

## Covid losses? Could total billions

In aid disclosures, firms expect big revenue drops

August 13, 2020 by [Bob Sanders](#)



Industrial Protection Products in Salem produces personal protective equipment, but not PPE for Covid-19. That's why it's expecting at least a \$2.2 million drop in revenue this year, according to disclosures made through two federally funded programs it took part in: the [Paycheck Protection Program](#) and the [state-operated Main Street Relief Fund](#).

"The last thing people are thinking about right now are shoes and glasses designed for impact," said Rick Murphy, the firm's president.

Founded in 1977 by Murphy's father, the firm custom-fits safety equipment for industrial and other workers.

"It's for on-site employees, but not many employees are on-site, and even when people are, they are not allowing outside vendors," Murphy lamented. At first he furloughed nearly all of his 32 employees. "We never had layoffs of any kind" before that, he said.

With help from the PPP, he was able to bring them back, "but when you just don't have the work, that is the other challenge."

IPP is trying to meet that challenge by reaching out to companies online, donning protective equipment for on-site visits and selling thermal scanners. Business is slowly coming back, but "not in droves, by any means. The killer was the timing. Our largest quarter is April, May, June, so we increased the inventory in anticipation of a big spring," said Murphy.

Instead he is anticipating a big loss, which is why IPP then applied for assistance through the Main Street fund.

IPP isn't alone. Prominent New Hampshire law firms, high-end restaurants, manufacturers with offshore operations, established construction firms, well-known consultants — all hit by the coronavirus — reported suffering huge losses even after getting thousands, in some cases millions, of dollars from the PPP.

According to the disclosures, nearly 5,400 New Hampshire employers anticipate a \$2.6 billion drop in revenue this year because of the pandemic. Those are the employers who received help from the state's Main Street Fund, which went to firms with less than \$20 million in revenues. It also excluded organizations that get money from other sources, including healthcare and day care providers, farmers, nonprofits and self-employed individuals.

The Main Street program's \$332.5 million covered 17% of a firms' anticipated losses after accounting for federal help, including the PPP, which the state fund was supposed to supplement.

## 'Crushed on revenue'

Both the PPP and the Main Street Fund were made possible by the federal CARES Act. The PPP involves forgivable loans from banks, approved and guaranteed by the U.S. Small Business Administration, to businesses with under 500 employees. As of July 17, slightly more than 24,000 New Hampshire businesses received \$2.55 billion in PPP funds.

The Main Street Fund, which expired on June 12, received the largest allocation of the state's \$1.25 billion share of CARES Act funding. It went to smaller businesses with no strings attached. Capped at \$350,000 per business, it is based on the difference

between last year's revenue and this year's, after subtracting half of what was received from the PPP as well as all of what was received from other federal programs, including the SBA Emergency Injury Disaster Loan program.

Main Street was conceived as a supplement to the SBA programs, and roughly four-fifths of Main Street recipients got a total of \$440.7 million in PPP funds. (About a third received nearly \$70 million in other grants and loans.)

Those are the programs and the numbers, but what about the individual businesses involved? Why do they expect such massive losses, and what are they doing to prevent them?

NH Business Review looked at companies that benefited from both programs the most — those that got the maximum Main Street loan of \$350,000 and which received at least that much in PPP money.

Those companies also anticipated suffering the greatest losses — their minimum expected drop in revenue ranged from \$2.2 million to more than \$3 million.

But many businesses indicated that their losses were even greater than that, though were reluctant to disclose the exact amount.

"We were crushed on revenue," said Michael Boyle, CEO of Boyle Energy Services & Technology Inc., a Merrimack firm that installs its technology worldwide, a difficult undertaking with the current international travel restrictions. "We hadn't had a single person in the field since March. We are screwed," said Boyle.

The company had been able to keep its workforce on the payroll though July thanks to the PPP. Main Street funds went to pay insurance and the electric bill, but in August Boyle had to furlough most of his workers. He is hoping for another round of PPP funding, but if it doesn't come?



'We are in the same boat as everyone else,' says Christopher Sullivan, president of Rath Young Pignatelli, of the economic toll of the pandemic.

"Remaining optimistic is my job," he said. "We will find a way. We've been in tough spaces, but this is the toughest space ever."

