



Almeda Fire Recovery - Talent, OR

Bringing Businesses Back

MBA 519 - Graduate Research Project

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Recovery Barriers of Natural Disasters

Article published regarding the re-entry barriers after Hurricane Katrina

- Disadvantages for small businesses in the recovery process
- Concerns: financial options, commercial property , and infrastructure
- Some businesses were uncertain if they should resume as the decision "will impact both themselves and their families for both the immediate and long terms" (Runyan, 2006, p.20)
- Biggest re-entry barrier: quick decisions without wealth of information
- Small companies cannot survive a few weeks without revenue

(Runyan, 2006)

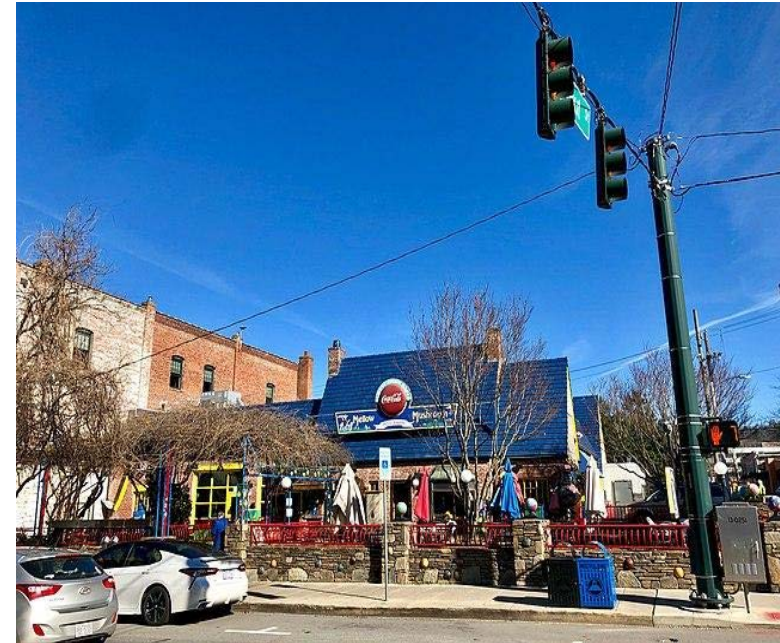
Revitalization for Small Towns

Brookings EDU published an article about rural community economic recovery following the COVID-19 pandemic.

Takeaways:

1. Local Governance Support & Networking
2. Non-Traditional Sources of Capital Investment
3. Low-Cost Commercial Space
4. Connection at Local & Regional Levels

(Love & Powe, 2020)



Small Business Disaster Recovery

There are differences in speed of business recovery depending on 4 business-related dimensions:

- Capital
- Labor
- Supplier
- Customer

} The smaller each factor, the slower the recovery

(Zhang et al., 2009)

Small business disaster recovery framework

- 4 different time phases of disaster recovery, 1 pre-disaster, 3 post-disaster
- every business is categorized according to its recovery state into one of 6 different states:
operating, non-operating, demised, survived, recovered, or resilient

(Marshall & Schrank, 2014)

Surviving Disasters

According to Miranda & Swanstrom (2020), "small business enterprises are significant contributors to economic growth and development, yet 40% to 60% of small businesses in the United States that experience a natural disaster never reopen after that natural disaster" (p. 87).

Four stage cycle:

1. Preparedness
2. Response
3. Recovery
4. Mitigation

Differentiating between pre-disaster and post-disaster activities is crucial for a community.

The major problem:

- Identifying and applying for sources of financing
- In most cases, there is no shortage of disaster funds in the wake of a natural disaster.
- Lack of planning and knowledge often results in ineffective recovery operations

How can small businesses survive a disaster?

- The development of disaster sustainability plans
- Access to capital
- Emphasizing the importance of education and strong decision making
- Strong relationships within the community

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Research Design

Target population: Businesses in the Rogue Valley affected by the fire

Objective: To discover why businesses are not rebuilding or struggling to resume their business

Methodology: Quantitative and qualitative data; Questionnaire: 20 questions
Demographic: Basic information about the business

Business Specifics: Discover re-entry barriers and hardships businesses faced by using open-ended questions, ranking questions, and a Likert scale

Limitations of the study: Research literature on wildfires, bias of received responses vs. feedback not received from other businesses

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Narrowing Down the Target Audience (Questions 1-4)

Question 1 – Exclude participants less than 18 years of age

Question 2 - Exclude participants who have not owned a business in the last five years

Question 3 - Identify businesses located in Talent, Phoenix, or surrounding areas

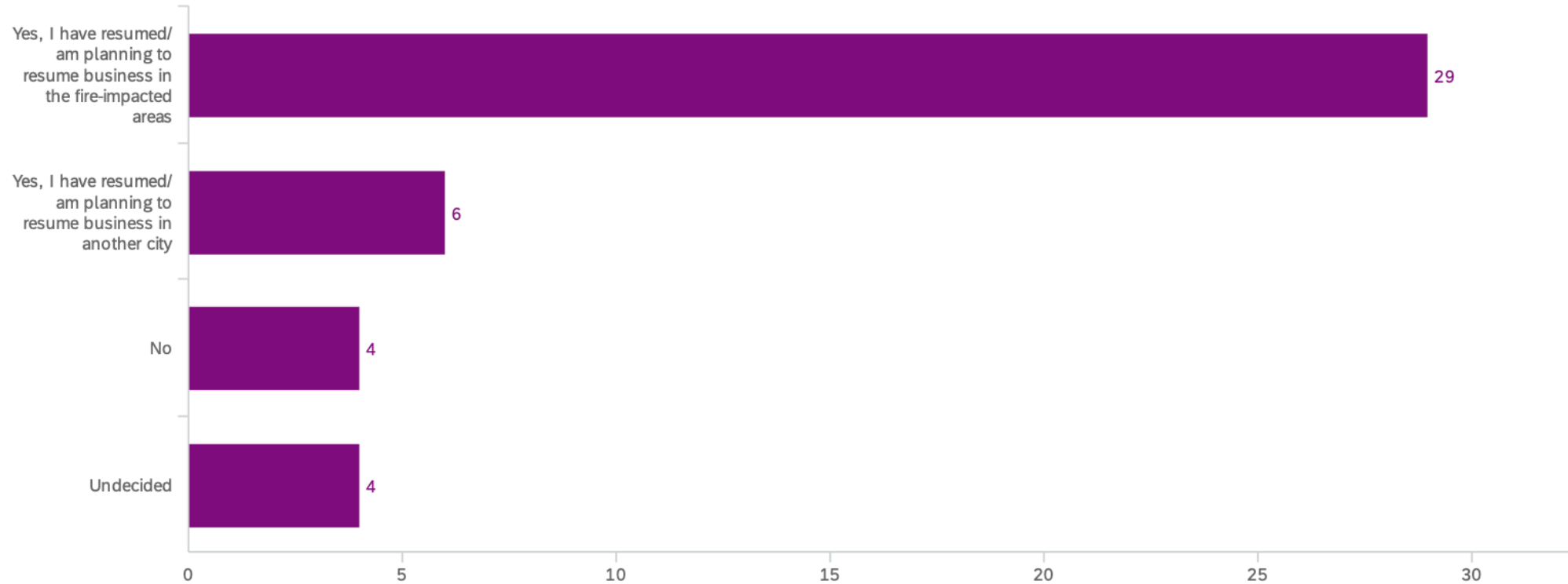
Question 4 - Identify businesses who experienced negative impacts as a result of the fire

