NAVIGATING COVID-19
REOPENING AND REBUILDING SMALL BUSINESSES
OVER 3 IN 4

SMALL BUSINESSES SAY THE STATE, CITY, OR COUNTY WHERE THEIR BUSINESS LOCATION EXISTS IS CURRENTLY ALLOWING BUSINESSES LIKE THEIRS TO REOPEN IN SOME CAPACITY

- BUSINESSES CAN REOPEN IN FULL CAPACITY
- BUSINESSES CAN REOPEN IN LIMITED CAPACITY
- BUSINESSES ARE NOT ALLOWED TO REOPEN YET
- BUSINESSES WERE ALLOWED TO REMAIN FULLY OPEN
81% of small businesses that are being allowed to reopen by state, local, or county authorities have already begun or are in the process of reopening their business.

Of the remaining businesses:
- 10% have remained fully open during COVID-19
- 4% have chosen not to reopen
- 3% are unable to reopen
OF SMALL BUSINESSES WHO WERE WORKING ENTIRELY OR MOSTLY REMOTELY

OVER HALF WILL HAVE RETURNED TO WORK BY THE END OF JUNE (58%)

<table>
<thead>
<tr>
<th>Status</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Already returned to work by end of May/Reopened worksites</td>
<td>23%</td>
</tr>
<tr>
<td>Returning on or before June 30</td>
<td>35%</td>
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<tr>
<td>Returning between July 1 and July 31</td>
<td>17%</td>
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<tr>
<td>Returning after August 1</td>
<td>11%</td>
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<tr>
<td>No return date has been announced</td>
<td>9%</td>
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<tr>
<td>Worksite or physical location did not close</td>
<td>6%</td>
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FOR SMALL BUSINESSES WITH A SET RETURN TO WORK DATE:

51% WILL RETURN EMPLOYEES WORKING FROM HOME IN PHASES (E.G., CERTAIN TEAMS WILL RETURN BEFORE OTHERS)

25% WILL RETURN ALL EMPLOYEES CURRENTLY WORKING FROM HOME AT THE SAME TIME

17% WILL RETURN EMPLOYEES WORKING FROM HOME USING ALTERNATING SCHEDULES (E.G., ALTERNATING DAYS OR WEEKS)

6% DON’T HAVE A CONCRETE PLAN FOR HOW TO RETURN EMPLOYEES WORKING FROM HOME TO THE WORKSITE YET
SHRM COVID 19 RESEARCH: IMPACT ON SMALL BUSINESSES

7 IN 10 SMALL BUSINESSES REPORT AN OVERALL DECREASE IN REVENUE SINCE THE BEGINNING OF COVID-19 (70%)

14% HAVE EXPERIENCED AN OVERALL INCREASE IN REVENUE

15% HAVEN’T EXPERIENCED ANY CHANGES IN REVENUE
OF THE SMALL BUSINESSES THAT HAVE EXPERIENCED DECREASES IN REVENUE...

- 57% report revenue losses of 10-30%
- 37% report revenue losses above 30%
- 7% report experiencing a total loss
Over half of small businesses can keep going, with or without making changes, less than 6 months due to COVID-19.
NEARLY HALF OF SMALL BUSINESSES HAVEN'T LAID OFF ANY EMPLOYEES PERMANENTLY DUE TO COVID-19

- Haven't laid off any employees permanently
- Laid off less than one-fourth of their total employees
- Laid off one-fourth to one-half of their total employees
- Laid off one-half to nearly all of their total employees
- Laid off all of their employees permanently
OVER HALF

OF SMALL BUSINESSES EXPECT IT WILL TAKE LESS THAN 6 MONTHS AFTER COVID-19 ENDS TO RETURN TO NORMAL LEVELS OF PROFITABILITY

3% UP TO 1 MONTH TO RETURN TO NORMAL

17% 1-3 MONTHS TO RETURN TO NORMAL

32% 3-6 MONTHS TO RETURN TO NORMAL

48% OVER 6 MONTHS TO RETURN TO NORMAL
SMALL BUSINESSES EXPECT A SIGNIFICANTLY FASTER RECOVERY THAN THE ECONOMY AS A WHOLE

52% OF SMALL BUSINESSES EXPECT TO RECOVER TO PRE-COVID PROFITABILITY IN 6 MONTHS OR LESS

WHILE ECONOMISTS FORECAST* THAT SOME METRO AREAS WON’T RETURN TO PRE-COVID EMPLOYMENT LEVELS UNTIL 2024

*SHRM/OXFORD ECONOMICS PANDEMIC IMPACT PANEL REPORT 2
43% OF SMALL BUSINESSES SAY THEY HAVE STARTED RETHINKING THE WAY THEY DO BUSINESS

SMALL BUSINESS OWNERS SAY:

“After the pandemic ends, we expect remote working, and remote meetings to play a much larger role than they did pre-COVID...Business meetings with clients, and business travel will place a higher emphasis on remote meetings instead of face to face going forward.”

