

IMPACT OF COVID-19 ON SMBs: NAVIGATING A PATH FORWARD



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Source: Impact of COVID-19 on Small and Medium Businesses, SMB Group, 2020

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We all know that COVID-19 is having a devastating effect on small and medium businesses (SMBs).

But how deep and broad is the impact? We've sought to answer that question in a survey of over 500 SMB (1-1,000 employee businesses) and midmarket (1,000-2,500 employee businesses) decision-makers and influencers, fielded from March 23 through March 30, 2020.

In this third infographic, we provide insights into how SMBs expect the impact of the virus to play out over time. Then, we offer a guidance to help SMBs to brainstorm, conceptualize and develop a flexible and sustainable path forward in these uncertain times.

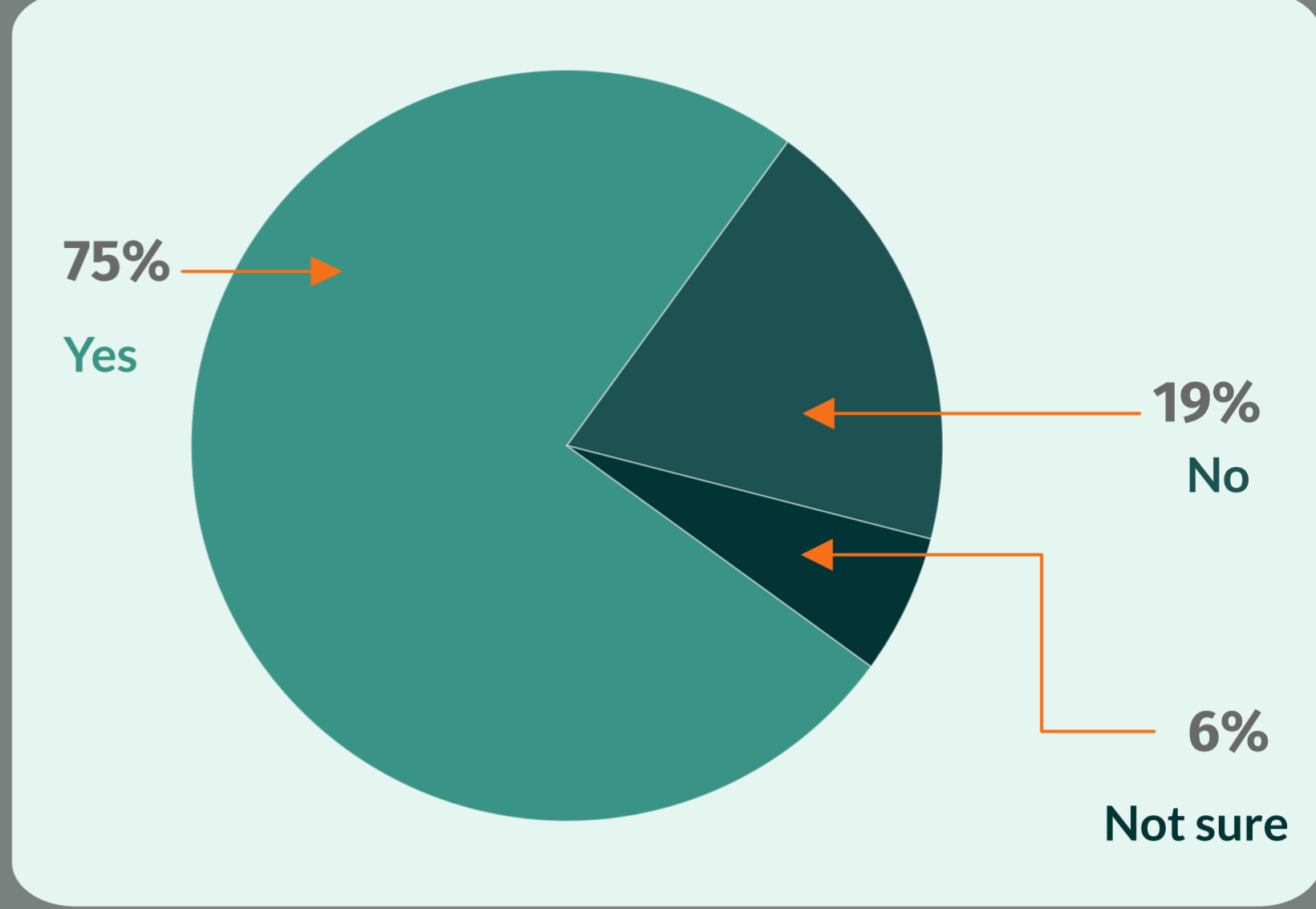
To get the full [Impact of COVID-19 on SMBs](#) report click here.

