

The State of Small and Medium Size Business During COVID-19

Michael Mendenhall
SVP, Chief Marketing Officer and
Chief Communications Office
TriNet

Paula Stratton
Senior Consultant, Brand Strategy
The Harris Poll

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Agenda

Revenue and Runway

Government Relief Programs

Cost Cuts and Strategic Investments

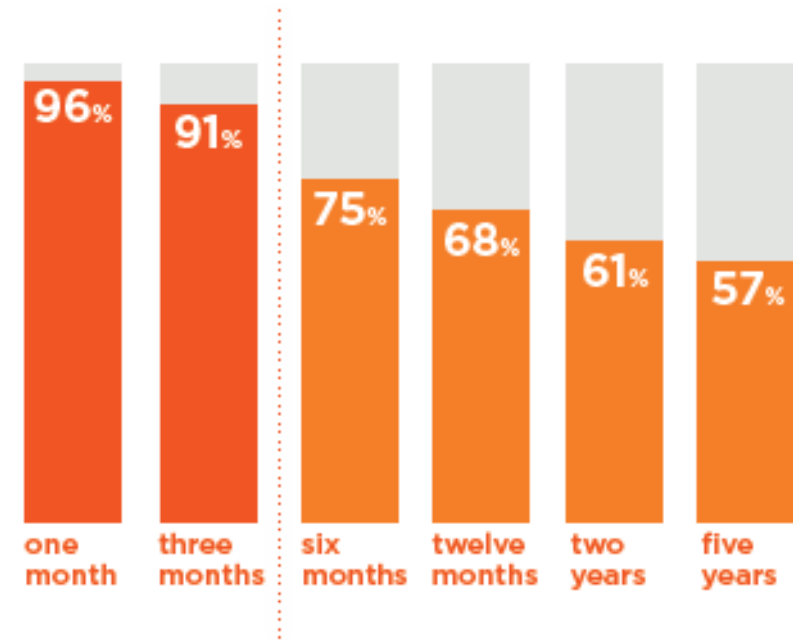
About the Study

- A collaboration between The Harris Poll and TriNet
- An SMB pulse, not news headlines
- SMB sentiment and the action they're taking
- Three polls of SMBs industry-wide on the topic of cash flow and liquidity (conducted April 3 – April 12)
 - Revenue and runway
 - Government relief programs
 - Cost cuts and investments
- First of a three-part series
 - Cash flow and liquidity
 - Employee wellbeing and productivity
 - Business resiliency and preparedness

Revenue and Runway

SMBs confident they can weather the storm in the near future

How long are **businesses** confident they will **survive** under current circumstances?



6 months

confidence levels begin to slip at the 6 and 12 month time frame.

Data collection: April 3-6

Revenue is down and SMBs are looking for liquidity...

- Revenue is down for 78% of small and medium-sized businesses.

How much **cash for operating expenses** do small businesses have on hand? How long **can it last?**



...But they are approaching the crisis like the entrepreneurs they are.

- Reducing payroll
- Changing their business model
- Changing their products or services
- Applying for government help

67%

have **reduced payroll** costs
(including 40% taking a reduced salary for themselves)

54%

have made changes to their **business model** or **product/service offerings** since the crisis began

48%

have applied for financial support through the **CARES Act**

Government Relief Programs

Awareness of government programs is high

- 95% aware of the CARES Act overall
- 83% aware of the Paycheck Protection Program
- 54% eager to take advantage of funding

95%

Know about the CARES Act

54%

Are eager to take advantage of funding

BUT . . .

- Many don't know what it DOES provide, or what it DOESN'T
- Half say aspects of the program are confusing, especially the tax implications
- A quarter (27%) aren't sure if they are eligible

27%

Aren't sure if they are eligible

Specific details of the Paycheck Protection Program remain unclear

Did you know
that **Paycheck
Protection Loans...**?

