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VERMONT SMALL BUSINESSES ECONOMIC OUTLOOK SURVEY RELEASED

Results show pessimistic outlook but plans for continued business operations

WILLISTON, Vt., February 15, 2021 – Over 150 Vermont businesses from diverse industries and several counties completed the latest annual economic survey in January regarding the outlook of Vermont’s small- to medium-sized businesses. 86% of the business owners who responded have fewer than 25 employees. The survey, presented by Davis and Hodgdon Associates CPAs and the Vermont Chamber of Commerce, revealed that there is dramatic change in business owners’ attitudes about the Vermont and U.S. economies. Based on the information gleaned from the entire survey this pessimism is most likely a result of the effects of the pandemic.

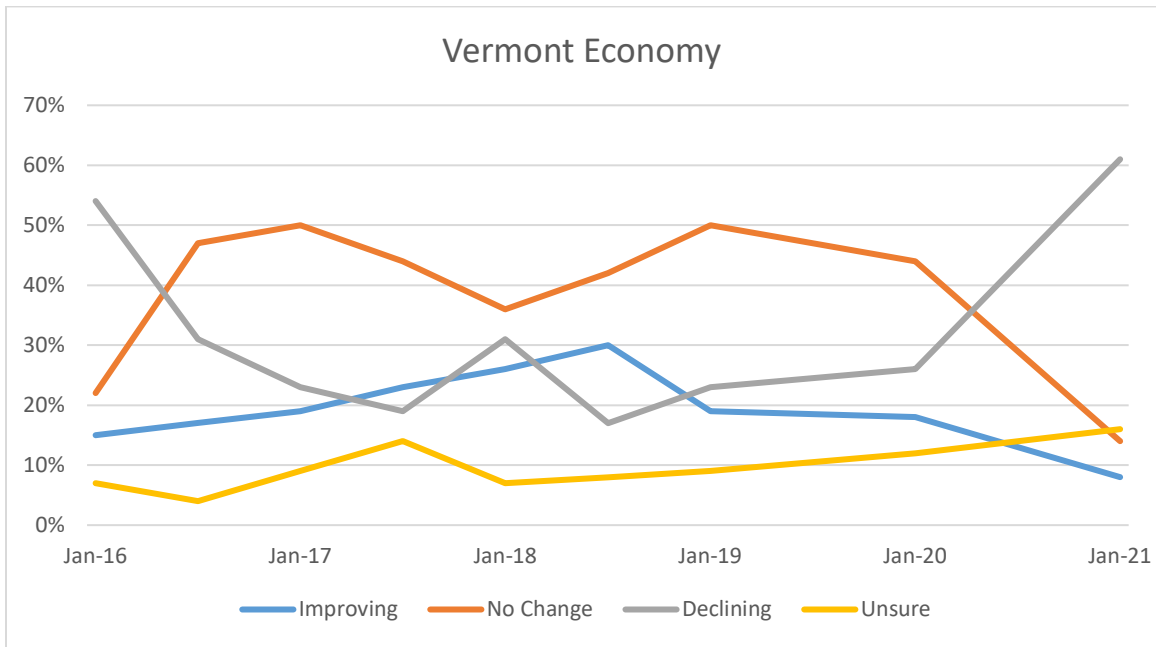
When asked how the pandemic has directly impacted their business an overwhelming 85% have experienced a decrease in revenue (31% have decreased by more than 50%, 35% decreased between 20-50%). Only 13% of business owners surveyed have not had their revenue negatively impacted by COVID-19.

All respondents agree that the pandemic has permanently changed how they do business. While everyone anticipates significant challenges for their business in 2021 no one is definitively planning to downsize in any way because of it.

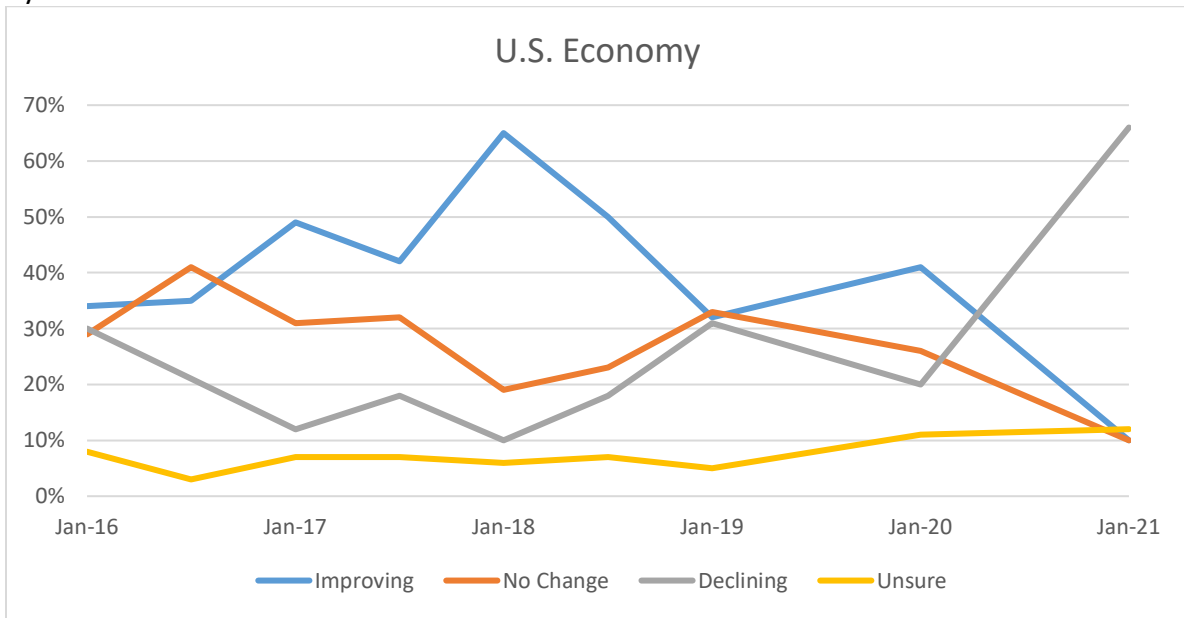
How do you expect your company's employment to change in the next six months?