THE NEGATIVE IMPACT OF COVID-19 ON SMBS CANNOT BE UNDER ESTIMATED

Has COVID-19 Negatively Impacted Your Business?

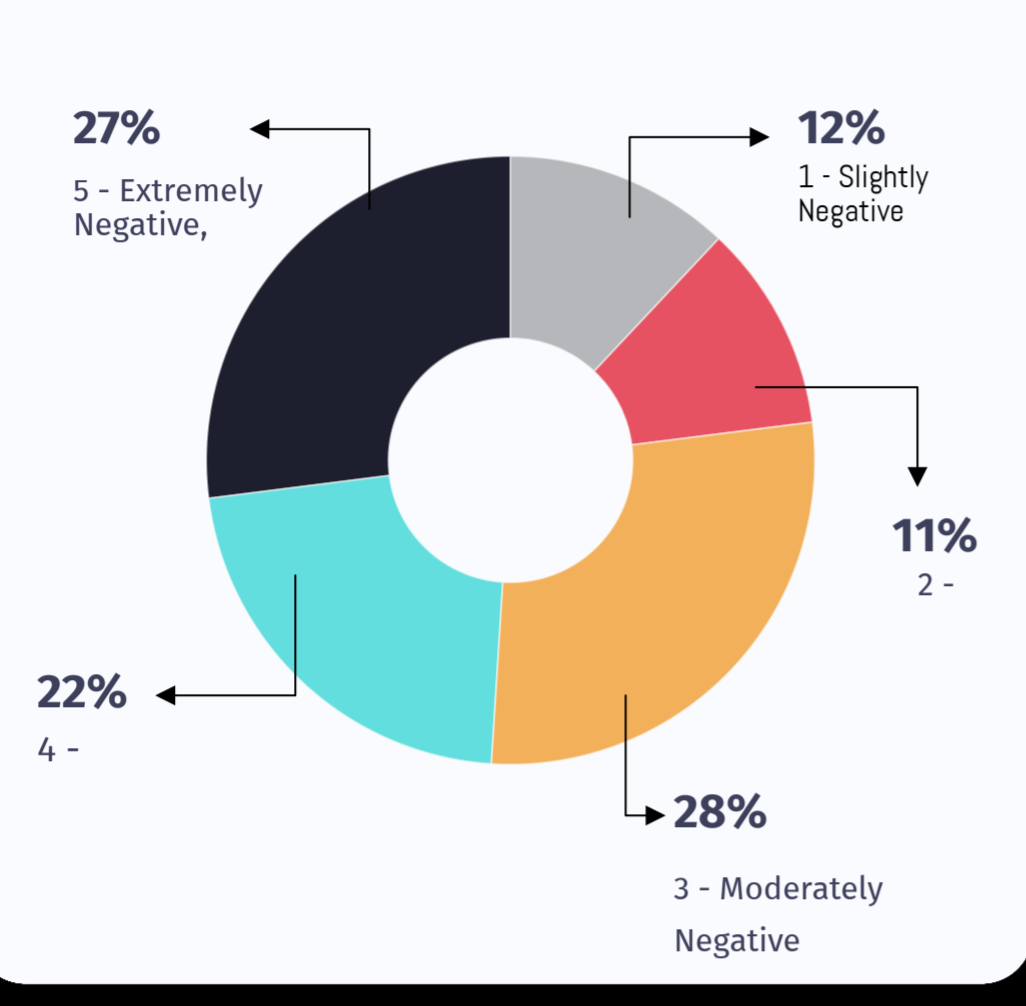
Just a few months ago, SMB Group's 2019 SMB Digital Transformation Study indicated that 64% of both small and medium businesses were optimistic about revenue growth.

