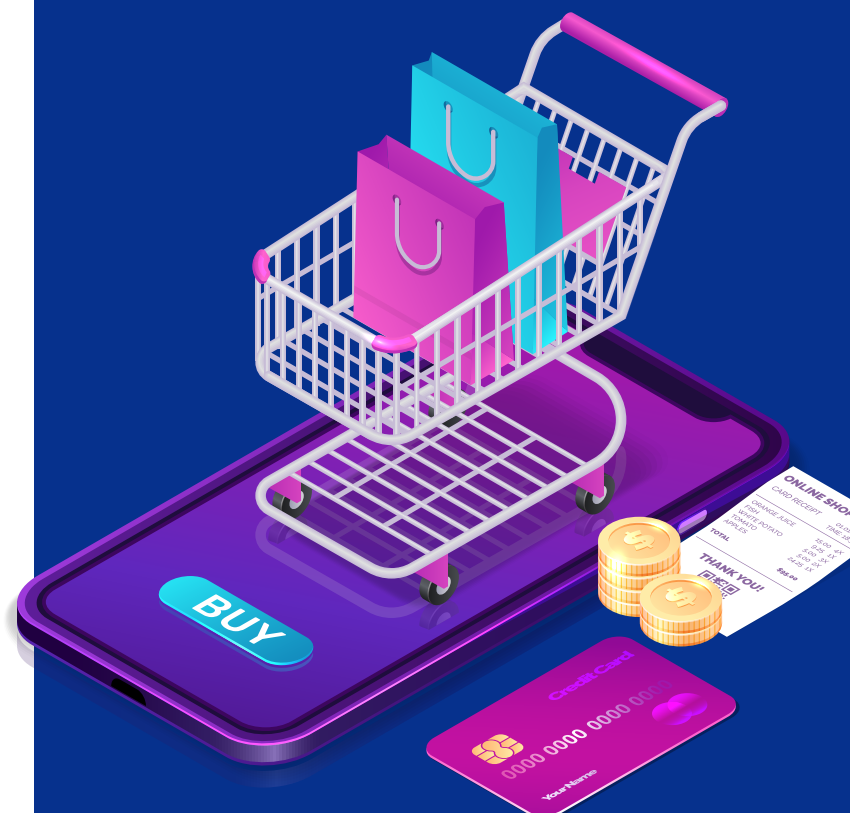
## PROMOTE LOCAL SMALL BUSINESSES

There are direct tactics EDOs can encourage their small businesses and local residents to take to help your local businesses survive the coronavirus effect. [CNN suggests](#): 1) Buy gift cards. This puts cash immediately into the business. 2) Shop local. If residents want local services after this crisis, they need to spend with local businesses today. 3) Offer discounts. As an example, food and beverage stores can offer 20% discounts for take-out. 4) Order in. Get your small businesses listed on delivery platforms like [Grubhub](#), [Doordash](#), and [Uber Eats](#). 5) Tip more than usual. If you can afford to be a bit more charitable, this is a time small businesses need it. In addition, EDOs can educate local businesses about new ways to promote themselves including “window clings”

announcing the services they have available or help organize shared media buys. If your community has a [Main Street program](#) or Business Improvement District you may be able to [do non-traditional promotions for businesses such as the Ferndale, Michigan Social Distancing Bingo.](#) In Raleigh, North Carolina one business implemented [social distancing bingo as a promotion for itself.](#)

## GET BUSINESSES ONLINE

Business is going digital. Commerce expands through ecommerce. If your EDO has been working to get your local businesses to have a website and to sell online, now is a time when they are focused and open to creating resiliency in their businesses. This will benefit them in the short and long-term.



## BE A POLICY MAKER

Economic developers tend to work on projects or directly with businesses. But, as professionals, they also need to be policymakers because public policy has a material impact on the workers, entrepreneurs, and businesses in their communities. Legislative advocacy will be necessary to create policies to help distressed workers and businesses and [elected officials want input from economic developers](#). In the 2008 economic crisis a \$750 billion federal bailout was made available for banks. Government legislation for funds will be needed to support workers and businesses to prevent concerns of an economic collapse.

