



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

Cash Flow and Liquidity

Key Findings

Small businesses are feeling the economic impacts from the COVID-19 pandemic, with depressed revenue and workforce reductions. Many small businesses do not have the needed cash reserves to make it very long without outside help.

Small businesses continue to feel heavy economic impacts from the COVID-19 pandemic.

Revenue is down for 8 out of 10 small businesses (79%) since the start of the pandemic. For more than a third of small businesses (35%), the loss of revenue has been 25% or greater. 6 in 10 (61%) have had to reduce workforce and/or hours:

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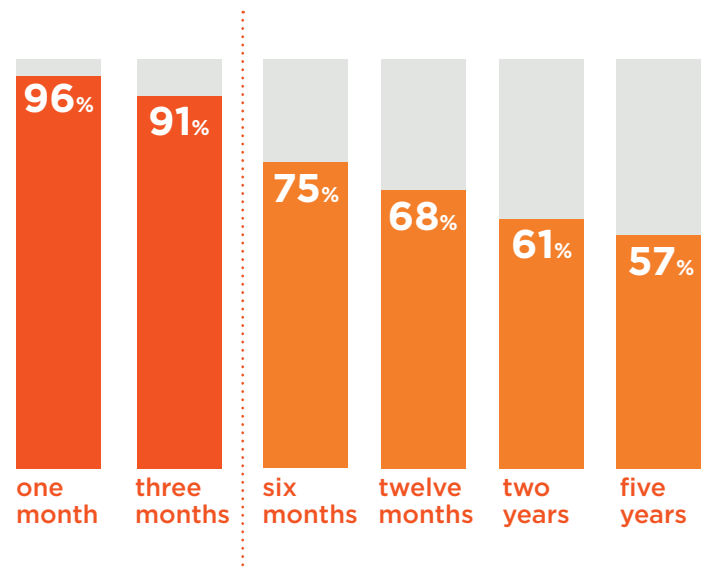
- Reduced employee hours (45%)
- Furloughed employees (23%)
- Laid off employees (23%)

Despite their best efforts, many small businesses don't have the cash flow to make it very long without outside help.

A vast majority are confident they can weather the storm for another month (96%) or even three months (91%). That confidence begins to slip at the 6-month (75%) and 12-month (68%) time frame. In addition, 4 in 10 (39%) don't have the cash reserves to last for longer than 3 months without help. 52% have made changes to their business since the crisis began (moved to an online model, or changed products or service offerings to address current conditions or pandemic-specific needs).



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.

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



Small business leaders are aware of the CARES act, but the details aren't clear, and many aren't sure if they will be eligible for benefits.

- **95% are aware of the \$2 trillion stimulus bill for COVID-19 relief passed by the federal government, but some specifics are less well-known.**

69% know that it provides emergency grants to small businesses, 66% know that it provides forgivable loans to small business (paycheck protection program), and 54% know that it provides relief for existing loans to small businesses.

That being said, nearly half (49%) think that the bill gives direct cash payments to small businesses, which it does not do. In addition, 27% aren't sure if the funds available will apply to their business, or don't know enough to say.

- **The majority of small business leaders feel that the government is supporting them, and they're planning to take advantage of available resources provided by the stimulus plan.**

54% said they probably or definitely will take advantage of the funding provided to small businesses through the federal government's economic relief offered. Within the first few days of the bill taking effect, 4 in 10 small businesses tried to apply for a loan through the federal government's stimulus program. 27% submitted applications, while 13% weren't able to apply, or weren't sure if their application was successful.

Despite the uncertain circumstances, 58% say that the government is doing enough to support businesses like theirs, and 69% are confident that the US economy will recover in 12 months.

Methodology

For this research, TriNet partnered with The Harris Poll to conduct an online survey of 150 small business leaders in US companies with 5 to 249 employees between April 3-6, 2020. Business leaders were qualified as either owners/partners or C-level executives.

Quotas were set by company size and industry for this research. Actual distribution is as follows:

- 49 business leaders with 5-19 employees
- 76 business leaders with 20-99 employees
- 25 business leaders with 100-249 employees
- 50 business leaders in Main Street industries (such as automotive, construction, hospitality, manufacturing, real estate, retail, skilled trade, etc.)
- 95 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.

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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.