



# **America's Economic Engine: The State of Small and Medium-Size Business During COVID-19**

Controlling Costs and Strategic Investment

## Key Findings

Small and medium-sized businesses (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.

Though a majority of SMBs continue to be hit with revenue losses since the start of the COVID-19 crisis, they are making intentional choices about cost cutting. **Two thirds (66%) of those who cut costs** in some way are confident these decisions will help them weather the pandemic.



**67%**

of small business leaders have had to cut down on payroll costs, including:

- Reducing employee hours (46%)
- Taking a reduced salary for themselves (40%)
- Laying off employees (26%)
- Furloughing employees (13%)



**66%**

have cut costs in other ways not related to payroll, including:

- Reducing marketing/advertising spend (34%)
- 32% have worked with creditors to reduce immediate obligations, such as asking for a lease/rent/mortgage deferral (14%), renegotiating terms/contracts (16%), or asking for discounts from vendors/suppliers (16%)
- Canceling under-used or unused services (29%)
- Reducing the amount of inventory being held/carried (19%)



**26%**

have changed sales targets.

With these cost savings, **78% of SMBs have made strategic investments** to help them keep their business going in the pandemic. 76% of those who have made investments are **confident that these investments will pay off** after the pandemic is over.

## Of those **who are making investments**, they are...



### INVESTING IN INFRASTRUCTURE

**46%**

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



### 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.



### 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.).

**14%**

increased marketing or advertising spend.

## Methodology

TriNet is partnering with The Harris Poll to conduct an ongoing series of surveys with business leaders in companies of 5 to 249 employees. Business leaders are qualified as either owners/partners or C-level executives. Quotas are set by company size and industry for each wave.

We surveyed 199 SMBs in latest wave of the research (April 10-12, 2020); actual distribution by company size and industry is as follows:

- 67 business leaders with 5-19 employees
- 99 business leaders with 20-99 employees
- 33 business leaders with 100-249 employees
- 53 business leaders in Main Street industries (such as automotive, construction, hospitality, manufacturing, real estate, retail, skilled trade, etc.)
- 146 business leaders in Technology, Financial Services, Professional Services, Life Science, or Non-Profit industries

## About TriNet

TriNet (NYSE: TNET) provides small and medium size businesses (SMBs) with full-service HR solutions tailored by industry. To free SMBs from HR complexities, TriNet offers access to human capital expertise, benefits, risk mitigation and compliance, payroll and real-time technology. From Main Street to Wall Street, TriNet empowers SMBs to focus on what matters most—growing their business.

Go to **TriNet.com** to get started or speak with a TriNet representative at **888.874.6388**.

## About The Harris Poll

The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.