Question 5 – "How long were you in business before the 2020 Alameda fire?"

Answer	Percentage of Respondents	Number of Responses
Less than 1 Year	11.63%	5
1-5 Years	32.56%	14
6-10 Years	25.58%	11
11-15 Years	4.65%	2
More Than 15 Years	25.58%	11
TOTAL	100%	43

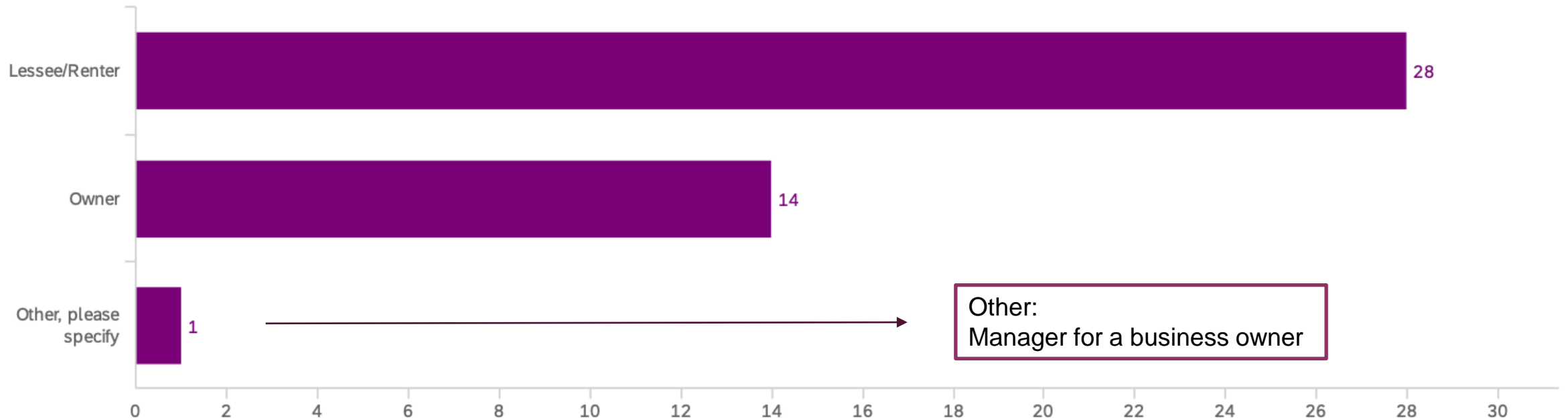
Question 6 – "Have you resumed business, or do you plan to continue business?"

N=43



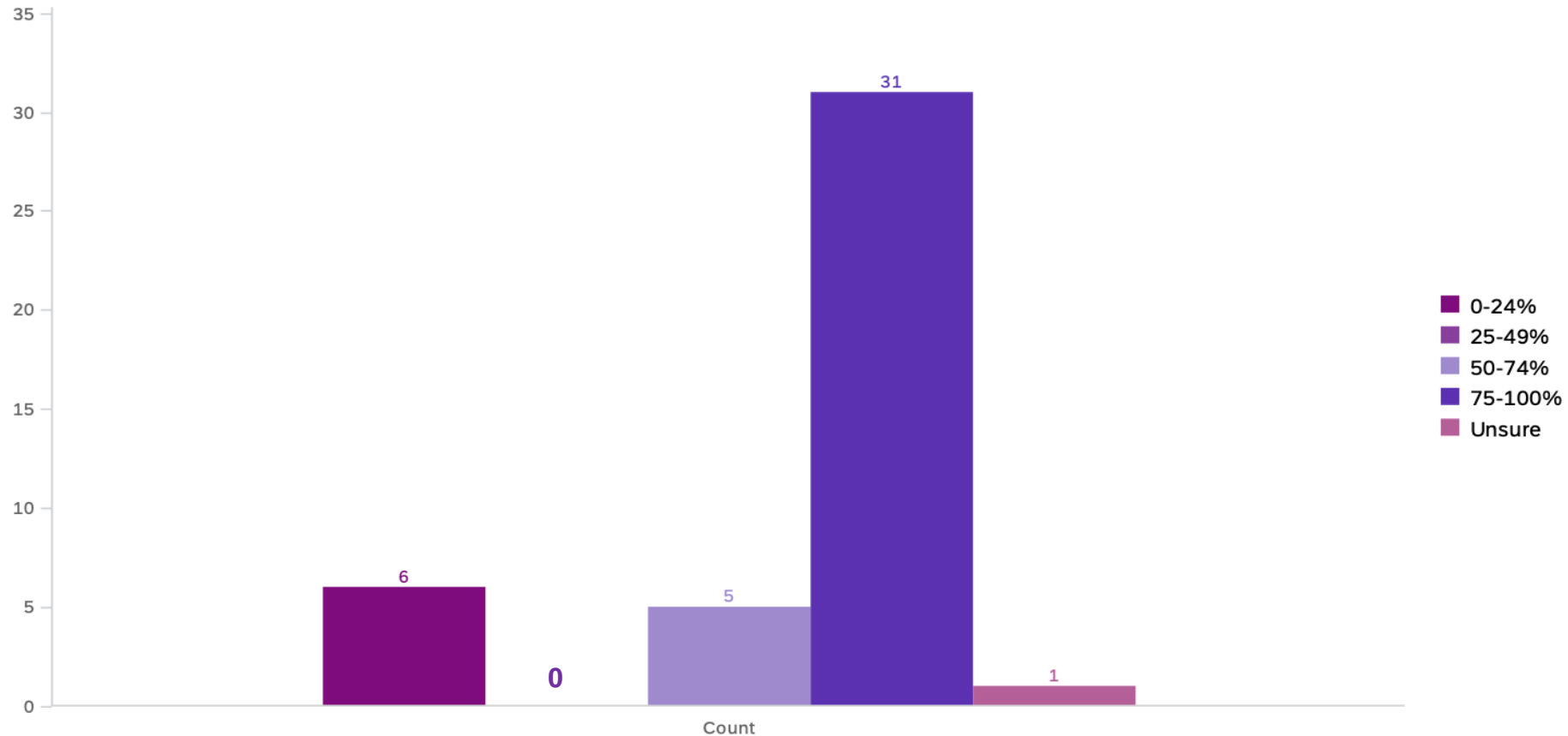
Question 7 - "Did you own or lease your place of business prior to the fire?"

