



WWU SMALL BUSINESS DEVELOPMENT CENTER

OVERVIEW OF NOVEMBER 2021 FLOOD RECOVERY BUSINESS OUTREACH

Outreach performed by the Small Business Development Center at WWU
March 25, 2022

This document provides information about the work of the WWU SBDC to help businesses recover from the November 2021 floods. This work includes noting key recovery challenges that affect recovery, suggestions on how to better prepare for the next disaster, lessons from the field on outreach, exploring the value of a designated business outreach specialist, and addressing two key gaps for consideration in future recoveries.

IMPACTS OF BUSINESS DISASTER RECOVERY OUTREACH PROVIDED BY THE SBDC

- One-on-One direct outreach provided to over 80 businesses by SBDC Certified Business Advisors.
- 25 hours of disaster-related business counseling.
- 122 hours dedicated to outreach activities.
- Created and hosted a Flood Disaster Business Resources Roundtable with over 30 registrants.
- Developed and utilized existing relationships with FEMA, SBA, USDA, IRS, and ESD representatives to get the best and most current information about disaster recovery out to businesses.
- Active member of the Whatcom County Long Term Recovery Group, including attending bi-weekly meetings, and the SBDC Director serving as the Chair of the Business Recovery Task Force.
- Attended two intensive Disaster Recovery Trainings to better prepare for disaster recovery assistance.



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- Served as the host for the designated business recovery webpage with aggregated disaster recovery resources that were updated regularly.
- Worked with the Port of Bellingham on an initial disaster recovery survey to measure the scope of economic loss.
- Worked with local representatives to help initiate passage of the first ever state-wide business disaster recovery funds.
- Aided the Whatcom Community Foundation with their work on grants to assist businesses affected by the floods.
- Connected with the Farm Service Agency, Northwest Agricultural Business Center, Whatcom Family Farmers, Whatcom Conservation District, Sustainable Connections, and the WA State Department of Agriculture to learn about their work helping the agricultural community recover.
- Attended Sumas Chamber Meeting



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KEY RECOVERY CHALLENGES

COST – Disaster is expensive, and for those that do have insurance it is often insufficient to cover their rebuilding and recovery needs. The vast majority of businesses that were affected by the Nov 2021 floods do not have flood insurance.

GAP PERIOD – In the Nov 2021 flood recovery, there was an initial hearty clean up response. Afterward, many business owners report feeling grateful for all the help, but still feel overwhelmed and somewhat isolated in the rebuilding phase. Many of them are doing the physical labor of cleaning and rebuilding themselves, while running their businesses at reduced hours and capacity.

CUSTOMERS - For an area like Sumas that was hit particularly hard, with several feet of water in the town, an additional challenge is a lack of local residents. Many people have yet to move back, so the customer base for businesses is much smaller than it was prior to the flood. Local officials estimate that 70% of residences are still vacant nearly four months after the flood.

EXTENUATING CIRCUMSTANCES – For nearly two years prior to the 2021 floods, areas of Whatcom County have been enduring multiple economic shocks. Any one of these alone would be notable, but the ‘stacking’ effect of three remarkable events prior to the floods makes the flood’s impact even more difficult to recover from.

PREVIOUS FLOODING: Sumas, Everson, and Nooksack areas were flooded in February of 2020.

COVID: The Covid 19 pandemic started approximately two years prior to the November 2021 floods and has made ‘business as usual’ quite challenging for some businesses.

BORDER CLOSURE: For the small cities in Whatcom County located along the U.S./Canadian Border, the border closure of the past two years has made economic existence a significant challenge as their economies are more impacted by the travel restrictions on cross-border travel.



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SCALE OF THE FLOODING: This flood is particularly devastating, not just for the near-record levels of flooding, but for the additional economic distress it has created in an already economically distressed area.

LABOR: Many businesses report finding workers post-flood is exceptionally difficult. If they are ready to hire, it's very challenging to find anyone. Often, business owners are also doing the labor that keeps their product or service available while working on the physical and economic recovery of their business.