“We now know that a tragedy like this could happen at any time. We need to be prepared for the next event in advance so as to protect our employees, customers and the business itself. Perhaps a different way to generate income or to utilize our employees from home that we don’t have now.”
NEARLY 1 IN 3 HAVE FOUND A NEW WAY OF DELIVERING EXISTING SERVICES (32%) 

“Increased remote working, with more video customer calls for sales and service.”

“Offering products online through 3rd party sites.”

“We are a seminar company. We used to provide ‘butts in seats’ seminars, soon we will be offering the same content online.”
OVER 1 IN 5

HAVE ASKED EMPLOYEES TO LEARN NEW SKILLS TO SUPPORT CHANGES IN THEIR BUSINESS (22%)

“[We] have instructed employees to view YouTube to see... different ways to perform daily work tasks.”

“Taking advantage of free online classes being offered. Learning newer software applications.”

“I encouraged my employees to look into edX so that they can pick up some new skills of [their] own.”

“Many workers are not very knowledgeable about technologies; they were asked to learn in order to contact customers”
SMALL BUSINESSES HAVE A VARIETY OF REASONS TO IMPLEMENT INNOVATIONS:

- HAVE INNOVATED IN SOME WAY BECAUSE THEY **NEEDED TO FIND A WAY TO KEEP THEIR EMPLOYEES SAFE**
- HAVE INNOVATED BECAUSE THEY WERE EXPERIENCING SIGNIFICANT REVENUE LOSS AND **NEEDED TO MAKE A CHANGE TO STAY AFOAT**
- HAVE INNOVATED BECAUSE OTHER BUSINESSES IN THEIR INDUSTRY HAD MADE SUCH CHANGES AND THEY WANTED TO STAY COMPETITIVE

- 49%
- 34%
- 26%
<table>
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<tr>
<th>Rate of Adoption</th>
<th>Innovation Description</th>
<th>Plans to Keep Permanently</th>
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<tbody>
<tr>
<td>29%</td>
<td>New or novel technology processes (e.g., offering virtual home or car tours)</td>
<td>85%</td>
</tr>
<tr>
<td>24%</td>
<td>New revenue streams (e.g., shifting to e-commerce/online sales)</td>
<td>73%</td>
</tr>
<tr>
<td>23%</td>
<td>New or novel safety measures (e.g., plexiglas barriers between staff and customers)</td>
<td>66%</td>
</tr>
<tr>
<td>21%</td>
<td>New or novel customer service and delivery processes (e.g., grocery delivery service)</td>
<td>61%</td>
</tr>
<tr>
<td>13%</td>
<td>New or novel employee practices (e.g., hazard pay)</td>
<td>62%</td>
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9% of small businesses do not plan to keep any of the new or novel operations or services their businesses adopted to adapt to COVID-19.
REASONS SMALL BUSINESSES PLAN TO PERMANENTLY KEEP NEW OPERATIONS OR SERVICES THEY’VE IMPLEMENTED DURING COVID-19;

- Changes were very popular with customers: 51%
- Changes received positive feedback from staff: 50%
- Changes made their business more competitive: 48%
- Changes were profitable for their business: 39%
- Changes saved their business money: 30%
84% of small businesses still face significant challenges

- 46% anticipate a lack of customers going forward
- 38% anticipate a lack of cash flow
- 30% anticipate a disrupted supply chain
- 27% anticipate a case of COVID-19 linked to their business
Despite widespread unemployment, 12% of small businesses anticipate not having enough employees to meet business demand.
SMALL BUSINESS OWNERS ARE DIVIDED ON HOW THEY FEEL ABOUT THEIR STATE’S PLAN FOR REOPENING BUSINESSES

STATE REOPENING PLAN

- 35%: The state is allowing businesses to reopen too soon
- 41%: The state is allowing businesses to reopen at the right pace
- 25%: The state isn’t allowing businesses to reopen soon enough
OVER HALF

(53%) of small businesses are somewhat or very concerned about increased risk of lawsuits and liability while reopening amid COVID-19.

