Chicago Fed Survey of Business Conditions

Special Survey of Manufacturing Extension Partnership Members on the Impact of COVID-19

Michigan Respondents

Responses Collected Between May 20, 2020 and June 5, 2020
## What is your firm's primary industry?

### 124 Responses

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Manufacturing (NAICS 311)</td>
<td>3%</td>
</tr>
<tr>
<td>Textile Mills (NAICS 313)</td>
<td>0%</td>
</tr>
<tr>
<td>Beverage and Tobacco Product Manufacturing (NAICS 312)</td>
<td>1%</td>
</tr>
<tr>
<td>Textile Product Mills (NAICS 314)</td>
<td>1%</td>
</tr>
<tr>
<td>Apparel Manufacturing (NAICS 315)</td>
<td>1%</td>
</tr>
<tr>
<td>Leather and Allied Product Manufacturing (NAICS 316)</td>
<td>0%</td>
</tr>
<tr>
<td>Wood Product Manufacturing (NAICS 321)</td>
<td>2%</td>
</tr>
<tr>
<td>Paper Manufacturing (NAICS 322)</td>
<td>1%</td>
</tr>
<tr>
<td>Printing and Related Support Activities (NAICS 323)</td>
<td>2%</td>
</tr>
<tr>
<td>Petroleum and Coal Products Manufacturing (NAICS 324)</td>
<td>0%</td>
</tr>
<tr>
<td>Chemical Manufacturing (NAICS 325)</td>
<td>2%</td>
</tr>
<tr>
<td>Plastics and Rubber Products Manufacturing (NAICS 326)</td>
<td>5%</td>
</tr>
<tr>
<td>Nonmetallic Mineral Product Manufacturing (NAICS 327)</td>
<td>0%</td>
</tr>
<tr>
<td>Primary Metal Manufacturing (NAICS 331)</td>
<td>11%</td>
</tr>
<tr>
<td>Fabricated Metal Product Manufacturing (NAICS 332)</td>
<td>24%</td>
</tr>
<tr>
<td>Machinery Manufacturing (NAICS 333)</td>
<td>18%</td>
</tr>
<tr>
<td>Computer and Electronic Product Mfg (NAICS 334)</td>
<td>2%</td>
</tr>
<tr>
<td>Electrical Equip., Appliance, and Cmpnt. Mfg (NAICS 335)</td>
<td>2%</td>
</tr>
<tr>
<td>Transportation Equipment Manufacturing (NAICS 336)</td>
<td>5%</td>
</tr>
<tr>
<td>Furniture and Related Product Manufacturing (NAICS 337)</td>
<td>4%</td>
</tr>
<tr>
<td>Miscellaneous Manufacturing (NAICS 339)</td>
<td>17%</td>
</tr>
</tbody>
</table>
How many employees (full-time equivalent) were employed at your business as of March 1?

124 Responses

- 0–9: 10%
- 50–99: 23%
- 10–49: 43%
- 100–499: 23%
- 500–999: 0%
- 1,000–2,499: 0%
- 2,500–4,999: 1%
- 5,000–9,999: 0%
- 10,000–24,999: 0%
- 25,000+: 0%
What was your business's annual revenue in 2019?

124 Responses

- $0–$9 million: 54%
- $50 million–$249 million: 10%
- $10 million–$49 million: 33%
- $250 million–$499 million: 2%
- $500 million–$1 billion: 1%
- $1 billion+: 0%
How do the following indicators of your business's performance differ from what you expected them to be back in January of this year?

117 Responses

- **Revenues**: 85% Lower, 9% Same, 6% Higher
- **Number of workers (include temporary)**: 55% Lower, 41% Same, 3% Higher
- **Hours per worker**: 51% Lower, 42% Same, 7% Higher
- **Labor costs per hour (include benefits)**: 62% Lower, 25% Same, 13% Higher
- **Capital expenditures**: 48% Lower, 41% Same, 11% Higher
- **Non-labor costs per unit of output**: 55% Lower, 28% Same, 17% Higher
How do the following indicators of your business's performance differ from what you expected them to be back in January of this year?