SUPPLY CHAINS: Everything is more expensive, delivery delays are common if not back logged several months, etc. If supplies are available, finding contractors to do the work can be challenging as well.

CREDIT CAPACITY – Due to all of the reasons outlined above, the majority of business that were impacted by the floods have limited access to additional credit. This is especially true for the smaller businesses. Any cash cushion they may have had was likely already exhausted by the major events preceding the 2021 floods.



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LESSONS FROM THE FIELD

- 1) **Show Up.** Once it's safe to be in the area, go to the affected businesses *in person*.
- 2) During a disaster, and for quite some time afterward, people may not be able to think as clearly as they usually do. **Trauma and crisis can change how the brain works** and means that different times call for different measures.
 - a. **Present things in the simplest language possible.** When human brains have large amounts of to-do lists, tasks, or concerns in them, it reduces our ability to process and understand information. Due to this, is it helpful to **use language that is simple and clear** to help people understand what message is being conveyed.
 - b. **Be explicit about how a particular item may benefit a business owner.** Trying to understand the options and language around assorted recovery products can feel extremely difficult. The language is often formal, can be quite technical, and exceptionally confusing. Help preemptively translate why a particular program, group or other resource might be helpful for someone. *People are always thinking, 'Why does this matter to me, and why is this an important use of my time?' Answer that question for them as quickly as possible.*
- 3) Be prepared for a **wide range of emotions**. Let people feel and express what they need to, don't try to fix anything, just listen.
- 4) **Be genuine.** Acknowledge the difficulties and reality of the situation. Don't gloss over it, and don't make promises.
- 5) Treat people with the same level of **dignity and respect** that you would in any 'normal' situation.
- 6) Show them that you care about what has happened. Example: Ask what their biggest issue or challenge is. **Focus on ways you can truly help.**



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- 7) Depending on when outreach is happening, people may be fatigued and suspicious from other people that have already come through asking questions. Explain quickly who you are, and why what you're sharing is important to them.
- 8) Meet people where they are (emotionally) on any given day.
- 9) Remember that humans are extremely resilient and strong.
- 10) **Train outreach workers that it's not their job to fix things.** Their job is to learn what is needed, refer out to other entities as appropriate, and then bring unmet needs back to a larger group of people to see what, if anything, can be done.
- 11) **Take Breaks.** Speaking to people who have been affected by a major disaster is important, but so is maintaining energy to continue to help people. Train outreach workers to either pace themselves or build in 10-15 minutes breaks throughout the course of the day to reset and renew themselves.



SUGGESTIONS FOR FUTURE DISASTER RECOVERY

Preparation is Powerful

- 1) Establish **annual readiness drills** for disaster response for businesses.
 - a. Evaluate likely scenarios, troubleshoot probable issues and resolutions, test communication systems.
 - b. Focus on creating community-based resources being ready and available for disaster. For example, major utilities may be unavailable for days, and in certain instances, roads may not be passable. Additionally, communication may not be feasible with cell phones.

(Example: Equipping key community focused business organizations with alternative methods of communication). Having community supplied hubs that can be activated in a disaster to assist with essentials, and not require goods be transported in from elsewhere may make a significant difference.)

- 2) Create a **standby mentor group** of business owners that may be interested in helping business that may be affected in the next disaster. Reasons this is helpful – local business owners form a network that is part of what binds the community together.

Pairing business owners that may not have been affected with businesses that were affected, can create a more direct link from people who have distinct needs to businesses that may be interested in assisting them in meeting those needs.

- 3) Create **local funding** to help with the costs to rebuild. Funds are needed for both the immediate recovery and the long-term recovery. The 2021 November flood disaster highlighted how reliant communities may be on outside sources. Many state and federal dollars can take weeks (if not months) to be disbursed, if a Federal Disaster Declaration is made. In the interim, people have numerous needs.