N=43



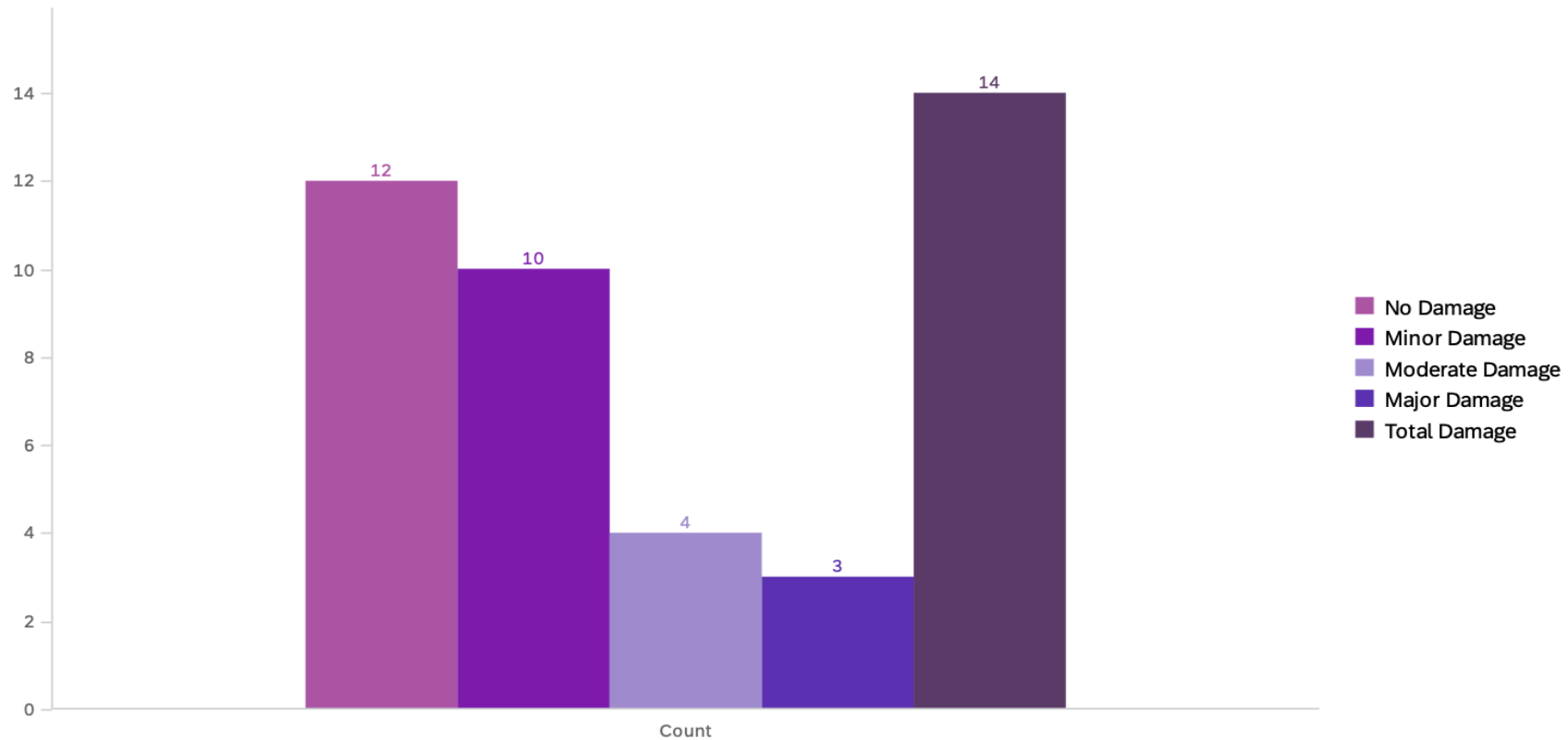
Question 8 – "What proportion of your business customers were/are from the Rogue Valley?"

N=43



Question 9 - "Please specify the degree of fire damage to your business."