- Average Percent Change

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>-34%</td>
</tr>
<tr>
<td>Number of workers</td>
<td>-18%</td>
</tr>
<tr>
<td>Hours per worker</td>
<td>-10%</td>
</tr>
<tr>
<td>Labor costs per hour</td>
<td>-2%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>-24%</td>
</tr>
<tr>
<td>Non-labor costs per unit of output</td>
<td>14%</td>
</tr>
</tbody>
</table>
If demand is lower than expected for 2020, where do you think it is relative to the bottom?

95 Responses

- Demand is still slowing: 35%
- Demand has bottomed out: 32%
- Demand is picking up: 34%
If demand is higher than expected for 2020, where do you think it is relative to the top?

6 Responses

- Demand is still surging: 17%
- Demand has topped out: 33%
- Demand is calming down: 50%
Did your company stop operating as a result of the coronavirus outbreak?

114 Responses

- Yes, temporarily: 36%
- Yes, permanently: 2%
- No: 62%
Are you making any efforts to maintain customer or supplier relationships that have been put on pause?

99 Responses

- **Yes**: 95%
- **No**: 5%

Of those that provided details on their efforts, many were regularly reaching out to customers and suppliers via phone and email. Some also cited the use of virtual conferencing (e.g., Zoom). Specific actions taken included communicating updates related to the operations of the company and extending contract terms for customers. Among the approximate 6% of respondents that indicated they were not making an effort to maintain customer or supplier relationships, many stated that they were not experiencing a pause in their customer or supplier relationships, only a slowdown.
Are you making any efforts to maintain relationships with employees that have been furloughed or laid off?

79 Responses

84% Yes

16% No

Of those that detailed their efforts, many were regularly communicating with furloughed and laid off employees through text, phone calls, and email. Respondents were updating their employees on a weekly or monthly basis on the status of the company's operations and their ability to return to work. Some were attempting to convince them to return to work. Among those who indicated that they were not maintaining relationships with furloughed or laid off employees, all explained that they had either never furloughed or laid off employees or employees had since returned to work.
Have you made any changes to your firm's operations to protect your employees and customers from the coronavirus?

111 Responses

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Respondents indicated that they were regularly disinfecting, requiring masks, enforcing social distancing, and restricting the number of outside visitors. Some had implemented work from home where possible. Those who stated that they had not made changes to their firm's operations provided no explanations.
To what extent do such changes...

110 Responses

- **Raise the cost of doing business**
  - None: 10%
  - A Small Amount: 61%
  - A Medium Amount: 25%
  - A Large Amount: 5%

- **Reduce your business's capacity**
  - None: 22%
  - A Small Amount: 43%
  - A Medium Amount: 30%
  - A Large Amount: 5%
How concerned are you about your company's ability to achieve each of the following over the next 3–6 months?

111 Responses

- Maintain an adequate cash balance: 15% Not at all concerned, 28% Somewhat concerned, 41% Very concerned
- Maintain solvency: 17% Not at all concerned, 18% Somewhat concerned, 43% Very concerned
- Collect payables from customers: 25% Not at all concerned, 46% Somewhat concerned, 57% Very concerned
- Obtain adequate credit from suppliers: 44% Not at all concerned, 11% Somewhat concerned, 43% Very concerned
- Obtain adequate credit from lenders: 13% Not at all concerned, 13% Somewhat concerned, 44% Very concerned
- Avoid excessive debt: 20% Not at all concerned, 15% Somewhat concerned, 50% Very concerned

Colors:
- Red: Not at all concerned
- Purple: Somewhat concerned
- Light blue: Very concerned
Did your company receive a Paycheck Protection Program (PPP) loan?

103 Responses

- Yes: 87%
- No: 13%
If you received a PPP loan, have you been able to follow the PPP loan provisions that allow for the loan to be forgiven?

85 Responses

- 87% Yes
- 13% No

Contacts struggling to follow the PPP loan provisions indicated that the rules are unclear or in conflict with stay-at-home orders. Others stated that they do not have enough work for all employees to return to work.
If you received a PPP loan, do you plan to retain PPP-supported workers once the PPP funds run out?

81 Responses

Regardless of their answers, respondents expressed uncertainty about whether they would be able to retain workers, indicating that it depended on the demand for work, and the larger economy, improving in the future.
When do you think US economic activity will return to where it was before the coronavirus outbreak?

113 Responses