The amount and types of Federal and State aid may be insufficient for businesses to recover from the disaster. *Building up local recovery dollars as much as possible is suggested at every level - city, county, state, and private philanthropic levels.*



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Western Washington is at risk of several natural disasters including floods, mudslides, earthquakes, tsunami, and wildfires. All of which have the potential to be devastating to entire communities.

- 4) Have a plan in place for recruiting **business disaster case managers** prior to a disaster. The plan should include a basic outline of job description, with a rough rubric for how many disaster case managers are needed based on the estimated number of businesses affected, and a system for reporting and support of the case managers.

Business disaster case managers can perform as prolonged, trusted, singular points of contact for affected business owners. They can go to sites and learn exactly what's needed and bring it back to a larger group who can attempt to work to fulfill any unmet needs that might exist.



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QUESTION: IS HAVING A DEDICATED BUSINESS OUTREACH PERSON VALUABLE?

Answer: YES. *Having a dedicated business outreach person helps businesses better navigate recovery. Having someone who is a trained business professional that can reach out directly to affected business owners is extremely valuable.*

Many business owners and managers are so busy doing the work of recovery, that they may not be aware of resources that are available to them. Additionally, many of them have simple questions or preconceived notions that become barriers to action as the answers influence whether not pursuing a certain resource is a good use of time.

Having a trained professional who can quickly talk them through the pros and cons of a particular product (like SBA Loans) can be extremely valuable for helping them continue their recovery journey. Many business owners are so accustomed to solving things themselves, they aren't aware of special programs like Disaster Unemployment Assistance that can potentially help both them and their employees with lost wages.

An additional point of value is that a designated outreach person can build trust, and then vouch for particular people or places that are set up to assist them. Which may help get them to a place with more assistance which can help steady their business in a time of distress.

Example 1: There were three separate disaster recovery centers set up for individual assistance. It was advertised by FEMA and the SBA that business assistance was available at these three centers, but the actual business assistance was quite limited. There was a fourth center, solely devoted to business assistance that had fantastic staffers working it with great answers about SBA loan products for businesses owners.

A very limited number of people were aware of the business-specific disaster center's existence. Most of them were frustrated with the experience at the individual disaster assistance centers and had decided pursuing any further action wasn't worth their time.

Having an outreach person able to speak to the place where people could get the best help and explain the reasons why it might be valuable for them to go to that center, even if they're reluctant to accept assistance, changed a high percentage of people's minds.



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They went to this center several reasons - to try to clarify paperwork issues, some had misunderstood what action was needed due to language barriers, others went back with a renewed understanding of what applying for a loan might actually mean, and others had decided to apply once they had a better grasp of the application process.

Example 2: A business owner needed to close for several months due to the amount of water that had flooded their location. They had no source of income for those months and were faced with paying their personal bills without income while trying to rebuild their business. They lost several key pieces of equipment in the business that were costly items to replace. They had been on the fence about whether or not to reopen, considering the scope of their loss, and had decided taking once more chance on the business was worth it, even with the financial costs.

They had not heard about Disaster Unemployment Assistance (DUA), and due to the in-person presence of the designated business outreach specialist bringing it to their attention, they were able to apply. If they are approved for DUA, the additional income will help steady them as they work to rebuild.

Example 3: A business had devastating losses from the flooding, totaling nearly a million dollars in physical damages. They had not heard much about SBA Loans and didn't know how the physical disaster loan process and the economic injury disaster loan process works. The business outreach specialist was able to explain SBA loan processes, and let this business know that the deadline to apply for physical disaster loans was fast approaching.

Due to the outreach specialist's visit, the business decided to pursue an SBA loan application. They were also made aware of special tax assistance the IRS is offering and were going to speak with their accountant to learn how the tax assistance might be beneficial for them.



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Example 4: A business found itself stuck between SBA loan products and USDA loan products unsure of which might be the best fit for their specific needs. Due to the difficulty and ambiguity of navigating two separate government entities they'd decided to take the economic hit on tens of thousands of dollars in lost revenue and move on.

The business outreach specialist was able to help them determine that a SBA loan product would be the route for them to take based on the outreach specialist's connections to both the SBA and USDA.