## HELP BUSINESSES MANAGE NEW ISSUES

The [American Independent Business Alliance \(AMIBA\)](#) recommends that local economic development organizations 1) Find and make available resources like health information in employees' languages, 2) Find checklists for cleaning protocols and the types of disinfectants to use on various surfaces, 3) connect businesses to people who can help them deliver products, carryout, etc., 4) Advocate for changes in parking rules, 5) Improve their financial documentation to help prepare for assistance. ([www.amiba.net](http://www.amiba.net))

## PRACTICE EMPATHY

As economic developers we sometimes work on businesses and the concept of a business can be an abstraction. But the reality is that businesses are made up of people who may be emotional, worried, and fearful in uncertain times. Entrepreneurs may

have all of their savings in their business. Workers may be dependent on their next paycheck to feed their children. Economic developers may be exceptional technical professionals. However, in times like this, we must also bring comfort.





# CASE STUDY

## TRANSITION WORK

Kim Bavington is the owner and lead instructor of the Las Vegas, Nevada-based company, [Art Classes for Kids](#). Her company, and therefore her income, comes from art lessons attended by kids after school, during holiday weeks, and during summer art camps. Due to Coronavirus she had to cancel her weekly classes and spring break art camps. She also is nervous about being able to have her summer art camps because of ongoing coronavirus risks and limitations. These summer camps represent about half of her company's annual revenue.

To make the market even worse, restaurants and casinos are closing in Southern Nevada where, according to Dr. Stephen Miller, director of the Center for Business and Economic Research at UNLV, [gaming and hospitality represent more than 70 percent of the total economy](#). When the businesses that represent over 70 percent of the economy turn off, that impacts her market of customers who now have less in their wallets to pay for her services.

Anticipating a risky future with the possible disappearance of the income from her summer peak season, Ms. Bavington immediately pivoted out of necessity to find new revenue opportunities by transitioning her work from face-to-face instruction to online education. On March 16 [she hosted her first YouTube live art class teaching how to draw Van Gogh's sunflowers](#). The number of attendees was so encouraging that she plans to continue these



free art classes for children, many of which are home while their schools are closed and need activities to do during the day. She is growing her audience base and as it grows so can her income because she receives a share of the sale of the art supplies she uses in her lessons, which viewers can purchase through her ART CLASSES FOR KIDS website at [www.artclassesforkids.com](http://www.artclassesforkids.com).

Within hours of her first day live streaming her art class her company and the online class made the local news on the Las Vegas NBC affiliate.

Transitioning her business to the Internet expands her market from just the people living in the Las Vegas metro area into a global audience of parents who want their kids to learn how to create and learn about art as well as keep them engaged with an educational and fun activity for FREE as they are out of school and stuck at home.

More information at [www.artclassesforkids.com](http://www.artclassesforkids.com) and [www.youtube.com/artclassesforkids](https://www.youtube.com/artclassesforkids)

# CASE STUDY

## ENGAGING PROPERTY OWNERS

Numerous restaurants are facing the difficult decision whether they may need to close their businesses as a result in the steep decline of business as people no longer go out to lunch at work or are being directed to stay home. Young Investment Company, a Jonesboro, Arkansas-based property owner of downtown buildings that house many of the city's most popular restaurants responded to this problem by [announcing through social media announced it would not expect its restaurant tenants to pay rent in April](#). The company houses many of the city's most popular restaurants including Eleanor's Pizzeria, Main Street Coffee, The Parsonage, Roots, and City Wok. [Instead of paying rent, Clay Young, President and CEO, urged owners to "pay your employees and take care of your family. We will get through this together."](#)

The idea to stop collecting rent was sparked by a tenant, who called to ask if Young Investment had cashed the March rent checks. [They had not cashed the checks, so the tenant asked for help](#). Young tore up the check.

This is an example of a charitable act by Young Investment Company and it is also a smart business decision. As their CEO recognized, not collecting April rent is good business in the long term, for both the restaurants and his company. According to Young, [it's better to help them than risk their businesses closing and having to find replacement tenants](#). Time owning a vacant



property is also costly. It's something he thinks other landlords should consider. "I think it's a no brainer in the sense [that landlords] have to look at the big picture and the long term ... If they've got great tenants, then they should protect them. And work with them through whatever crisis or whatever is going on, but certainly we've got great tenants, and we want to protect them. And we want them to stay with us for a long time."

While it was fortunate that Young Investment Company was in a financial situation to be able to forgo receiving rent from their restaurant tenants, not all property owners will be in this situation as they have their own expenses and employees to pay. Like other businesses, government may need to provide financial assistance to these landlords because of the chain reaction of tenants being unable to pay.