N=43

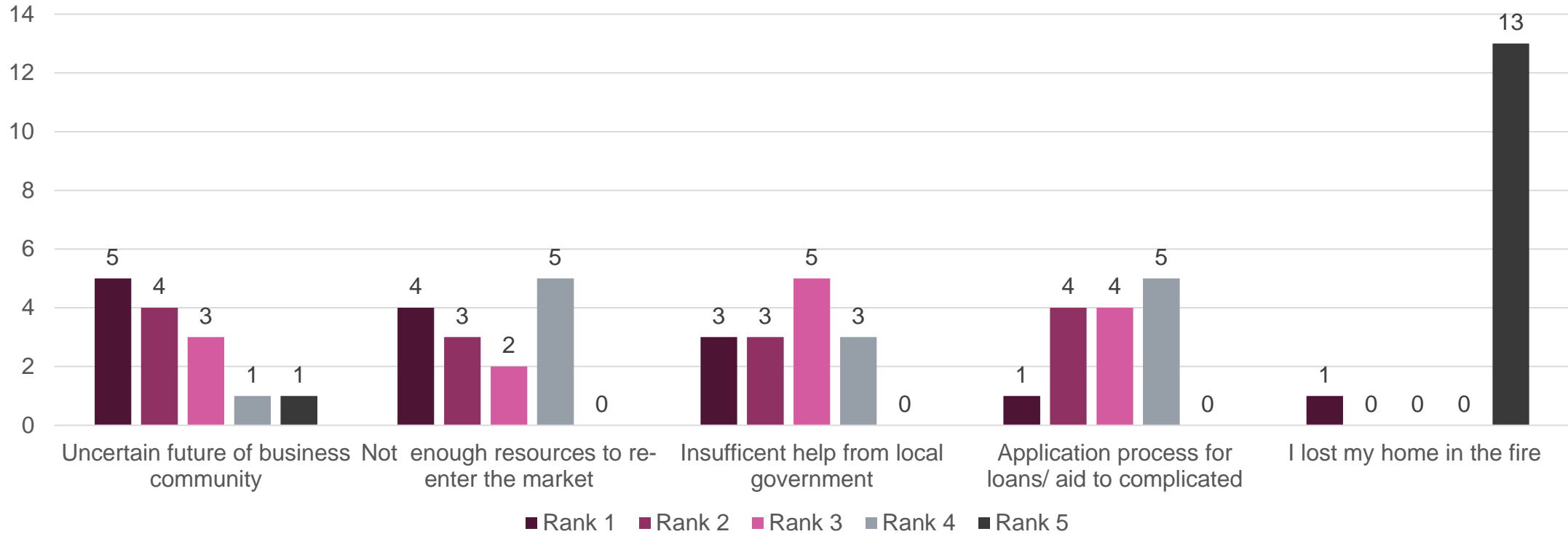


Question 10 - "If you did not experience fire damage to your business, what kind of negative impacts did you experience?"

Business	Closure	Revenue
<ul style="list-style-type: none"> "A drastic reduction in business due to the Alameda fire and COVID as my business is based in producing and presenting live music/entertainment" "Interruption of operations for approximately 3 weeks first due to exclusion from the building and then until utilities were fully restored" "We were unable to get to our business property for a number of days immediately following the fire. Employees were also impacted in returning to work, five of whom experienced a total loss of the residence due to the fire" 	<ul style="list-style-type: none"> "Closure due to loss of electricity and city being evacuated etc." "We closed operations for a month" "We were closed for about 10 days. With possible smoke damage, we had to replace several items. Lost a few things since we had no power." "One week of business lost" <p style="text-align: center;">N=11</p>	<ul style="list-style-type: none"> "Loss of revenue" "Limited ability to operate for 1-2 weeks due to lack of access to business. Roads closed for safety post-fire" "We lost our rental space immediately after the fire and commercial kitchen space was lost in the area leaving almost no options" "Lost, all utilities for approximately a week, disruption of inbound and outbound shipping for approximately 2 months. A few of our employees lost their houses"

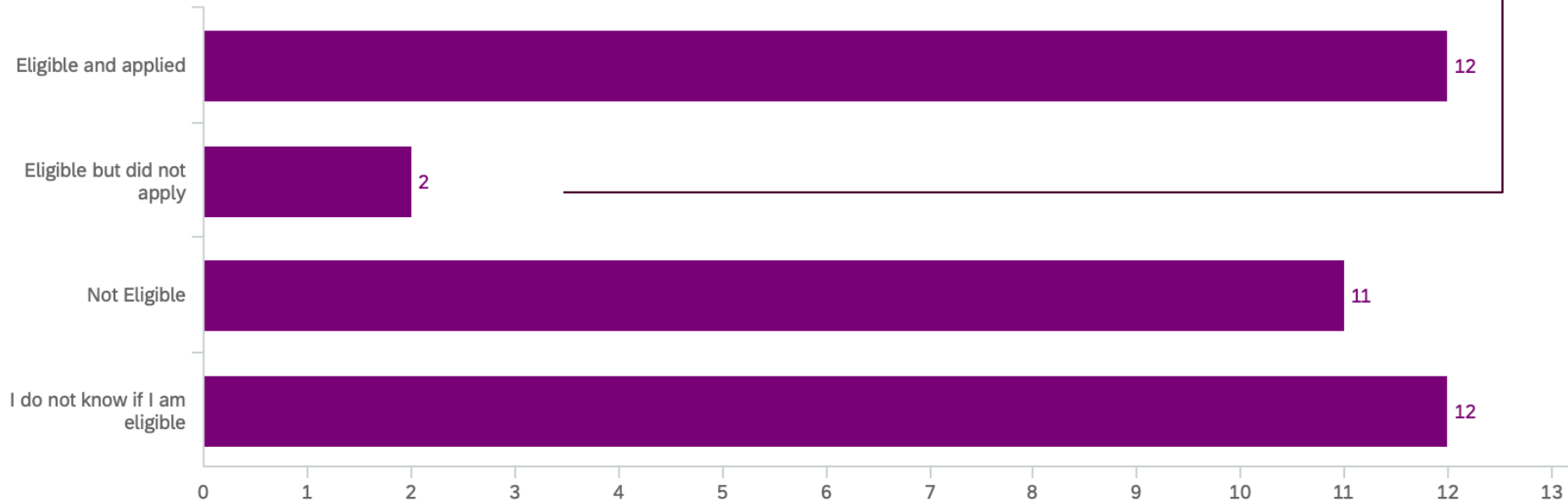
Question 12 - "Please indicate which re-entry barriers affected you the most. Please rank from the factor that affected you the most (1) to the one that affected you the least (5)"

N= 14



Question 13 - "Were you eligible for disaster relief and if so, did you apply?"