30% of small businesses are somewhat or very unconcerned about risk of lawsuits and liability.

16% of small businesses are neither concerned nor unconcerned.
SMALL BUSINESSES RELY ON LIABILITY-LIMITING LEGISLATION AND CDC GUIDANCE

MOST BUSINESSES CONCERNED ABOUT INCREASED RISK AND LIABILITY SAY STATE AND FEDERAL PROTECTIONS WOULD HELP

- LIABILITY SHIELD PROTECTION: 55%
- IMPLEMENTING CDC GUIDANCE FOR OPERATIONS UNDER COVID-19: 53%
- A STATE LAW OR FEDERAL STANDARD THAT LIMITS LIABILITY FOR EMPLOYERS WHO FOLLOW CDC GUIDELINES: 50%
AROUND 1 IN 3

SMALL BUSINESS OWNERS SAY THAT LIABILITY WAIVERS SIGNED BY EMPLOYEES (39%) AND CUSTOMERS (32%) WOULD ALLEVIATE CONCERNS
75% of small business owners agree that if a crisis like COVID-19 occurred in the future, they are confident their business will be better prepared to handle it.
Cleanliness changes small businesses are implementing or considering:

- 94% Adding cleaning stations to their worksites
- 95% Requiring employees to wash hands or use hand sanitizer
A MAJORITY OF SMALL BUSINESSES ARE IMPLEMENTING OR CONSIDERING CHANGES TO MAKE SOCIAL DISTANCING MORE FEASIBLE, INCLUDING:

- **93%** ENFORCING SPACED SEATING IN COMMON AREAS
- **89%** SETTING LIMITS ON THE NUMBER OF CUSTOMERS ONSITE AT ONCE

AS WELL AS HEALTH AND SAFETY RELATED CHANGES:

- REQUESTING EMPLOYEES SELF-REPORT SYMPTOMS, EXPOSURE, OR TRAVEL (95%)
- NEW ‘CONTACTLESS’ PROCEDURES (93%)
- POSTING SIGNS AT ENTRANCES TO ASK THE POTENTIALLY EXPOSED NOT TO ENTER (89%)
- MANDATORY USAGE OF PPE (E.G., MASKS, GLOVES) (86%)
Telework policies small businesses report they *probably* or *definitely* will adopt include:

- Broader or more flexible work from home policies for all eligible workers (82%)
- Allow eligible workers to work from home full-time through the rest of 2020 (69%)
- Allow eligible workers who did not previously work remotely to do so permanently (64%)
47% of small businesses asked or permitted all or the majority of employees to work from home during COVID-19.

Among other businesses:
- 21% only asked or permitted employees with telework-capable jobs to work from home.
- 28% had no or very few employees work from home because of their kind of work.
- 4% did not permit employees to work from home even if their jobs were telework-capable.
SMALL BUSINESSES ARE MAINLY RESPONDING TO CHILD CARE ACCOMMODATION NEEDS WITH FLEXIBILITY-RELATED STRATEGIES

- Implementing or considering allowing flexible hours/compressed schedules: 43%
- Implementing or considering allowing reduced working hours: 35%
- Implementing or considering allowing full-time remote work: 31%

MORE THAN 1 IN 4 SMALL BUSINESSES AREN’T PLANNING TO MAKE ANY CHANGES FOR EMPLOYEES WITH CHILDREN
1 IN 4 SMALL BUSINESSES SAID THEY DID NOT HAVE ANY FORMAL CHILDCARE POLICIES PRIOR TO COVID-19

AMONG THOSE WITH POLICIES: 23% SAY THE PANDEMIC HAS NOT CHANGED THEM, 31% HAVE MADE TEMPORARY CHANGES, AND 16% HAVE MADE PERMANENT CHANGES
A sample of 416 U.S. small business executives from organizations with 500 or fewer employees were surveyed online during the period of May 27, 2020 – June 5, 2020.

All respondents reported that their business was either fully operational, partially operational, or was not currently operating but had plans to reopen. Survey respondents were purchased from PureSpectrum’s integrated survey panel platform.

- All 250 respondents from businesses with at least one employee other than themselves but no more than 99 employees (i.e., size 2-99) were the owner, operator, head, president, or CEO of their business.
- All 166 respondents from businesses with at least 100 but no more than 500 employees were either an executive (i.e., VP level or above) or the owner, operator, head, president, or CEO of their business.

Sampling did not control for industry or geographical representation and data was not weighted.