### 'A conservative number'

The attorneys at Rath Young Pignatelli advised clients how to get coronavirus money, but that wasn't enough to offset the firm's losses when many of those clients, and the courts, shut down.

"We definitely experienced a revenue loss based on the contraction of the economy," said Christopher Sullivan, president of the Concord law and lobbying firm, which employs 49. "We were more fortunate than most. We didn't have layoffs. Our entire firm went to working remotely. Some businesses were not able to do that."

The firm took advantage of both the federal and state programs, "because we definitely fit into those categories. We are experiencing substantial losses. It is not something we want to talk about, but we are in the same boat as everyone else."

Magic Foods Restaurant Group was one of the handful of companies with the biggest minimal loss: \$2.5 million to \$3 million.

"That's a conservative number," said Scott Ouellette, owner of the Lakes Region-based high-end restaurant chain.

The company, which had to shut down its Canoe restaurant location in mid-May, has five other locations: Canoe Restaurant in Center Harbor, O Bistro in Wolfeboro, O Steaks & Seafood in Concord and Laconia and Suna in Sunapee.

Ouellette said he has been able to keep going because “we took a huge gamble when we didn’t use the PPP money upfront.”

The original PPP rules said he had to spend three-quarters on his 199 employees within eight weeks of receiving the funds on April 3, but restaurants weren’t even open for outdoor dining until May 18, and another month before it could accept limited indoor dining.

“I thought there was no way they were going to stick to eight weeks,” Ouellette said, and he was right.

The rules were changed to give recipients 24 weeks to spend the funds, and he was able to hire most of his staff when they were needed the most. But there is still a six-foot distancing requirement for indoor dining and 50% limits on indoor seating in the four southern counties.

With outdoor dining and a robust takeout business, the restaurant chain could handle 80% of what it once served, if diners came, Ouellette said.

“Even when it’s a perfect day inside and out, we are still down from our current capacity. Concord is the slowest. It’s probably down 60%,” Ouellette said. “We don’t know what happens this fall when tourism goes away and outdoor seating disappears.”

‘Playing with people’s emotions’



'I'm very, very fearful of a second wave,' says Olaf Zwickau, president of Air Solutions & Balancing, which saw a drop in sales from the construction industry.

Restaurants aren't the only businesses that are expecting such heavy losses.

You would think that Air Solutions & Balancing would be thriving. After all, isn't everybody talking about increasing ventilation and air flow as a way to make indoor workplaces safer?

"There is a ton of talk," agreed Olaf Zwickau, president of the 18-year-old Manchester firm. "But it isn't that simple."

Air Solutions measures air flow to meet various indoor air pollution standards, primarily for new construction. Construction was deemed an essential industry in New Hampshire, but in many states it came to a standstill, and Air Solutions had to furlough most of its 83 workers. It was able to bring back some workers thanks to the PPP, and then construction started to pick up again. The company also started marketing "our Covid Defense Solution" for existing buildings.

"We got lot of hits, a lot of interest," said Zwickau, but it is a lot easier to budget for ventilation in new construction than to renovate existing business. "It's been a slow process. Harder to sell."

The company is busy now, he said, but "I'm very, very fearful of a second wave." In addition, he is now catching up on work that has been put on hold, and new work has been slow coming in.

So does he predict even more than the \$2.5 million to \$3 million in losses he expected? "I can't predict the numbers at this point. It is too much uncertainty. It's been a very rough six months I'd like to forget."

But it's more than just numbers. "These are people we had to let go. We hired them back with government assistance, but I have to tell them, 'I can't predict how long.' I feel like I'm playing with people's emotions. That's the hardest thing as an employer. These are good, hard-working people," he said.

Cubicle Solutions, a Windham company that employs 114 people, is another of the five firms with the biggest anticipated loss of revenue, since it lost revenue from companies closing and also because so many more employees are working from home. Cubicle is now offering social distance barriers for workplaces and space.

The others are Jewell Instruments, a Manchester manufacturer and distributor of sensors, meters and avionic instrumentation for industries ranging from aerospace to medical. It employs 104 people. People's Linen Service, a Keene company that employs 162, was the fifth.