## 2

# LOCAL BUSINESS IS THE HIGHEST PRIORITY

With big out-of-town business attraction projects drying up, the remaining opportunity for economic growth is local businesses from startups and expansions. Local and [small businesses have always been the primary driver of economic growth, including the vast majority of new job creation](#). This is even more important in the current economic climate. Yet local entrepreneurs and businesses also want to minimize risk of contracting coronavirus through physical contact and meetings with EDOs. This means that EDOs need online business assistance services that reduce or eliminate physical interaction.



## WHAT YOU CAN DO:

Local businesses still want help from economic developers. What they need is a way to get assistance without a physical visit or face-to-face meetings that happens with traditional initiatives such as BRE surveys and meetings with business. An alternative to these, and a long term complement, is providing online business assistance services on an EDOs website such as [individualized market research and business intelligence using SizeUp](#) and [online video business tutorials from edX](#). ([www.SizeUp.com](http://www.SizeUp.com) and [www.EdX.com](http://www.EdX.com)) In addition, now is an opportune time to highlight your EDO's commitment to local business growth when local businesses are feeling insecure about their future.

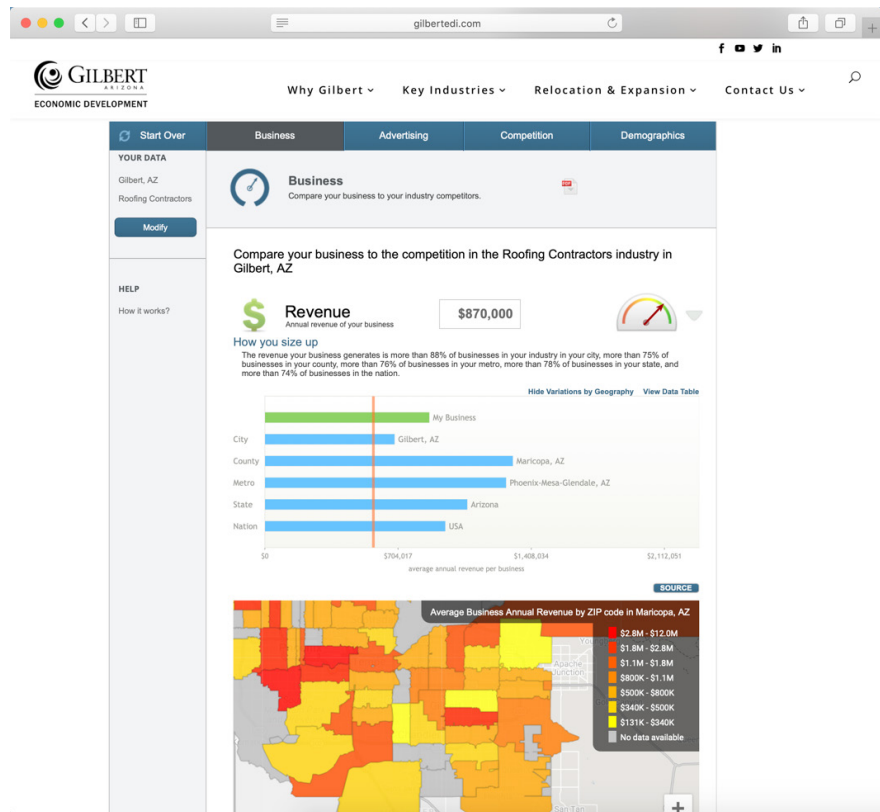
# CASE STUDY

## ONLINE BUSINESS AND ENTREPRENEURSHIP ASSISTANCE

GILBERT, ARIZONA - In response to the coronavirus pandemic, governments around the country are making the difficult decision to ask certain businesses to shut their doors for what could be an extended period of time and requiring residents to remain at home except for essential needs. This will leave business owners at home thinking about how they can improve business and gain back lost revenues once things get back to normal. With no ability to go and sit down with any business advice experts because of travel restrictions, online resources will be the only option for most local business owners.

At the same time, workers who have been temporarily out of work or have been laid off due to companies closing because of the coronavirus, will also be home thinking about what they can do once the crisis has passed. For some of the more entrepreneurially minded workers they may want to begin planning to start their new business out of necessity, because they have become unemployed, or because opening a business is something they've always dreamed of. These entrepreneurs will also need online resources for them to research and plan for their new business. The coronavirus forcing people to stay home has simply heightened the need for economic development organizations to provide online services.