However, given this business's existing credit capacity, utilizing a line of credit was likely going to be the lowest cost option for them to help meet their short-term cash needs. They decided to consider applying to the SBA to see if they would be approved for a loan to then evaluate the interest rate, and then decide if their line of credit or a SBA loan would be the best for their business.

The outreach specialist was able to help them better understand the financial paths available to them so they can find the best option for their business.



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RECOVERY GAPS

AMOUNT OF ASSISTANCE AVAILABLE – The vast majority of businesses experienced losses that far exceed their financial ability to rebuild. If businesses had insurance to cover flood losses, which most do not, it was usually insufficient for their losses. Much of the assistance comes in the form of loans, which may or may not be within the business's ability to repay. The grants that are available are extremely competitive, and usually a modest amount.

Many people assume Federal resources are an all-encompassing solution to the disaster. In actual application, the number of business owners who apply for *and are approved for* SBA Disaster Assistance loans is limited. The loans themselves aren't available for several weeks or months after the disaster which doesn't help with short-term cash needs. Federal resources are also dependent on IF, and when, a Presidential Disaster Declaration is made.

CASH – In 'normal' business times, cash is king. In crisis, that's even more true. Many people are piecing together their recovery one item at a time. As funds become available, they buy the next essential item once they can afford it. In some instances, other community members may donate items or labor to help get key pieces (like floors) in place for use as quickly as possible.

There is a gap of several weeks to months before disaster assistance is available to businesses that may create a cash deficiency which may put them months behind on their bills. If business owners have a cash reserve, they'll be able to use this in the early stages of recovery. They may also have access to a line of credit, or other financing. Access to cash is influenced by the economic vitality of a region pre-disaster.

Banks tend to prefer to loan to people who have adequate cash cushion, as that increases the chances they'll be repaid. If an area is lacking economic vitality prior to a disaster, the disaster itself may create enough economic challenges that recovery becomes too financially difficult to manage.



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AGRICULTURE - There is no single source tracking the economic impacts of the flood disaster on agriculture in Whatcom County.

Agriculture activity is a significant portion of Whatcom County's economy. From full scale commodity ag to smaller family farms, **an estimated \$360 Million dollars is agriculture revenue is generated annually in Whatcom County**¹. There are a number of agencies and groups that have diligently worked to help Whatcom agriculture recover from the impacts of the November 2021 floods. However, they are all siloed and extremely specific with the scope of assistance they can provide.

One of the challenges in tracking recovery for Ag related businesses is how broad of a category agriculture encompasses. Livestock producers have very different needs and losses than berry producers who have different needs and losses than small family farms.

Often, if agencies are tracking losses, it's through applications for assistance that are made directly to the agency. That means the information may not actually be publicly available. Additionally, it seems that the agencies don't keep track of losses that people who inquire about the program, but don't apply, have experienced.

One of the key things learned in this flood recovery process, is that advocating for additional assistance for affected parties is dependent on documenting the losses sustained in a disaster event. If no one is tracking ag related losses, it makes it even more difficult for the agricultural sector to recover.

IT IS HIGHLY RECOMMENDED THAT THE LONG-TERM RECOVERY TASK FORCE CONSIDER CREATING A GROUP THAT FOCUSES ON AGRICULTURE RELATED RECOVERY.

Two challenges should be considered when forming a group for this purpose:

- 1) Farmers and ranchers are an extremely self-reliant group. They are accustomed to just getting to work on whatever mother nature throws their way, and are often not the first people to look outside for assistance. The general proclivity should be taken into consideration with any outreach or loss documentation efforts.

¹ Annual sales estimation is taken from Choose Whatcom website in March of 2022.
<http://choosewhatcom.com/agriculture/>



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In general, working through industry groups can be an effective way to reach assorted Ag producers.

- 2) Ag losses may take months to be made apparent. A fair example with the flooding is that some fields of blueberries had their roots standing in water for several weeks. The true impact of the standing water on the plant may not be known until harvest time, when the yields can actually be measured.