COVID-19 has dashed this optimism for the vast majority of SMBs. Now, a staggering 75% of all SMBs report that COVID-19 is negatively impacting their businesses.



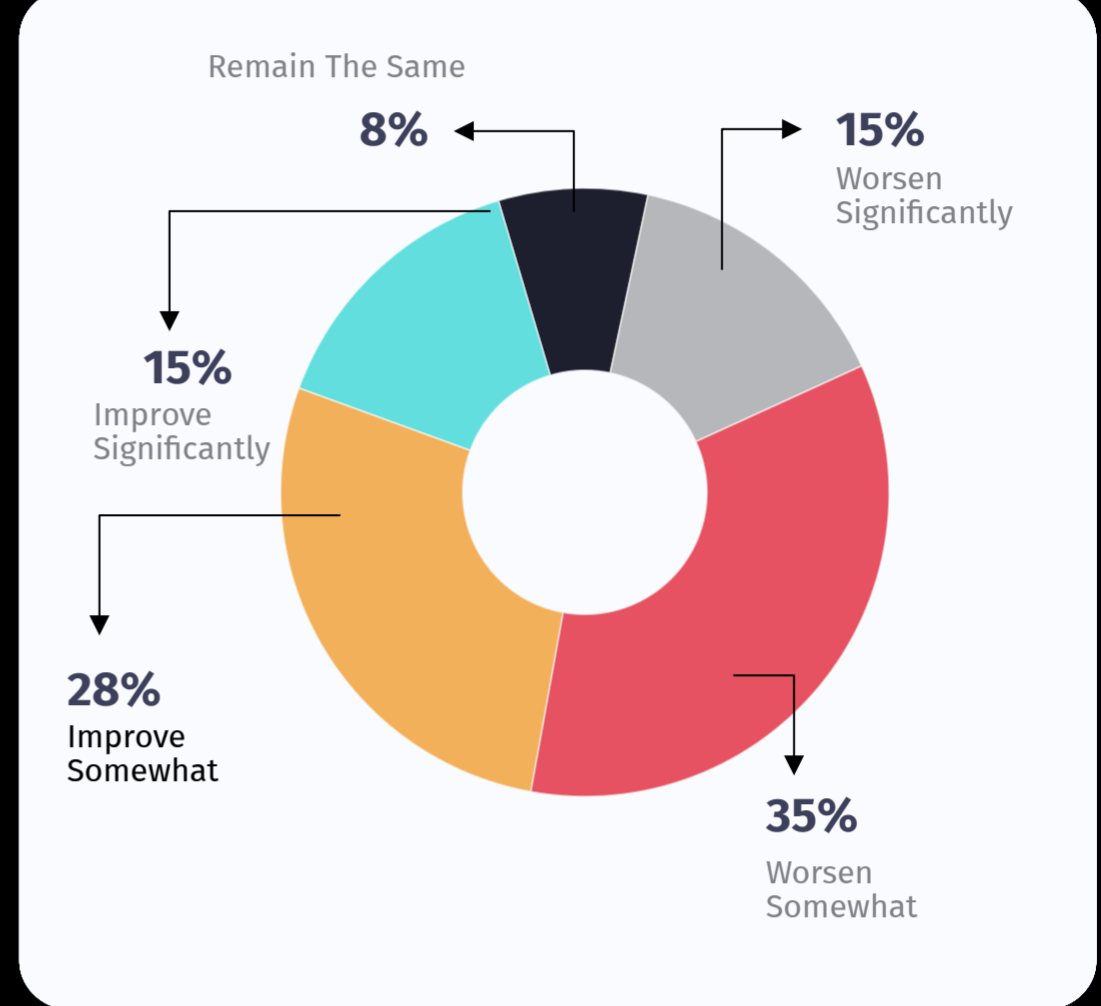
THE IMPACT OF COVID-19 OVER TIME

To What Degree Has The COVID-19 Virus Negatively Impacted Your Business To Date?