Answer	0%	100%	Number of Response(s)	Response Ratio
Increase staffing by 1-3 people			35	22.8 %
Increase staffing by 3+ people			6	3.9 %
Decrease staffing by 1-3 people			15	9.8 %
Decrease staffing by 3+ people			5	3.2 %
No change			90	58.8 %
No Response(s)			2	1.3 %
Totals			153	100%

The following graph illustrates attitudes about the Vermont economy since January 2016. Not surprisingly, 61% of respondents feel that the economy is declining in sharp contrast to the only 26% who felt the same in January 2020. Noteworthy is that the 61% is the most pessimism reflected in the survey responses over the previous five years.



The following graph illustrates attitudes about the U.S. economy since January 2016. Noteworthy is that respondents are slightly more pessimistic about the U.S. economy (66%) than they are about the Vermont economy (61%). Overall, this is dramatically more pessimistic than January 2020 when 26% of respondents felt that the Vermont economy was declining and only 20% felt the same about the U.S. economy.



Respondents identified the top three key issues facing their businesses as: pandemic-related issues (overwhelmingly at 87%), finding qualified employees (36%), and health insurance costs (23%). Vermont taxes were also identified as a top concern for many (22%). Not surprisingly, the latter three are the same key issues that business owners identified in the previous ten surveys dating back to January of 2012.

Business owners were asked to identify one business economic issue they want to see addressed by the state legislature this year. The answers revealed continued frustration with over taxation and the excessive cost of doing business in Vermont. Also noteworthy were a handful of business owners that

identified pandemic relief in the form of additional funding as well as acceleration of vaccine distribution to ensure that businesses can remain open.

New this year were questions related to the owner's succession planning strategies. Surprisingly, nearly half (48%) of business owners have no exit plan in place at this time and most will likely sell their business to an external buyer. There are some that indicated they could possibly sell to a few key employees or family members.

"Although there have been many federal and state programs made available to struggling businesses, it is obvious that many of them continue to suffer as a result of the pandemic," said Bret Hodgdon, managing partner of Davis & Hodgdon Associates. "Hopefully they are getting the advice they need to file for all of the programs for which they are eligible."

"It is grounding that 85 percent of the business owners who responded saw their revenue decrease because of COVID," said Betsy Bishop, President of the Vermont Chamber of Commerce. "And there is still a long road to recovery ahead. The survey confirms what we already knew – Vermont businesses need more help. Our economic future depends on steps we take now to protect Vermont's businesses."

About the Survey

The non-scientific survey, customized by Davis & Hodgdon to evaluate small- to medium-sized businesses, was completed by 153 businesses located throughout the state. Full results below:

January 2021 survey results: <http://survey.constantcontact.com/survey/a07ehg7rc4ikietzsdh/results>

January 2020 survey results: <http://survey.constantcontact.com/survey/a07eggnt6iok362yoye/results>

January 2019 survey results: <http://survey.constantcontact.com/survey/a07efxe0go0ipjy9pnw/results>

January 2018 survey results: <http://survey.constantcontact.com/survey/a07eewxzo4pjawss057/results>

January 2017 survey results: <http://survey.constantcontact.com/survey/a07edkwpr3aiwmfsa3c/results>

January 2016 survey results: <http://survey.constantcontact.com/survey/a07ec2mlmj2ij1i5oo0/results>

About Davis & Hodgdon

Davis & Hodgdon Associates CPAs is a full-service public accounting firm with locations in Williston and Rutland Vermont. The firm is a member of several diverse regional and statewide business organizations and serves its clients by providing progressive, proactive services through expert staff, high-end technology, and unparalleled efficiency.

About the Vermont Chamber of Commerce

The largest statewide, private, not-for-profit business organization, the [Vermont Chamber of Commerce](#) represents every sector of the state's business community. Its mission is to create an economic climate conducive to business growth and the preservation of the Vermont quality of life.

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