N=37



Question 14 (BS7)

(1)

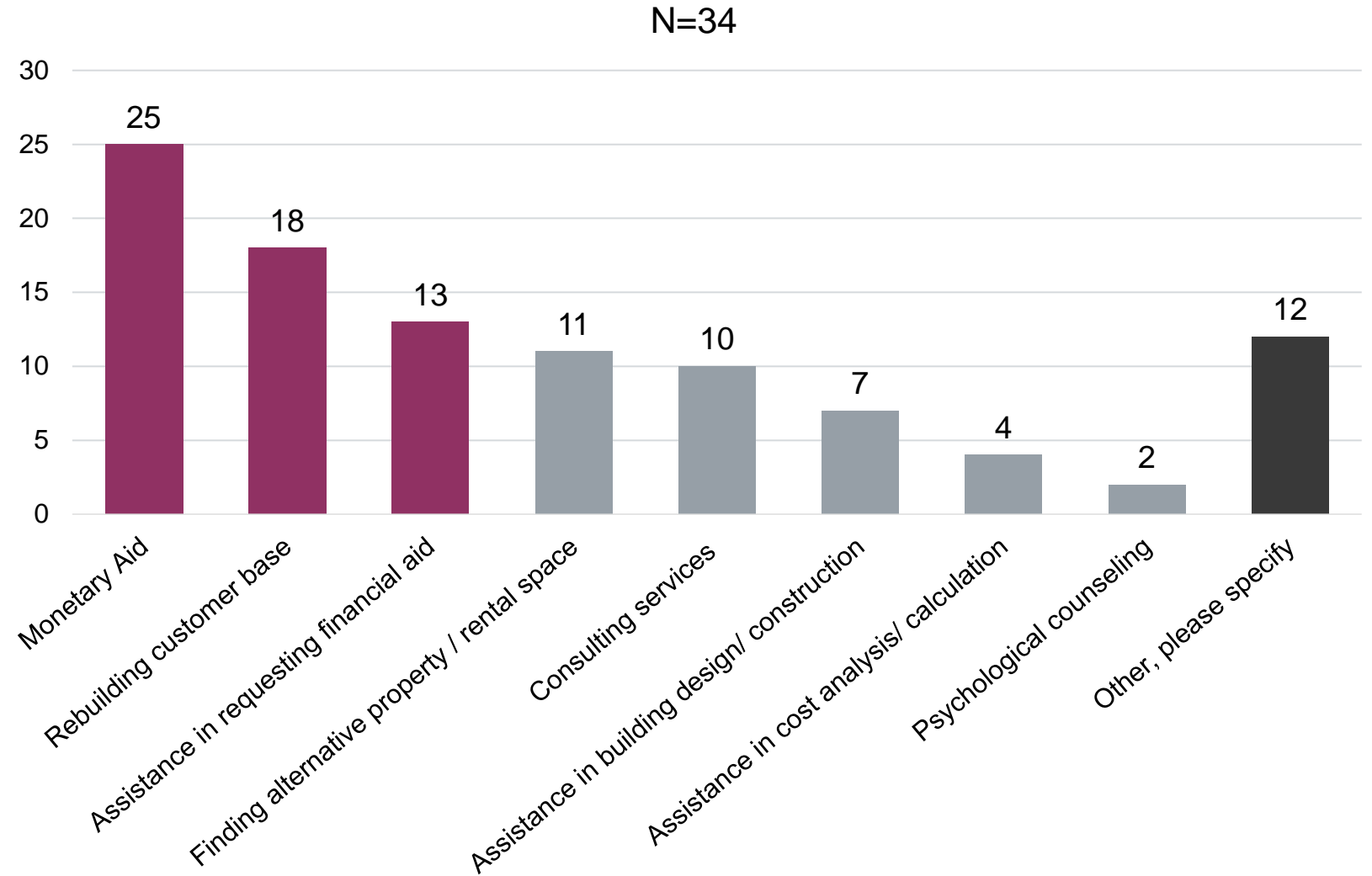
"We had great insurance and didn't need anything else "

(2)

"No time to fill our application, application wanted to much personal information, was unsure would qualify how would it impact my taxes "

Question 15 - Part 1

"Which of the following would be of benefit to you in the process of rebuilding your business? If you do not need to rebuild, which benefits would help strengthen your business? (Please select up to 3 answers)"



Question 15 - Part 2

"Which of the following would be of benefit to you in the process of rebuilding your business? If you do not need to rebuild, which benefits would help strengthen your business?
(Please select up to 3 answers)"

Other, please specify:

Help with bad landlord (3)
More housing

Landscaping design (3)

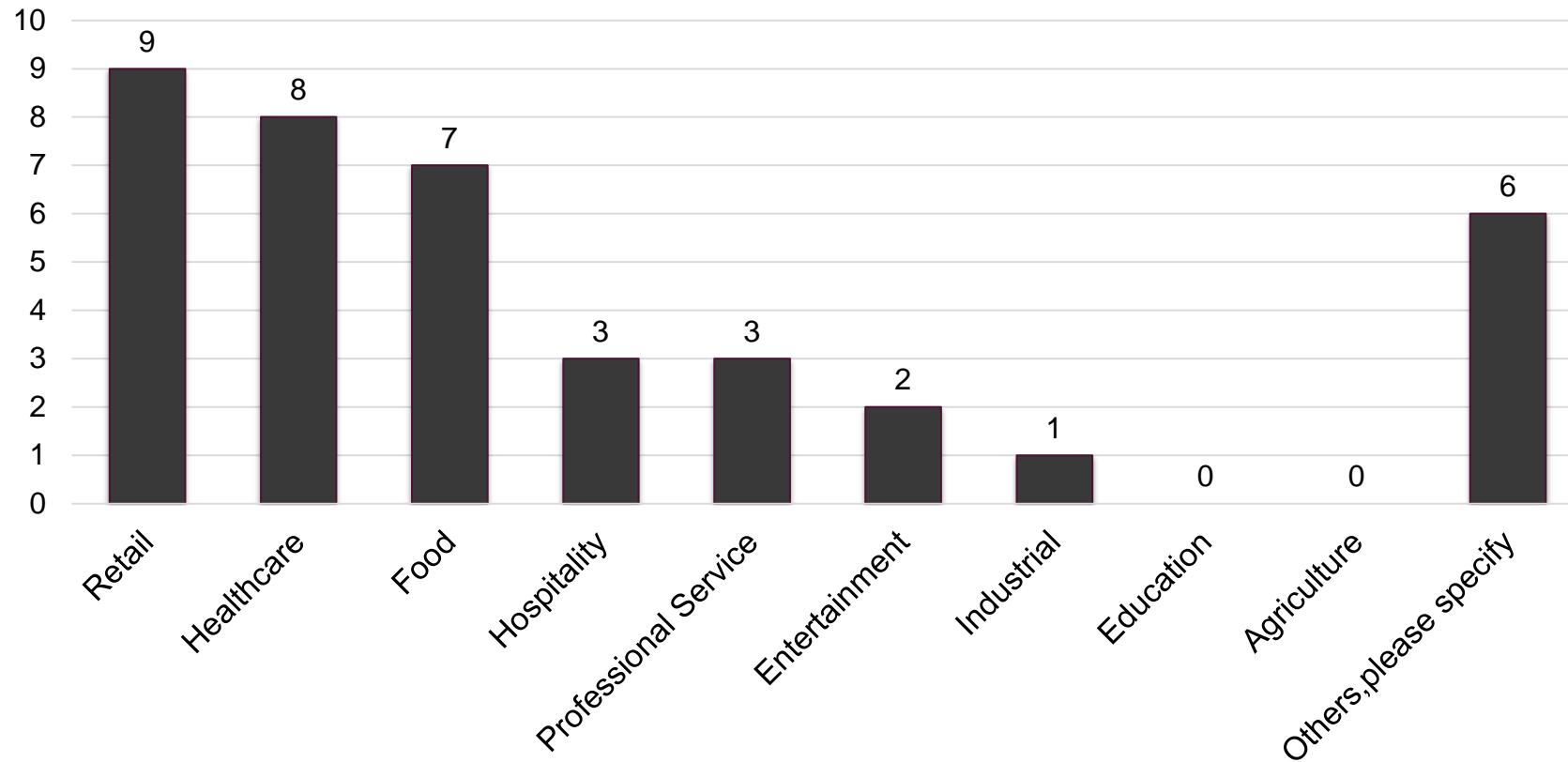
Local government
assistance (2)