Among the 75% of SMBs experiencing negative impacts from COVID-19, 77% indicated that they were suffering moderate to severe negative impact.

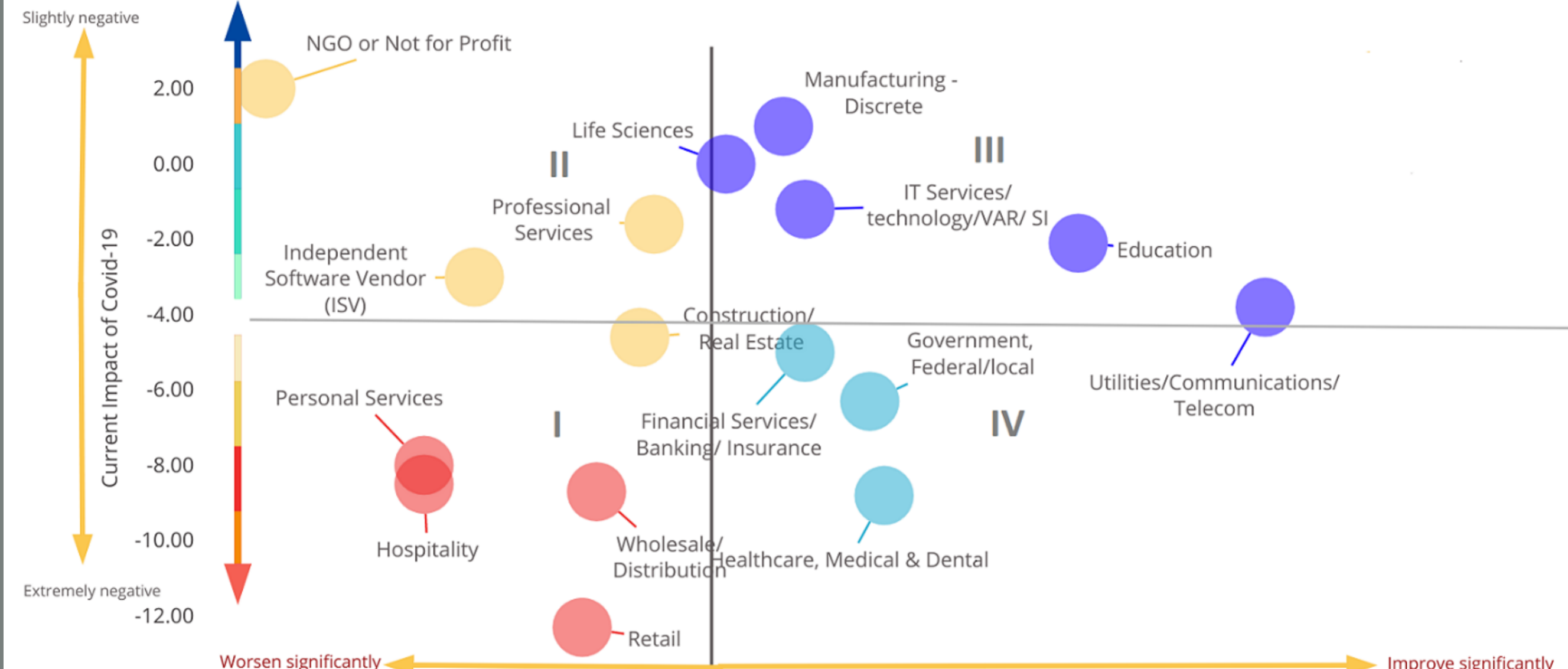
Over The Next Six Months, Do You Expect The Impact Of The COVID-19 Virus On Your Business To Worsen Or Improve?



Among all SMBs, 50% expected that the impact of COVID-19 on their businesses would worsen somewhat or worsen significantly over the next six months. 43% anticipated conditions would improve, and 8% indicated that things would remain the same six months out.

SMBs that had already experienced negative impact at the time of the survey were 51% more likely to predict that the situation would deteriorate over the next six months than those who had not experienced negative impact.

