



## Small Businesses Feel Biggest Impact of Coronavirus Pandemic

October 8, 2020

*Forty-three percent of those say the impact was significant to severe, according to the CBIZ Main Street Index*

CLEVELAND--(BUSINESS WIRE)--Oct. 8, 2020-- Small- and mid-sized businesses in the U.S. have demonstrated a disproportionate impact from the COVID-19 pandemic, with over 43% surveyed reporting a significant to severe impact, according to findings from the CBIZ Main Street Index. The index found the majority (84%) of businesses surveyed realized some impact from the pandemic and corresponding economic slowdown. Notably, smaller businesses, those with 1-4 employees, were most severely affected by the pandemic. To help mitigate this impact, the majority of businesses surveyed in the index leveraged the Payroll Protection Program, and many sought extensions on existing payments.

The survey was conducted by [CBIZ, Inc.](#) (NYSE: CBZ), a leading provider of financial, insurance and advisory services, between Aug. 25 and Sept. 15, 2020. The data analyzes responses from over 1,600 businesses across the U.S. and within more than 30 industries.\* The survey assessed a range of issues and challenges, including the pandemic's impact on business health, sales and revenues, and staffing and headcount, as well as participation in the Paycheck Protection Program (PPP) and anticipated challenges moving ahead.

"While we have known small businesses were impacted by the pandemic, the index begins to quantify the uncertainty around this sector," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "The pandemic touched nearly all industries across the small- and mid-sized business space and the emerging federal relief programs have proven critical as the sector continues to respond."

The data was assessed as a whole, as well as on a company size, regional and industry level. Key findings include:

- **Overall business health has been drastically impacted** - Over half (51%) of respondents reported a significant decrease in sales due to the pandemic. More than 17% said they are seeking extensions on recurring payments like rent, and less than 60% of these businesses have been granted such extensions. Survey results also demonstrate geographic differences, as businesses in the West experienced a more dramatic impact, with those in the Midwest seeing less of an impact.
- **Current valuations are also feeling the impact, while future growth potential remains uncertain** - Twenty-two percent of respondents indicated a shift in business valuation due to the pandemic. In the immediate-term, 68% of respondents indicated concerns around revenue loss, while 32% were concerned about a prolonged sales cycle.
- **Smaller businesses have been disproportionately impacted** - Nearly 48% of businesses with 1-4 employees have experienced a significant or severe impact. For businesses with 20-49 employees, 37% noted a significant or severe impact.
- **Effects were felt across industries with some more impacted than others** - Industry-level analysis shows Accommodation & Food Services, Arts & Entertainment, Educational Services and Transportation sectors were among the most dramatically impacted, whereas the Professional Services, Insurance, Financial Services, Government and Construction sectors were among the least impacted.
- **Small businesses took advantage of lifelines** - Nearly 85% of respondents took advantage of the Payroll Protection Program allowing them to bolster their businesses during the downturn and keep team members in place for the anticipated bounce-back. Diving deeper, 96% plan to maximize PPP loan forgiveness. Meanwhile, 9% have had difficulty accounting for PPP loans received.
- **The road ahead is still uncertain, but there are signals of optimism** - Over a quarter (27%) of small-to-mid-sized businesses indicated they would be reducing staff in the next six months, and 17% believe they may need to apply for additional loans and outside funding. Even so, some businesses are investing in themselves, with over 40% planning to increase marketing spending and nearly 20% noting they will grow their workforce.

Scott Shane, PhD, Mixon professor of entrepreneurial studies at the Weatherhead School of Management at Cleveland's Case Western Reserve University, observed: "The damage from the pandemic and resulting economic slowdown has hit small businesses especially hard, and the data underscores just how widespread the negative impact has been."

Noftsinger added: "Despite the headwinds for small- and medium-sized businesses, we are pleased to see this important sector remains optimistic for the next six months, and the indication of reinvestment is encouraging."

For a more in-depth review of data from the CBIZ Main Street Index, please visit [the CBIZ website](#).

\*Note: Not all of those surveyed in the CBIZ Main Street Index are clients of CBIZ.

### About CBIZ, Inc.

CBIZ, Inc. provides professional business services that help clients better manage their finances and employees. CBIZ provides its clients with

financial services including accounting, tax, financial advisory, government health care consulting, risk advisory, real estate consulting and valuation services. Employee services include employee benefits consulting, property and casualty insurance, retirement plan consulting, payroll, life insurance, HR consulting and executive recruitment. As one of the largest accounting, insurance brokerage and valuation companies in the United States, the company's services are provided through more than 100 company offices in 33 states.

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