"The Town of Gilbert, Arizona recognizes that the small businesses and entrepreneurs in our community benefit from online business assistance in good times and bad. We are committed to the success of our local businesses and an important way we can assist them is [by delivering industry-specific and hyper-local market](#)



[research and business intelligence on our website using SizeUp LBI software technology](#)," said Dan Henderson, Director of Economic Development for the Town of Gilbert. "For the business owners stranded at home, we provide them with free access to powerful research that can help them make smarter decisions about their business based on high quality data. Entrepreneurs that are planning to open a business can use [SizeUp LBI](#) to prepare a business plan and use the data to validate if their assumptions are in line with industry benchmarks. We want our local businesspeople and future entrepreneurs to be able to use this time at home to strategize, research, and equip themselves to emerge from this crisis prepared."

More information at: <https://www.gilbertedi.com/sizeup/>

## 3

## BIG CRISIS REQUIRES BIG COLLABORATION



Coronavirus does not care about how your government or internal agency structure is organized. The damage to both people and businesses caused by coronavirus is comprehensive, multi-faceted, and interdisciplinary. As such, the response must be more inclusive than just economic development professionals because it involves city planning, community development, and workforce development. But even incorporating those adjacent professions is still not enough because public health, finance, and social services (including mental health) are all interconnected to economic development impacts and solutions.

### HOW TO MITIGATE THIS:

Economic developers must work across disciplines, collaborate, and at the same time stay focused on economic development results. Economic developers don't need to become scientists that will discover the vaccine for coronavirus, but we must understand the science enough to create public policy that addresses how the science of the disease impacts the businesses and workers we serve. Economic developers should meet, collaborate, and assist with the work other professional disciplines are doing to combat the negative effects of the virus.

## 4

## PIVOTING FROM EXTERNAL TO INTERNAL ECONOMIC DEVELOPMENT

As Mark Barbash, Director of the Ohio Economic Development Institute points out about the effect of coronavirus, [“The focus of economic development will shift \[to\] basic economic survival, instead of new jobs, new investment, \[and\] new innovation.”](#) This will result in rapid growth in demand for business retention, entrepreneurship, and employment services from EDOs. At the same time, this crisis has caused EDOs to take a triage approach to their work making other areas of active operational tasks superfluous [such as business attraction, talent attraction, site selection, real estate development, and marketing.](#) As the saying goes, “when all you have is a hammer, every problem looks like a nail.” The risk of this behavior is that economic developers that have specialized in areas of focus that are not a top priority in this crisis continue to prioritize putting their efforts into these non-essential things when other areas of economic development are so important right now and need their attention.

### HOW TO MITIGATE THIS:

Changing times require changing measures. While economic developers may have specializations, most are trained as generalists that have professional development training which spans all the areas of economic development. In fact, to achieve the designation of a certified economic developer requires training and competence in a diverse set of economic development practices. Whatever economic developers' specialties may be, they can reprioritize to help out on the urgent work of helping businesses and workers in crisis. Economic developers can do this because they are both qualified and needed for this work.



## 5

## ONSHORING AND NEARSHORING BECOME OPPORTUNITIES

The coronavirus pandemic is causing global supply chain chaos and delays as businesses and consumers cannot reliably receive shipments from international vendors. This puts your local businesses at risk because they may not be able to build or sell items necessary for them to do business or stay in business. If their supply chain was more diversified and available from locations outside of highly infected regions, their business would have less risk. Foreign direct investment experts at [Wavteq](http://Wavteq.com) predict that [there will be a shift away from global strategies and toward regional sourcing and value chains.](http://Wavteq.com) ([www.Wavteq.com](http://www.Wavteq.com))



### WHAT YOU CAN DO:

EDOs can help their local businesses identify strategies for risk reduction through a diversified supply chain of vendors. The other opportunity is for new or existing businesses in your community to be the onshore or nearshore suppliers to companies that want to reduce their risk from global supply chains. [Economic Gardening](#) programs and [online economic development software](#) on EDO websites help local businesses identify new vendors and customers. Businesspeople will be searching for locations to set up facilities to provide these onshore products and services. Because they will be working online from home, economic developers can help businesspeople through their initial location search analysis on the EDO's website using [GIS Planning software](#). ([www.NationalCenterEG.org](http://www.NationalCenterEG.org) and [www.GISplanning.com](http://www.GISplanning.com))