No help needed (2)

Finding employees

Help with insurance

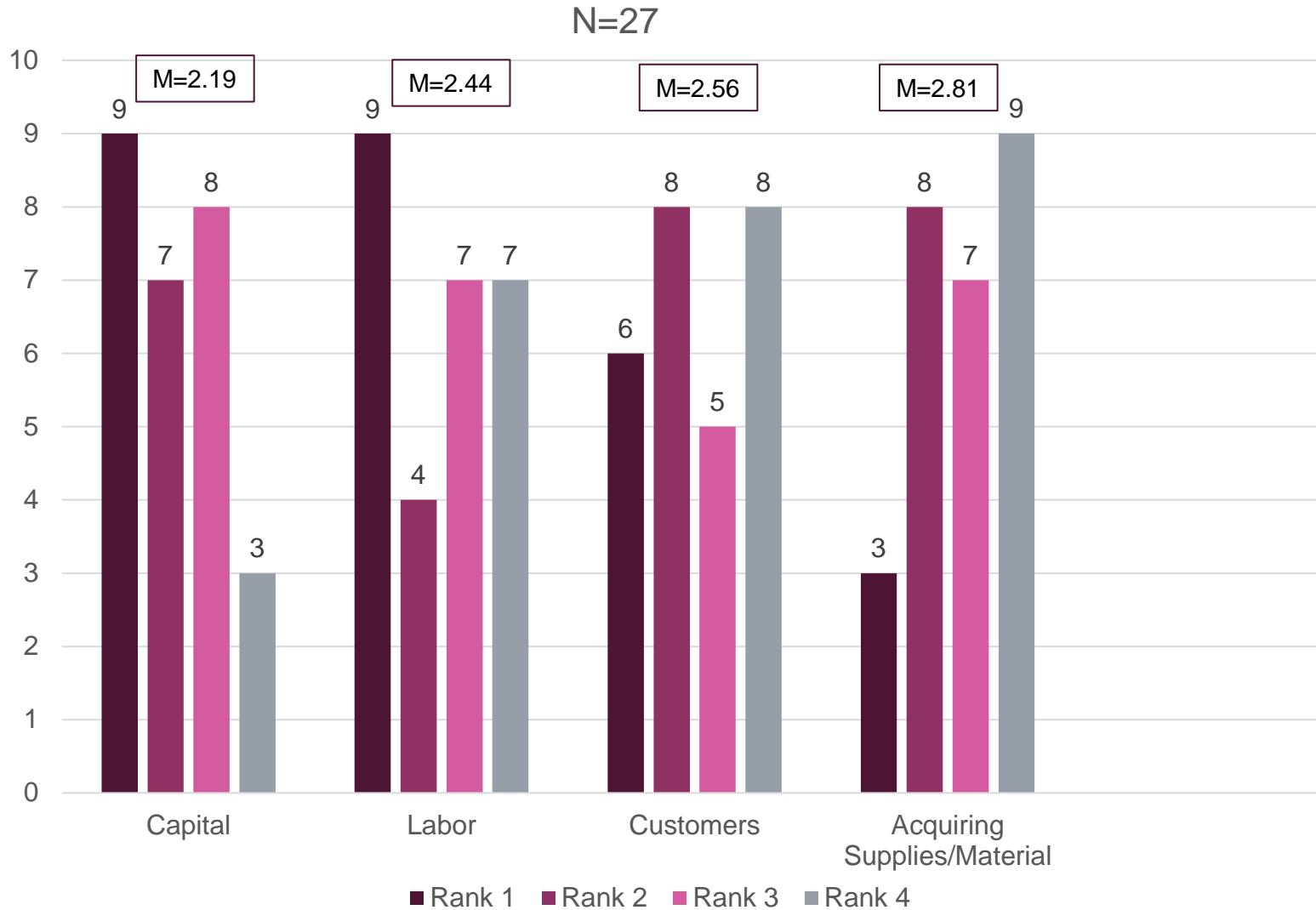
Question 16 - Industries businesses are operating in



N=39

Other, please specify:

- Wellness
- Tree care/landscaping
- Telecom
- Self-Storage
- Salon
- Construction



Question 17 –

Ranking factors businesses struggled with the most:

