

SMBs: Navigating a Path Forward - How Will SMBs Get to the Next Normal?

July, 2020

Table of Contents

Study Focus and Methodology

Executive Summary

- COVID-19 Continues to Take a Tough Toll on SMBs
- 78% of SMBs say COVID-19 has negatively impacted their businesses—up slightly from our March survey
- Smaller businesses have suffered more than larger ones.
- 69% or more of respondents in all industries report negative impact, but severity varies greatly by industry (slide #29, #36).
- Expectations Regarding the Future Impact of COVID-19 are Improving Somewhat
- Current and Future Impact (End of June/Early July 2020)
- Variations on Outlook Vary Significantly by Industry
- For Most SMBs, Revenues Are Not Bouncing Back
- Over half experienced revenue decline in the past 4 months.
- Median decrease in revenues is 31%-40%.
- Median increase is 21%-30%.
- Median decrease in revenues expected is 21%-30%.
- Median increase in revenues expected is 21%-30%.
- Top Challenges Include Uncertainty, Adapting to the New Normal, and Staying Afloat
- There are some differences based on business size.
- Top challenges vary by industry, as detailed on slide 30.
- SMBs Turn First to Customers, Business Advisors and State/Local Government for Guidance
- Customers are in the top 3 for all size business.
- Customers are the #1 advisor for small businesses.
- Top rank for medium and midmarket businesses vary between customers and business, health, financial advisors depending on employee size.
- Changes SMBs Have Made/Plan to Make to Aid Recovery
- Value of Changes and Plans to Maintain Changes
- SMBs Planning to Maintain Spending Across Categories
- Advertising is the top area SMBs plan to increase spending—to help address the challenges of attracting new customers and sustaining revenues.
- Telecom, business software, and computer hardware follow, to address new challenges and requirements in the workplace.
-
- Most SMBs Struggle with Tight Cash Reserves But Lean Towards Long Term Optimism

- Smaller businesses have less cash on hand than larger ones.
- SMBs are Struggling with Staffing Volatility
- Work From Home is Here to Stay
- Security Challenges and Budgeting Plans for WFM
- COVID-19 Has Spurred Adoption of Cloud Solutions—and Will Continue to Do So
- Impact of COVID-19 on Technology Investments Is Mixed, Customer-Facing Areas are Top Priorities
- Business Outlook Segmentation All Respondents (1)
- Business Outlook Segmentation All Respondents (2)
- Helping SMBs to Navigate a Path Forward
- We will not be going “back to normal”
- The “next normal” has yet to come into crisp focus, but some things are clear:
- Work from home/hybrid, flexible workplaces are here to stay.
- No touch/low touch provides tangible value—from customer transactions to the shop floor.
- Virtual services will continue to expand.
- Cloud computing will enable SMBs to move toward all of the above.
- SMBs need tailored guidance aligned to their size, industry and views on future business prospects.

Detailed Results: Business Impact of COVID-19 on SMBs

- Has COVID-19 Had a Negative Impact on the Business?
- Business Impact of COVID-19 by Industry
- SMB Closures Due to COVID-19
- Top Three Business Challenges
- Top Three Business Challenges by Employee Size
- Top Three Business Challenges by Industry
- Top External Advisors to Guide Business Through the COVID-19 Crisis
- Impact of COVID-19 on the Business
- Impact of COVID-19 by Industry
- Expected Impact of COVID-19 Over Next 6 Months
- Expected Impact of COVID-19 Over the Next 6 Months by Industry
- Percentage Revenue Impact of COVID-19 from March 1 – July 1
- Expected Percentage Revenue Impact of COVID-19 Over the Next 6 Months
- Changes SMBs Have Made/Plan to Make to Aid Recovery
- Top 3 Business Changes Implemented to Aid Recovery by Business Size
- Top 3 Business Changes Implemented to Aid Recovery by Industry
- Top 3 Business Changes Implemented to Aid Recovery by Industry (contd.)
- Value of Business Changes to Aid Recovery
- Value of Business Changes by Business Size
- Value of Business Changes by Industry
- Value of Business Changes by Industry
- Likelihood of Maintaining Changes as the Threat of COVID-19 Subsides

- Top 3 Changes SMBs are Most Likely to Maintain by Business Size
- Top 3 Changes SMBs are Most Likely to Maintain by Industry
- Top 3 Changes SMBs are Most Likely to Maintain by Industry
- Planned Spending Changes Over Next 6 Months
- Preparedness to Deal with a Potential Spike This Fall/Winter
- Preparedness to Deal with a Potential Spike This Fall/Winter by Industry
- SMB Current Cash Reserves
- SMB Current Cash Reserves by Industry
- SMB Views on Business Prospects
- Views on Business Prospects by Industry

Detailed Results: Workforce Impact of COVID-19 on SMBs

- Actions Taken Regarding Salaried Employees
- Actions Taken Regarding Salaried Employees by Industry
- Planned Actions for Salaried Employees in the Next Six Months
- Planned Actions for Salaried Employees in the Next Six Months by Industry
- Actions Taken Regarding Contract Workers
- Planned Actions for Contract Workers in the Next Six Months
- Planned Actions for Contract Workers in the Next Six Months by Industry

Detailed Results: Work From Home Trends

- Changes in Work From Home (WFH)
- Changes in Work From Home (WFH) by Industry
- Preparedness to Support WFH
- Preparedness to Support WFH by Industry
- Projected Budget Changes to Support WFH Over the Next 12 Months
- Projected Budget Changes to Support WFH Over the Next 12 Months by Industry
- Likelihood of Continued Support for Higher WFH Levels After COVID-19
- Likelihood of Continued Support for Higher WFH Levels After COVID-19 by Industry
- Effects of Working From Home on Employee Productivity
- Effects of Working From Home on Employee Productivity by Industry

Detailed Results: Technology Impact of COVID-19 on SMBs

- Top Security Challenges in Managing a Remote Workforce
- Top Security Challenges in Managing a Remote Workforce by Industry
- Adoption of Cloud Solutions
- Adoption of Cloud Solutions Among SMBs that Have Already Deployed Them by Employee Size
- Adoption of Cloud Solutions Among SMBs that Have Already Deployed Them by Industry
- Value of Cloud Solutions to Help Weather COVID-19
- Top Technology Investment Areas to Prepare for Growth
- Top Technology Investment Areas to Prepare for Growth by Employee Size

- Top Technology Investment Areas to Prepare for Growth by Industry
- Overall Impact of COVID-19 on Technology Investments and Adoption
- Overall Impact of COVID-19 on Technology by Industry
- Influence of COVID-19 on Likelihood of Selecting Cloud Solutions
- Influence of COVID-19 on Likelihood of Selecting Cloud Solutions by Industry

Demographics

- Business Size and Respondent Role
- Types of Customers SMBs Sell To
- Number and Type of Business Locations
- Geographic Regions Where Business Is Conducted
- Age of Business

Appendix