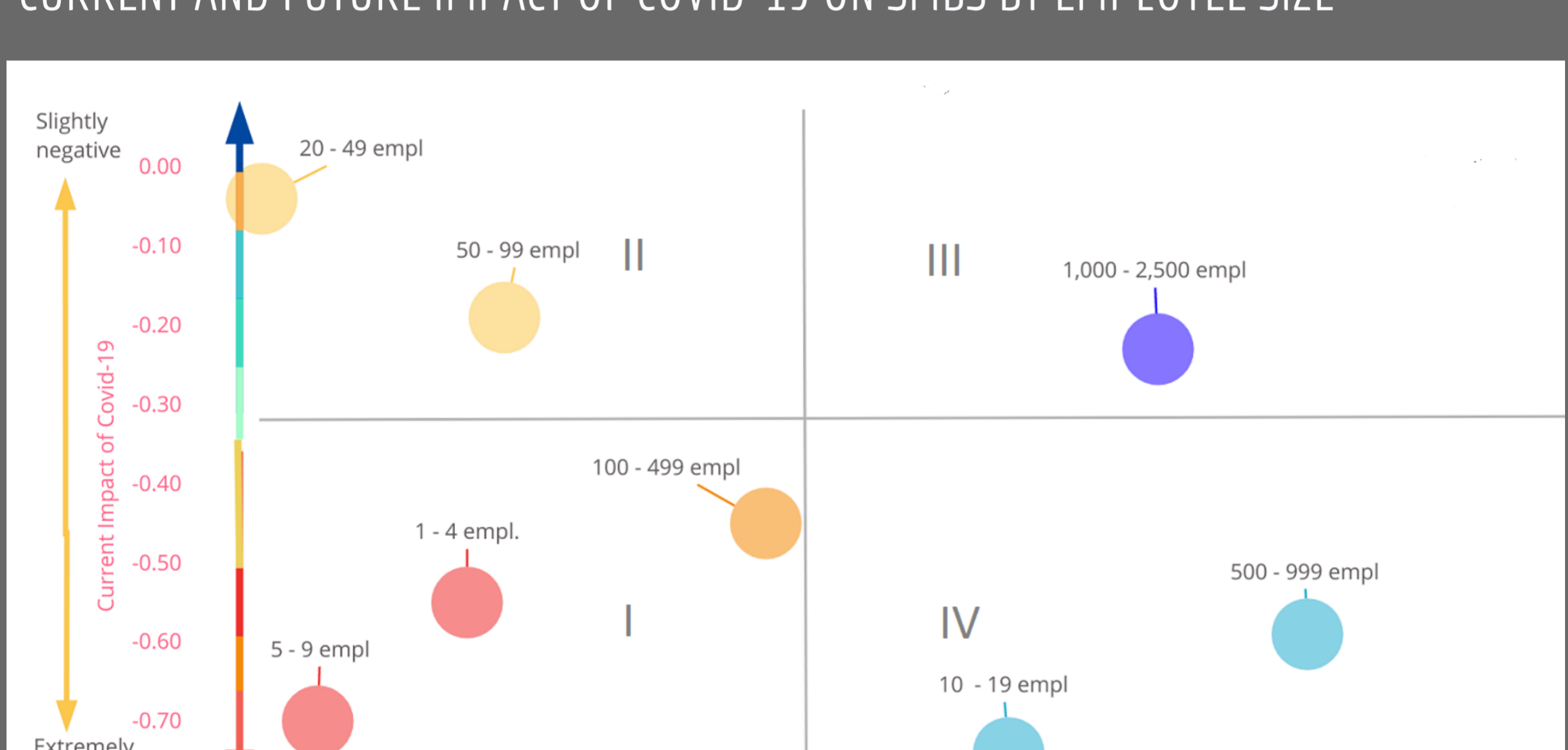
CURRENT AND FUTURE IMPACT OF COVID-19 ON SMBS BY INDUSTRY



Source: The Impact of Covid-19 on SMBs, SMB Group 2020

The depth of current and anticipated impacts going forward vary significantly by industry. Industries in Group 1 (personal services, hospitality, retail and wholesale/distribution) have felt the brunt of the impact early on, and are also most likely to believe conditions will worsen over the next six months. At the other end of the spectrum, industries in Group 3 (discrete manufacturing, IT services, education and utilities) indicated less negative impact initially, and were most likely to predict things would improve over six months.