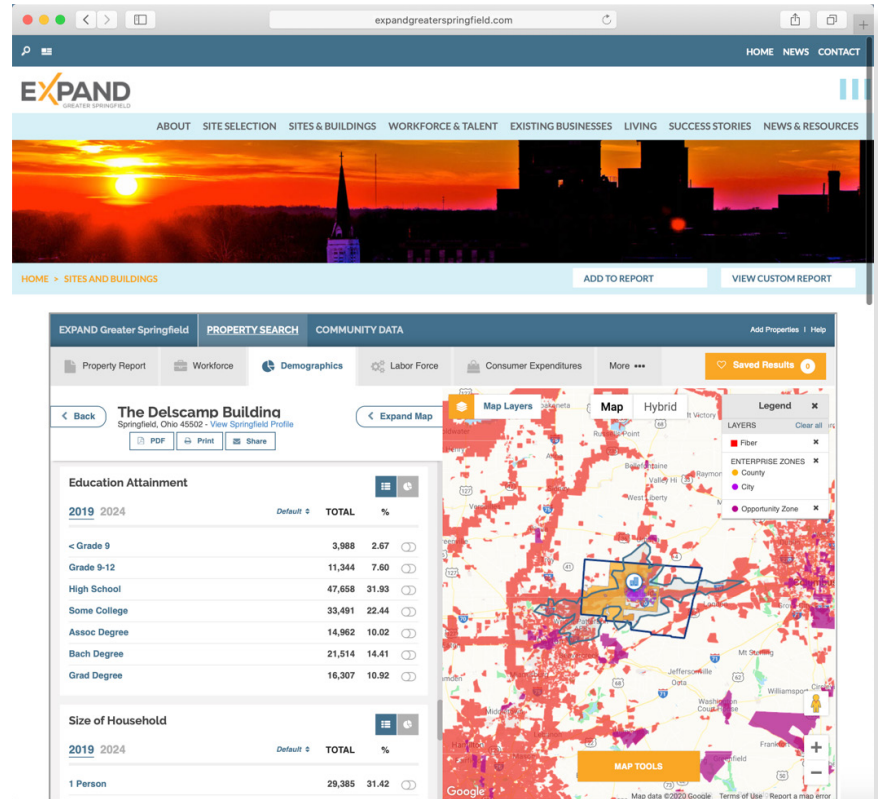
# CASE STUDY

## CORPORATE SITE SELECTION VISITS DECLINE OR DISAPPEAR

SPRINGFIELD, OHIO – Expand Greater Springfield is responsible for economic development in Clark County, Ohio and it has an online strategy to respond to the new reality facing every economic development organization out there. This includes the cancellations of industry events, government limitations on travel, and the inability of corporate real estate professionals to personally visit their community.

Horton Hobbs, Vice President of Economic Development at Expand Greater Springfield, recognized several years ago that virtual site selection analysis was a growing trend to better serve corporate real estate professionals and site selection consultants. His investment in implementing [GIS Planning's ZoomProspector software](#) created an important solution to deliver online site selection analysis virtually.

“By providing businesses with interactive and customized geospatial site selection analysis on our website using GIS Planning software, we are able to deliver the types of information that site selectors need and that they can access from the safety of their home computers. Businesses and corporate location advisors can search sites and buildings directly from our website ([www.ExpandGreaterSpringfield.com](http://www.ExpandGreaterSpringfield.com)), as well as access interactive, location-specific demographic



reports, industry analysis, labor force information, employment wages, and talent pipeline information customized for their exact needs,” said Hobbs. “We recognize that eventually, the companies will come to visit us to perform their physical due diligence. However, we are going to help them through all of the initial stages of online site selection analysis from the comfort of their home offices using our website software until the COVID 19 pandemic subsides. We’re going to be ready to emerge from this crisis by delivering high-quality online services all the way through it.”

More information at: [www.expandgreater.springfield.com/sites-and-buildings](http://www.expandgreater.springfield.com/sites-and-buildings).