- 1) Capital
- 2) Labor
- 3) Acquiring materials/supplies
- 4) Customers

Question 18 - Difficulty Rating Concerning Different Re-Entry Barriers

N= 11-35

	Not Difficult At All (1)	Somewhat Difficult (2)	Moderately Difficult (3)	Extremely Difficult (4)	Mean	Total
Receiving Government Financial Assistance	6.90% (2)	20.69% (6)	31.03% (9)	41.38% (12)	3.07	29
Community Recovery	14.29% (5)	14.29% (5)	31.43% (11)	40.00% (14)	2.97	35
Personal Finances	14.71% (5)	35.29% (12)	23.53% (8)	26.47% (9)	2.62	34
Construction	31.58% (6)	10.53% (2)	26.23% (5)	31.58% (6)	2.58	19
Overall Financial Risk of Re-Entry	21.21% (7)	30.30% (10)	21.21% (7)	27.27% (9)	2.55	33
Lack of Crisis Plan	21.74% (5)	30.43% (7)	30.43% (7)	17.39% (4)	2.43	23
Return of Customers	22.86% (8)	31.43% (11)	34.29% (12)	11.43% (4)	2.34	35
Resources/Supplies	23.33% (7)	40.00% (12)	26.67% (8)	10.00% (3)	2.23	30
Insurance Coverage	55.17% (16)	13.79% (4)	3.45% (1)	27.59% (8)	2.03	29
Community Support	45.71% (16)	17.14% (6)	28.57% (10)	8.57% (3)	2.00	35
Loss of Documents	50.00% (13)	19.23% (5)	11.54% (3)	19.23% (5)	2.00	26
Loss of Personal Residence	90.91% (10)	0.00% (0)	9.09% (1)	0.00% (0)	1.18	11

Question 19 – Helpful Amount of Money to Resume Business

N= 27

- Many different numbers that diverged widely
- Some companies wanted huge amounts of money even though they did not suffer any physical damage
- **Average: \$106,942**
 - Some businesses answered with \$5,000 or \$10,000 but also some with \$100,000 or more
 - 7 respondents answered that they would need \$100,000 or more
- Besides numbers respondents entered: commercial place to restart business (2)
- Many businesses that asked for minor financial assistance listed finances as an extremely difficult re-entry barrier
- Some businesses that asked for a larger amount of financial assistance do not seem to have that many issues with their financial condition
- One business in the industrial industry entered \$1,000,000 as a helpful amount
 - No physical damage
 - Listed almost all re-entry barriers as not difficult besides finances (somewhat difficult), and insurance (extremely difficult)
- Like the researchers expected due to literature findings, larger firms seem to emerge from the crisis better than smaller firms

Question 20 – How Local Government Can Help Businesses

N=22

- 8 respondents asked for more financial support
- Better Communication; 3 respondents mentioned lack of communication in terms of financial assistance
 - "loss of grants due to no notifications what was available"
 - "I didn't even know the government was providing assistance"
 - "(...) they mailed the award letter to an address I do not use (PO BOX) instead of using the same email notification system. I missed the deadline by a week and was told too bad"
- Cannabis dispensary claimed they were not eligible for help from the government or FEMA
 - Lost everything and cannot reopen business
- Assistance and training in the recovery process
- Help should have come quicker
- Finding commercial property
- Bringing new businesses to downtown Talent
- One company wants Talent to ensure that the Talent infrastructure is rebuilt
- "Make it as easy as possible for businesses to come back"
 - 2 respondents mentioned less paperwork and fees would be beneficial for the rebuild

Summary of the Respondents

The typical respondent



- Located in Talent, OR (47; N=54)
- In business for 1-5 years (14; N=43)
- Lesse/Renter of the property (28; N=43)
- 75-100% of customers were from the Rogue Valley (31; N=43)
- Minor damage or no damage (22; N=43)
- Retail Industry (9; N=43)
- Either eligible for disaster relief and applied or didn't know if they were eligible (12; N=37)

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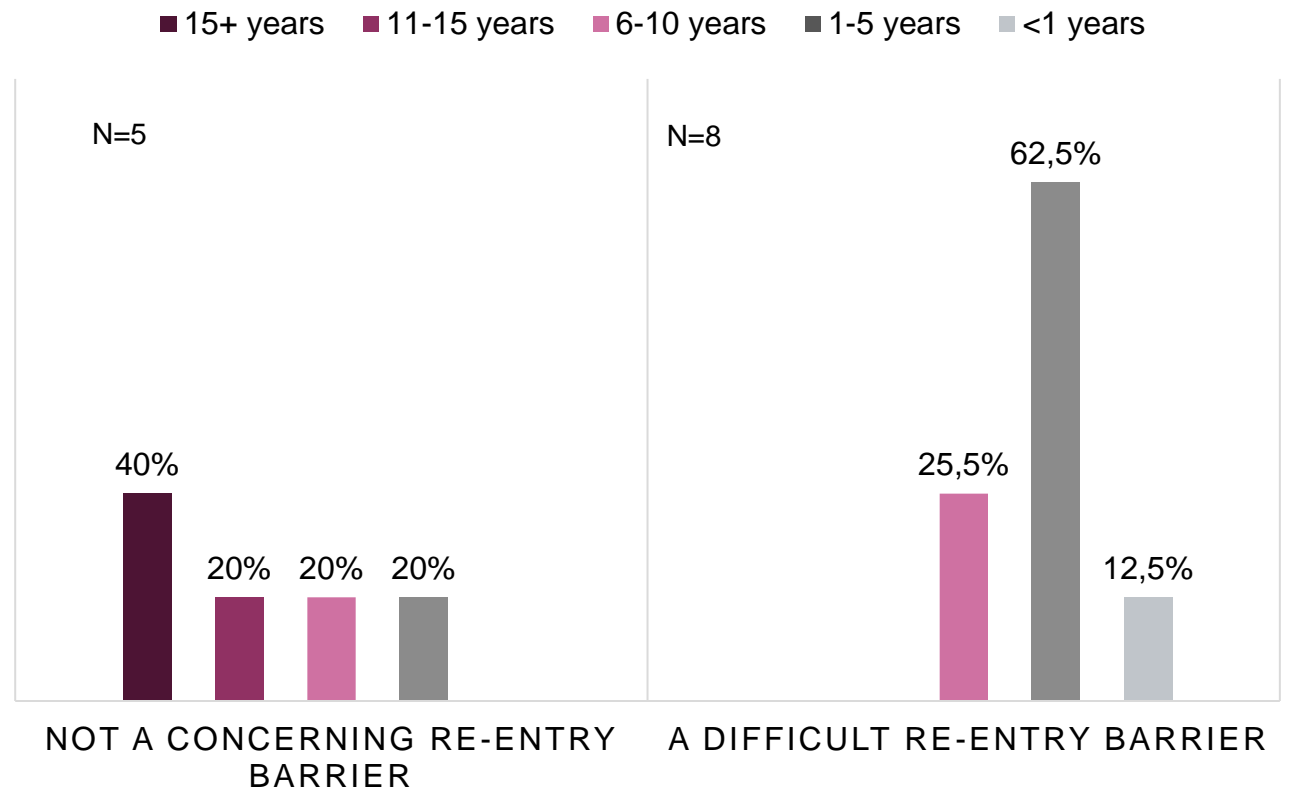
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Analysis of the Survey (1)