CURRENT AND FUTURE IMPACT OF COVID-19 ON SMBS BY EMPLOYEE SIZE



Source: The Impact of Covid-19 on SMBs, SMB Group 2020

In general, very small businesses have suffered the most pain from COVID-19, and are more likely to believe conditions will worsen for their businesses over the next six months than larger companies.

NAVIGATING A PATH FORWARD

The COVID-19 pandemic has launched us into an unprecedented time of uncertainty and volatility. As we work through this evolution, no one knows exactly what the future will hold. But it is clear that "business as usual" has been disrupted, and may never return.

Now is the time for every business to reevaluate how they do business, and to use their analytical and creative skills to carve out new paths forward in a flexible, iterative manner.

The guidance below offers a framework to brainstorm, conceptualize and develop a path forward for your business.

Cross-functional Crisis Management and Planning

- Coordinate decision making across key business areas for consistent communication and guidance across the company.
- Tailor communication plans for different audiences to inform them about response plans and policies as circumstances evolve.
 - Monitor the [CDC website](#) for key health information relevant to businesses
 - Evaluate and test new ways to generate income—such as delivering your services virtually, changing the product mix you manufacture or sell, or establishing a new online/partner sales channels.
 - Stay positive. Attitudes can be as contagious as viruses. Be realistic about what's going on today, but stay optimistic for the future.

Financial and Supply Chain Management

- Take advantage of online assistance Use The Phoenix, an online assistance database of relief programs for small businesses and nonprofits provided by Bernoulli Finance.
- Eliminate unnecessary spending and renegotiate supplier contracts to lower costs.
- Develop contingency plans for potential issues, such as lack of capital, inventory shortfalls, changing market demand, supply chain interruptions, or increased costs to protect and clean facilities.
- Use data-driven scenarios to prioritize investments, spending cuts, supplier contracts, workforce reduction and new business models/offers.
- Evaluate supply chain offerings and develop logistics to add new suppliers as required.

Customer Engagement

- Clearly communicate safety, hygiene practices and changes in business hours, offerings, availability, etc.
- Offer flexibility when you can—giving customers breathing room now will increase loyalty to your brand later.
- Use social media to tune into changing customer needs and strengthen relationships.
- Adapt messaging, content and offers to align with what customers care about now.
- Do some good if you can. Even a very small but meaningful offer will be remembered and may open the door to new business later.
- Because no one really knows what "good" will look like as we come out of this crisis, check out HubSpot's free sales and marketing [benchmarking tool](#) to help you figure this out.

Workforce Management

- Administer an employee support plan consistent with health and policy guidelines provided by the CDC. [Perkins Cole offers a great checklist for this.](#)
- Communicate clearly and frequently to explain your plans and answer questions about pay, benefits, leave, travel, safety measures, possible exposure to the virus and other related policies.
- Equip telecommuting employees with the online collaboration, business and security solutions they need to remain productive.
- Adapt company culture to a facilitate productivity and engagement in a virtual environment using this [Harvard Business School guide](#).

This is the last in a series infographics from SMB Group providing insights on the impact of COVID-19 on SMBs from our March 2020 Impact of COVID-19 on SMBs Study.

- Click here to view the first infographic: [Impact of COVID-19 on SMBs: Business Planning](#)
- Click here to view the second infographic: [Organizational Issues Facing SMB Operations During COVID-19 And Business Solutions](#)

SMB Group is a research, analysis and consulting firm focused on technology adoption and trends in the small and medium business (SMB) market. SMB Group helps clients to understand and segment the SMB market, identify and act on trends and opportunities, develop more compelling messaging, and more effectively serve SMB customers. For more information, please contact lisa.lincoln70@smb-gr.com.

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