## 6

## THE COMING WAVE OF VOLUNTARY AND INVOLUNTARY ENTREPRENEURSHIP

Some people are business owners by choice. Others who are now secluded at home due to government restrictions may be contemplating a professional change and using this downtime to plan for the new business they will start after this crisis is over. However, many people may be forced into self-employment as a result of being laid off or the company they work for closing due to the economic repercussions of coronavirus. The projected impact on the economy and employment has a variety of projections. [US Treasury Secretary Steven Mnuchin said the virus could raise the U.S. jobless rate to 20% if the government does not intervene](#). [JPMorgan projects unemployment to soar from 3.5% to 6.25% by midyear 2020](#). [Other forecasts see unemployment rising as high as 9%](#). (By comparison, unemployment was about 10% in the Great Recession and 25% in the Great Depression.) With this level of people unemployed and who may need to become self-employed to meet basic needs, there are going to be many people without the skills, background, information, or training to start and run their business.

### WHAT YOU CAN DO:

The SBA, SCORE, and SBDCs are going to be more important than ever. But there is no way for them to respond to this magnitude of demand (assuming existing levels of state and federal funding) because so many of their programs are delivered by people. Small business assistance staffing and output cannot automatically grow just because of a surge in demand growth. There are two direct things that can be done to address this:

1. State and federal government should allocate additional funding to expand the work of SCORE, SBDC, and non-profit business assistance organizations. It is worth recognizing that non-governmental business assistance organizations were some of the fastest to respond to the coronavirus by providing immediate technical assistance to businesses.
2. Online business assistance software and platform services are intrinsically designed to scale to serve large audiences because they are not limited by human resources. Instead, they can grow by adding additional computer servers, which is easy to do in the age of cloud computing. EDOs should invest in implementing this small business assistance services so that existing and new entrepreneurs can 1) [learn how to start a business](#), 2) [access market research for business planning](#), and 3) [receive training how to operate a business](#). Fortunately, online products and services are already available to meet these needs that EDOs can provide.

## 7

## LACK OF TECHNOLOGY BECOMES A RISK

The coronavirus has decreased or eliminated face-to-face interactions, decentralized teams that are working from home, limited access to all but online services, and restricted communication to phone and web meetings. A lack of appropriate technology can disadvantage EDOs in their ability to work with colleagues, businesses, and residents. Within the context of the coronavirus pandemic, technology is becoming essential for communication and the delivery of services. Fortunately, EDOs have experience successfully adding technology to their practices in the past such as implementing GIS Planning's software for [site selection analysis](#) on their websites and utilizing [databases for business prospecting like fDi Markets](#). EDOs must now rapidly implement technology to keep local businesses informed about the issue of coronavirus, provide [small business intelligence services](#) to the business owners and entrepreneurs while they are at home doing research and creating plans for emerging from the crisis, and web conferencing and online chat for communication. Using the highest quality technology is an operational advantage for EDOs just like it is for all businesses.

### WHAT YOU CAN DO:

EDOs that want to be effective should invest in the highest quality technology solutions to achieve their goals. It's not enough to have a checklist of software services your EDO provides if the quality is sub-standard. [Technology-adoption and the use of superior technology separate the winners from the losers in economic development](#). A specific example of technology use to achieve the experience of personal interaction without the risks of direct physical contact is the [use of virtual reality for meetings and location tours, which is being implemented by Golden Shovel Agency. \(www.GoldenShovelAgency.com\)](#)



## 8

## TRAVEL AND TOURISM EFFECT IS MAGNIFIED

Many EDOs don't make tourism a focus of their efforts. The coronavirus pandemic will shine a light on just how important tourism is for many communities' economies. [Travel and tourism account for 10.4% of global GDP \(\\$8.8T USD\), 1 out of every 10 jobs \(319M\), and 1 out of every 5 jobs created from 2014-2019.](#) (Source: World Travel and Tourism Council) This sector has grown faster than the whole economy. If your local businesses (such as restaurants, stores, hotels, and convention centers) are frequented by customers outside of your region, you have an airport in your area, or you are a tourist destination, you are going to be negatively impacted by the coronavirus. Airlines and travel-related hospitality have been punished the fastest among industries as airline travel has plummeted.

### WHAT YOU CAN DO:

Companies are eliminating non-essential travel, consumers are drastically reducing their travel, and many governments are banning travel or closing borders. But you can help your local businesses and [the low-income workers that may have their hours cut or jobs eliminated if the virus has a prolonged impact](#) on the economy. For businesses, your EDO can help them with policies that will help customers feel safe visiting their businesses (e.g. hand sanitizers at the door), social distancing strategies, and marketing promotions to incentivize customer activity. However, new public health policies may result in customers only being able to go to certain types of businesses or just being able to pick up items and leave. Should this trend continue, it will be even more important for local businesses to have online means for customers to make orders and adjust their operations for easy pick up.