The next tier of more than 70 companies anticipated a drop in revenue between \$2.2 million to \$2.5 million. They include 603 Manufacturing, a Hudson manufacturer of cable and electronic mechanical assemblies for the defense, aerospace, industrial and medical industries. Most of its 1,500 workers are in four offshore facilities in China and another in Taiwan, though it did get a PPP loan for 93 workers, presumably in the United States.

603 is a spinoff of RF Logic, a supplier to defense contractor BAE Systems founded by a former employee at BAE's antecedent, Sanders Associates.

603 Manufacturing did not respond to inquiries, but Brian Blanchette, vice president of sales and operations at APR & R LLC of Exeter, doing business as New England Truck Center, did.

The firm sells tow trucks, repairs them and is itself a towing service. The slowdown in traffic and construction hurt the business, but thanks to the PPP it was able to bring most of its 60 employees back. The problem is few are now buying the trucks, which sell from \$150,000 to \$800,000. "We are sitting on a few million dollars in inventory," said Blanchette.

He has been lowering the price to move them practically at cost, he said. That may mean the company may not take the loss of sales that was anticipated, just a drop in profits — which may mean that he would have to pay some of Main Street money back.

"It would hurt us," he said. "Hopefully, Main Street will take this into consideration. But we are OK at not making a profit if it keeps everyone employed."

### Businesses that benefitted the most from the Main Street Relief Fund and the Paycheck Protection Program (i.e. businesses expecting the biggest losses and that have the biggest payrolls)

NH Business Review found about 650 businesses that applied to both programs. The chart lists 77 businesses that got both a maximum Main Street loan of \$350,000 and at least that much in PPP money, meaning their minimum anticipated drop in revenue ranged from \$2.2 million to more than \$3 million.

\*Workers: Number of employees, according to SBA's database. (Some companies did not have a figure disclosed.)

Sources: All data from Main Street database supplied by GOFERR and the PPP database supplied by the U.S. SBA.

The SBA refused to release its PPP recipients for months, and when it finally did in early July, it only listed those with loans greater than \$150,000, and then just in categories or ranges. Main Street listed them only a few weeks after disbursement, also in early July, giving the exact amount of the grant. It did not include PPP recipients ranging \$2 million to \$10 million, because they were too large to qualify for Main Street, and their losses — if they had any — could not be quantified. It also didn't include the smaller PPP recipients whose names weren't disclosed.

**BIGGEST LOSSES:** Received maximum assistance funding (\$350,000 in Main Street Relief, and \$1 million to \$2 million in PPP), meaning a business's anticipated minimum loss was at least \$2.5 to \$3 million.

Location	Company	Workers*
AUBURN	AIR SOLUTIONS & BALANCING, LLC	83
KEENE	PEOPLE'S LINEN SERVICE, LLC	162
MANCHESTER	JEWELL INSTRUMENTS LLC	104
MEREDITH	MAGIC FOODS RESTAURANT GROUP	199
WINDHAM	CURICLE SOLUTIONS, INC.	114

**NEXT BIGGEST LOSSES:** Received maximum assistance funding (\$350,000 in Main Street Relief, and \$350,000 to \$1 million in PPP), meaning a business's anticipated minimum loss was at least \$2.2 to \$2.5 million.

Location	Company	Workers*
AMHERST	JACKSON LUCAS EVENTS, LLC	
AUBURN	FISCHER SKIS US LLC	22
BEDFORD	HOSPITALITY RESOURCES LLC	
BEDFORD	MANCHESTER COUNTRY CLUB	
CONCORD	K & G RESTAURANTS, INC.	80
CONCORD	RATH, YOUNG AND PIGNATELLI P.C.	48
CONCORD	SECURE CARE PRODUCTS LLC	41
CONWAY	FEDERAL SPICE CORP.	
CONWAY	MUDDY MOOSE, INC.	
DERRY	AMERICAN EXCAVATING CORP.	
DERRY	KING CAB CO INC	30
DOVER	CHAUDIN ARNOUX INC D.B.A. AEMC INSTRUMENTS	
DOVER	FORWARD MERCH LLC	65
DOVER	N. E. COLOR, LLC	50
DOVER	RELYCO SALES INC.	33
EPPING	NORTH ATLANTIC SNOW SERVICES	55