Correlation:

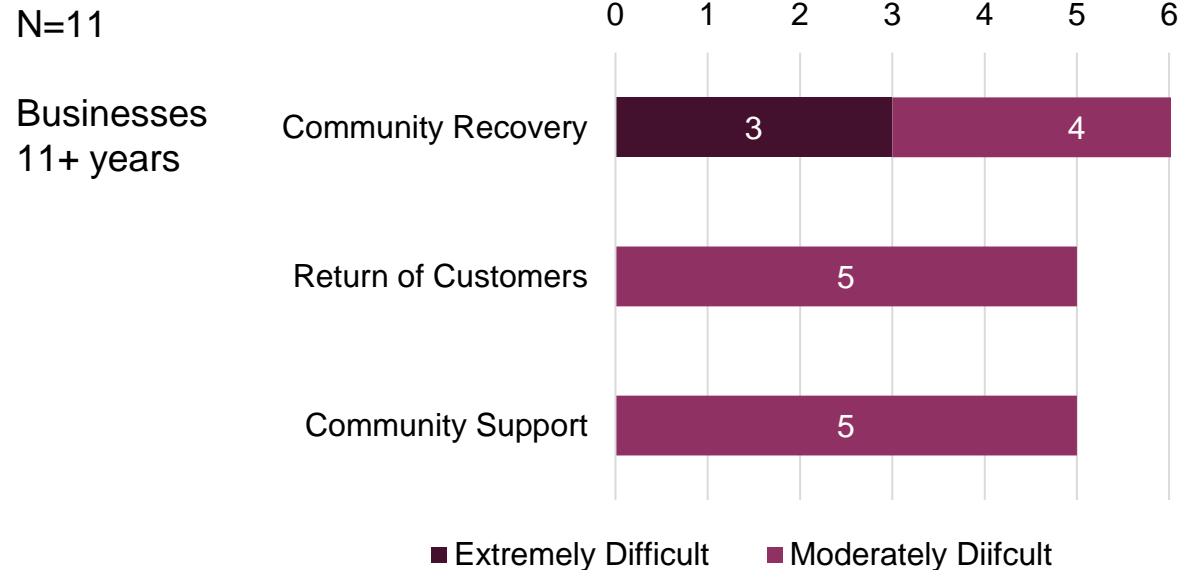
"time in business" & "re-entry barrier: financial resources"

- For newly-established businesses, personal finances are the biggest re-entry barrier.
- The difficulty of the personal finance re-entry barrier decreases the longer a firm has been in business for.



Analysis of the Survey (2)

Re-entry barriers for long-term operating businesses



Most difficult re-entry factor

- Business owners who claimed they were planning to resume their business or have ranked Labor as their most difficult business factor followed by Customers, Capital, and Supplies

Analysis of the Survey (3)

N=7-25

Re-entry Barriers for Renters

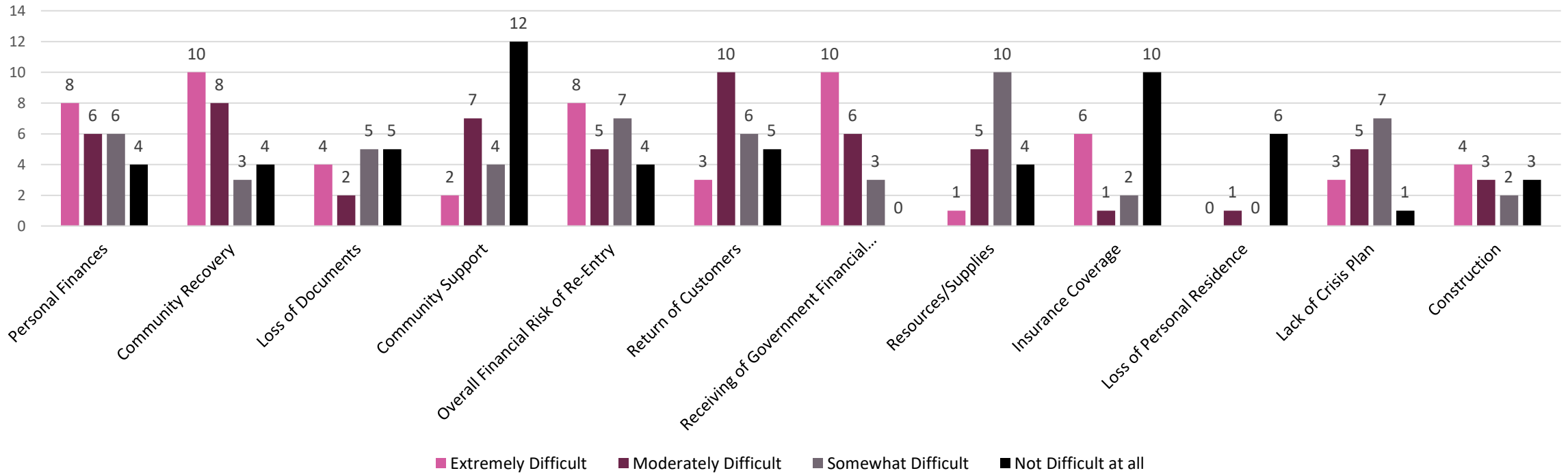


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Recommendations

Short-Term

- **Communication with the community about city development plans (infrastructure)**
- **Provide a step-by-step plan on how to apply for aid and available funding & offering financial support**
- **Networking with businesses and encouraging networking among one another**
- **Establish a monthly meeting for business owners**
- Small event(s) to support local businesses
- Create incentives to shop locally (Match funding for gift cards)
- Highlight a local business monthly
- Connect businesses with consultants (Professional Service, Architecture, etc.)
- Help concerning insurance problems / Offer own insurance

Long-Term

- **Disaster sustainability plans**
- **Commercial space opportunities**
- **Makerspace**
- **Partnership: Connect local students** with employers looking for labor
- Build relationships regionally

References

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