# CASE STUDY

## SOCIAL DISTANCING BINGO


FERNDALE, MICHIGAN - Going out to financially support local businesses is difficult when public policy keeps people home and social distancing keeps people apart. But downtown Ferndale, Michigan came up with a way to follow public health rules, get people spending in businesses, and having some fun. [They make this happen with "Social Distancing Bingo."](#)



The rules to the game, which can earn players a \$50 gift card if they are amongst the first to win, are simple:

- Stay six feet apart
- Limit 5 people in an establishment
- Wash hands after every transaction

Filling out the gridded bingo card requires performing tasks pickup or delivery from local restaurants, placing an online order with a local store, thanking a garbage person from 6 feet away, shopping for groceries, and taking a walk.

Lena Stevens, Executive Director of the city's Downtown Development Authority, points out that this type of strategy keeps Ferndale residents safe at the same time it keeps local businesses afloat. She also recognized the innovation, collaboration, and care that businesses offer. "Western Market is a wonderful local market and they're offering a dedicated business hour from 8 a.m. to 9 a.m. for shoppers


**Support Local & Social Distancing Bingo**

<b>RULES</b> <ul style="list-style-type: none"> <li>• Stay 6 feet apart</li> <li>• Limit 5 people in an establishment</li> <li>• Wash hands after every transaction</li> </ul>	<b>TO WIN</b> <ul style="list-style-type: none"> <li>• Create a line with 5 boxes (diagonal or straight)</li> <li>• Email your proof of purchases to <a href="mailto:info@downtownferndale.com">info@downtownferndale.com</a></li> </ul>	<b>First 10 winners will receive a \$50 gift certificate to the Ferndale business of their choice!</b>		
Pickup/Delivery Pizza	Order Delivery	Place An Online Order With A Local Store	Pickup/Delivery Sandwiches	Shop Local For Groceries/Supplies
Thank A Firefighter/Police Officer From 6 Feet Away	Shop Local For Groceries/Supplies	Pickup/Delivery Desserts	Purchase Gift Card To A Local Business	Order Takeout
Order Delivery	Purchase Gift Card To A Local Business		Pickup/Delivery Breakfast	Try A New Restaurant/Food
Shop Local For Groceries/Supplies	Pickup/Delivery Brewery or Distillery	Pickup/Delivery Coffee	Order Takeout	Go For A Walk
Place An Online Order With A Local Store	Try A New Restaurant/Food	Pickup/Delivery International Cuisine	Thank A Garbage Person From 6 Feet Away	Purchase Gift Card To A Local Business

with compromised immune systems," said Stevens, who also noted that some restaurants have joined forces to provide delivery service.

The City of Ferndale has also supported local businesses by providing 30 minutes of free parking for takeout orders.

More information at: <http://www.downtownferndale.com/dda-announces-social-distancing-bingo>

## 9

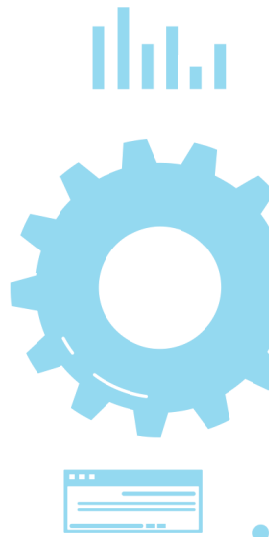
## AUTOMATION AND ARTIFICIAL INTELLIGENCE ESCALATE

Businesses are already investing heavily in both automation and artificial intelligence as a means to cut cost, improve productivity, and accomplish tasks that are impossible for humans to achieve. The coronavirus pandemic strengthens the justification for greater business investment in computing, robotics, algorithms, machine learning, artificial intelligence, and other forms of automating work. Robots don't get sick or get quarantined; they don't take sick days; they don't have to care for children who are forced to be home from shutdown schools, unless they are programmed to do that.

[Automation and artificial intelligence is already impacting economic development.](#) Automation is replacing jobs and eliminating employment for a whole range of jobs from entry level to high-paying. The most common job in most US states is a truck driver, and automated driving assistance vehicles are already available in cars like Tesla. EDOs have prioritized job creation as the top priority and it is how they are measured for success. As an increase in automation replaces jobs, it creates a new challenge for EDOs that are evaluated on the number new jobs created when economic productivity becomes decoupled with human labor. In addition, this trend can create geographic economic inequality as the highest paying jobs and greatest economic output are created in tech-savvy regions of the world, while other regions are left behind.