Location	Company	Workers*
EXETER	APR & R LLC	98
FREEDOM	PETER & RACHAEL ROSS HOLDINGS LLC	83
HALES LOCATION	WHITE MOUNTAIN HOTEL & RESORT INC.	
HANOVER	MULLY'S RESTAURANT IN HANOVER LLC	76
HENNIKER	PATS PEAK SKIING, LLC	
HOLLIS	PURITAN PRESS, INC.	71
HUDSON	603 MANUFACTURING, LLC	93
HUDSON	KASE PRINTING INC.	
JEFFERSON	SANTA'S VILLAGE, INC.	29
KEENE	WHITNEY BROS. CO.	46
LEBANON	GOLF AND SKI WAREHOUSE, INC.	77
LEBANON	INTEGRITY INDUSTRIAL INKJET INTEGRATION, INC.	32
LEBANON	TRUMBULL-NEELSON CONSTRUCTION COMPANY, INC.	41
LINCOLN	MOB-CLUB MANAGEMENT, INC.	
MADISON	PURITY SPRING RESORT, INC.	375
MANCHESTER	CHUCKLES, INC.	34
MANCHESTER	CLEAR CHOICE HOME IMPROVEMENTS LLC	50
MANCHESTER	ELM GROVE PROPERTY MANAGEMENT & AFFILIATES	61
MANCHESTER	GTI SPINDLE TECHNOLOGY, INC.	
MANCHESTER	NORTHSTAR STEEL AND ALUMINUM INC	26
MANCHESTER	DASIS HEALTH & SPORTS CENTER INC.	234
MEREDITH	XACT TECH INC.	27
MERRIMACK	BOYLE ENERGY SERVICES & TECHNOLOGY, INC.	25
MERRIMACK	STEPHENS-MARQUIS ASSOCIATES INC	27
NASHUA	JOYCE COOLING AND HEATING INC	
NEW HAMPTON	WALLINGFORD'S, INC.	
NEW LONDON	CANARY SYSTEMS, INC.	
NEWFIELDS	COED SPORTSWEAR, LLC	76

Location	Company	Workers*
NEWMARKET	EXETER RENT-ALL, LLC	29
NEWMARKET	PRIMOGENERIC LLC	30
NEWMARKET	PHOULX OIL AND PROPANE SERVICE LLC	45
NEWPORT	LATVA MACHINE LLC	56
NEWPORT	RDS MACHINE, LLC	80
PORTSMOUTH	PDG RESTAURANTS, INC.	58
PORTSMOUTH	SEAGLASS TECHNOLOGY PARTNERS, LLC	43
PORTSMOUTH	SENTIENT DECISION SCIENCE, INC.	
PORTSMOUTH	STATE STREET DISCOUNT HOUSE, INC.	
PORTSMOUTH	TRIGGER HOUSE, LLC	
RAYMOND	PARKER & HARPER COMPANIES INC.	
ROCHESTER	HUMPHREYS INDUSTRIAL PRODUCTS INC	
ROCHESTER	JARVIS CUTTING TOOLS, INC.	89
RUMNEY	STONEWALL CABLE, INC.	74
RYE	PORTSMOUTH RIVERHOUSE RESTAURANT	47
SALEM	INDUSTRIAL PROTECTION PRODUCTS, INC.	32
SALEM	INDUSTRIAL PROTECTION PRODUCTS, INC.	28
SALEM	PERFORMIX SPECIALTY PHARMACY LLC	18
SEABROOK	LIGHTHOUSE PRODUCTIONS, INC.	44
SEABROOK	SCREW-MATIC CORPORATION	59
SOMERSWORTH	BLUE DOLPHIN SCREENPRINT INC.	48
WALPOLE	FRANK W. WHITCOMB CONSTRUCTION CORPORATION	80
WALPOLE	LEN-TEX CORPORATION	85
WALPOLE	WALPOLE HANDMADE CHOCOLATES, LLC	147
WARNER	MADGETECH, INC	65
WINDHAM	CONTOUR DESIGN, INC	24
WINDHAM	MECHANICAL CONSTRUCTION & SERVICES, INC.	30
WOODSTOCK	WOODSTOCK INN AGAIN, LTD	

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