% Had no idea
% Answered incorrectly
% Answered correctly



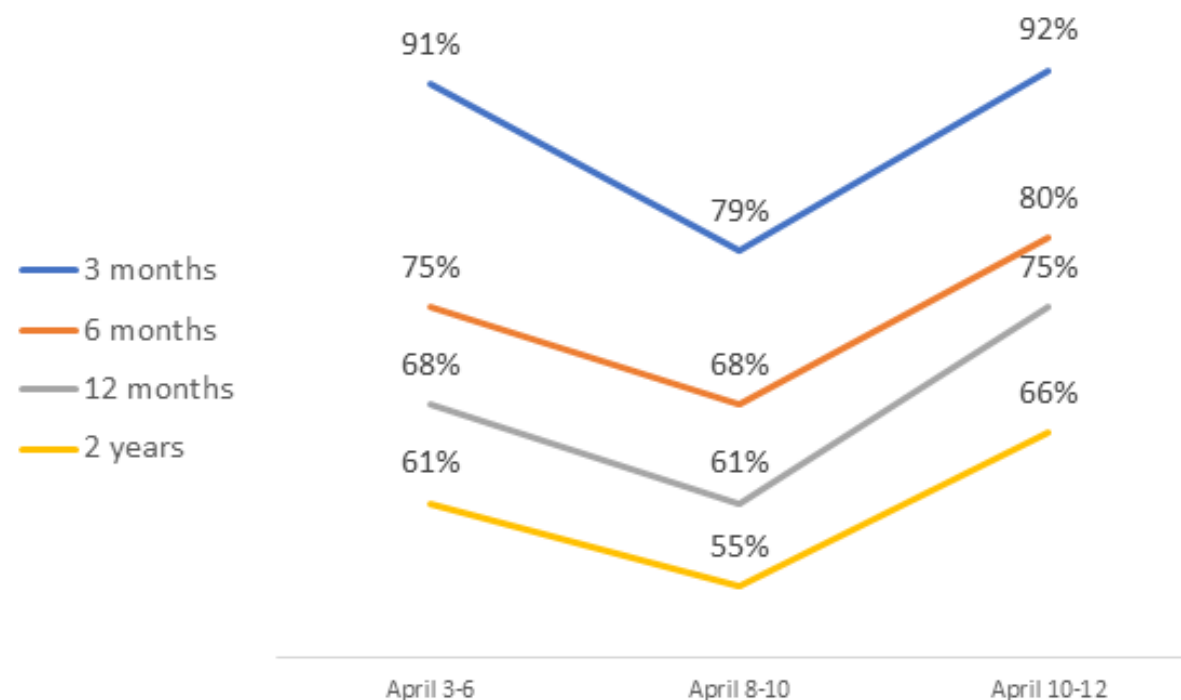
Initial challenges shook confidence, which then rebounded sharply

- In the first few days after funding was available,
 - 4 in 10 had tried to apply for funding
 - 1 in 4 of those were unable to complete the process
- 6 in 10 feel that the loans are 'difficult to access'

% that feel that the government is doing enough to support 'businesses like yours'

58% → **46%** → **51%**
April 3-6 April 8-10 April 10-12

Initial optimism at implementation of the PPP fell upon initial confusion, but quickly rebounded.



Cost Cuts and Strategic Investment

SMB leaders are not waiting to be saved

SMBs are working hard to adapt to the current situation. They're making strategic operational choices, including cutting costs, in order to invest in the long term success of their business.

Business leaders are also investing in the future

In response to the current pandemic:

83%

Cut costs in
some way

78%


Made strategic
investments

66%


of those who have cut costs are confident that these changes will be enough to help them weather the pandemic

Intentional choices for cost cutting free up money for investment

Spending LESS on:

- 
- 46% have reduced employee hours
 - 40% have taken a lower salary
 - 34% have reduced marketing/advertising spend
 - 32% have worked with creditors to reduce obligations
 - 29% have cancelled services
 - 26% have laid off employees
 - 19% have reduced inventory
 - 13% have furloughed employees

Strategically investing in:

- 
- Infrastructure
 - Employees
 - Customers and Community

SMBs expect strategic investments now to pay off long-term

Those who are making investments are investing in:



INVESTING IN INFRASTRUCTURE

46%

increased infrastructure to be more virtual, online, or contact-less.



INVESTING IN CUSTOMERS AND COMMUNITY

37%

are donating to or sponsoring local causes for COVID-19 relief (15% are donating to national relief)

36%

are offering assistance to customers (such as free services, discounts, delayed/forgiven payments, waiving fees, etc.).



INVESTING IN EMPLOYEES

37%

are continuing to offer health insurance benefits to laid off or furloughed employees

37%

are offering pay to employees who are not currently working.

14%

increased marketing/advertising spend.

75%

of those who have made investments are confident that they will pay off after the pandemic is over

Q&A

COVID-19 resources for SMBs

COVID-19: TriNet Business Resiliency & Preparedness Center. [Learn more](#)

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COVID-19 Resources



Message from our CEO


As we come together to navigate this challenging global event, our thoughts go out to those impacted by COVID-19. TriNet continues to closely monitor the situation and is...



CARES ACT, PPP & MORE

Information on new legislation

Watch a collection of videos that explain the CARES Act, the Payroll Protection Plan (PPP), and learn what steps you can take to protect your business finances.



LATEST WEBCASTS

Upcoming and on-demand webcasts

Watch as we share expert advice and explore salient issues impacting SMBs with legal and business advisors.

www.trinet.com/covid-19

Next webinar: Bridging the Cash Flow Gap, Funding Options (Friday, 4/24)