### WHAT YOU CAN DO:

Repetitive jobs in your community which require very little real-time decision making are most at risk. Workers in your area doing these jobs are more likely to see these jobs eliminated. This dynamic will also create greater social inequality as higher income people who design and produce software, robots, and automation products will see increased wealth while less educated and unskilled workers lose their jobs and are in financial peril. Programs to find new work for displaced employees and to upgrade their skills will be important for maintaining economic stability in your region. In addition, the current physical landscape of your city was designed for a different economy. Taking just the example of automobiles, in the real estate configuration and locations they are in now, gas stations, drive throughs, and repair shops may no longer make sense with vehicles that drive themselves. Economic developers and city planners will need to rethink the urban fabric of their cities.



## 10

## SOCIAL CONNECTION IN A TIME OF DISTANCE



While the term “social distancing” is a key term for the strategy to prevent the spread of coronavirus, what public health leaders want is actually “physical distancing.” Social connection and relationships are still needed even though physical distance is necessary. In practice, social connectedness may be even more important in a context of physical isolation. As Aleem Walji, formerly a senior leader at the World Bank, Google.org, and the Aga Kahn Foundation explains, [“We are living through times when we have to come together as friends, neighbors and citizens of an undeniably interconnected world.”](#) We need to support one another, be more present, and ensure none of us feels alone.” The policy of shelter in place is enabling us to discover new ways to foster relationships personally and professionally.

### WHAT YOU CAN DO:

Economic development as a profession has been built on a foundation of relationships. But as we have learned in the age of social media, texting, and smartphones, not all relationships have to be face-to-face. Technology has created new ways to start and sustain relationships. For economic developers, the services they provide on their website (e.g. [local business assistance](#) and [site selection analysis](#)) and the ways they leverage technology for communication (e.g. web meetings and [virtual reality](#)) will become more important. However, as Walji points out, [“While technology has certainly made ‘connecting’ easier, tech doesn’t make us care more, feel more compassion or express more affection... That’s on us.”](#)

# RECALIBRATING FOR THE LONG-TERM

Many things that used to be a once-in-a-century occurrence such as extreme weather disasters, financial meltdowns, and public health pandemics appear to be becoming more frequent. In addition, this situation may force companies and EDOs to push forward with new ways of working which business organizations may have been experimenting with into normalized ways of working. Remote work, communication through teleconferencing, online collaboration software (Slack, Zoom, etc.), and virtual reality that may be used as an interim solution may become long-term ways of continuing to do business. ["We're about to conduct a grand experiment in the United States. We're going to figure out exactly every task that's part of work that can be done remotely,"](#) said Joe Brusuelas, chief economist at RSM, an auditing and consulting firm.

Learning from these crises can make your EDO stronger today and tomorrow by implementing economic development programs and services which are more resilient in unpredictable times. It also requires educating your constituencies, including the elected officials, board or directors, and the residents your EDO serves so they have realistic expectations about what your EDO will be able to deliver during unexpected shocks to the local, regional, or global economy.



# LEADING FORWARD

This coronavirus pandemic is a danger to public health all over the world. For economic developers, it is also a danger to the health of your local economy. But it is also an opportunity to have better economic results than the EDOs not reacting strategically to this danger. This only happens through economic developers like you taking action now.

Difficult economic times do not always mean negative outcomes. Successful companies have been created during difficult economic times. Uber, AirBnb, WhatsApp, Square, Pinterest, Slack, and Twilio were all started in 2008 and 2009.

For most economic developers, there has never been a time in our professional careers with as many challenges and as much work needed to support workers and businesses in our communities than now. This is the type of event that requires the best execution derived from all of the training and preparation throughout our professional lives. We have never been needed more than now.

The way that each economic developer and their organization engages this public health and economic crisis will define how people view them in the future. The things you do or don't do will be remembered.

As economic developers, we are community leaders. As leaders, we do not have the convenience of waiting it out. We must lead and be a keystone part of the collaborative solutions helping our communities through these turbulent times by using all of the resources we have to make things better.



Note: Information about the coronavirus (COVID 19) pandemic is highly fluid. Global and regional conditions are changing rapidly. This information is based on analysis available as of April 3, 2020.



[www.SizeUp.com](http://www.SizeUp.com)