COVID-19 Impact on Small Business: Part 3
Small Employers are in Crisis with Half Saying They’ll Have to Shut Down in Less than 2 Months Without Help

The NFIB Research Center’s latest survey on the current impact of the COVID-19 outbreak on small business shows continued deterioration of the small business sector. The severity of the outbreak and regulatory measures that cities and states are taking to control it are having a devastating impact on small businesses.

Currently, 92% of small employers are negatively impacted by the outbreak of the novel coronavirus, a continued escalation from 76% of small employers reporting negative impacts 10 days earlier. About 3% are positively impacted. These firms are likely experiencing stronger sales due to a sharp rise in demand for certain products, goods, and services. This will likely ease in the coming weeks as consumers feel more secure about their personal supply levels.

Almost all small employers are now impacted by economic disruptions related to COVID-19. Only 5% of small businesses are not currently affected by the outbreak. Of these businesses, 44% of them anticipate that changing if the outbreak spreads to, or spreads more broadly in, their immediate area over the next 3 months.

Among negatively impacted small employers, 80% report slower sales, 31% are experiencing supply chain disruptions, and 23% report concerns over sick employees.
How long can small businesses continue to operate under current conditions? About half of small employers say they can survive for no more than two months, and about one-third believe they can remain operational for 3-6 months. Not surprisingly, many small business owners are anxious to access financial support through the new small business loan program to help alleviate some of the financial pressures building up. About 13% of small employers are not as severely impacted and expect to remain open indefinitely.

How long will you be able operate your business under current economic conditions?

Almost all small business owners are taking some sort of action in response to the outbreak by adjusting to changing economic conditions or protecting themselves from potential disruption. Just 5% of owners have not taken any action in response to the outbreak, a marked departure from more than half (52%) not taking action three weeks ago. Actions taken by most small employers are those related to recommended CDC steps to protect and prevent the spread of COVID-19 in the workplace including talking to employees about hand washing and social distancing, and disinfecting and cleaning offices and workplaces more frequently. Another 56% have scaled down or adjusted business operations, and 26% have delayed payments to creditors.
The level of concern among small business owners about the coronavirus impacting their business has elevated significantly over the past three weeks. About 72% of small business owners are “very” concerned about its potential impact on their business now compared to 16% on March 10th. Another 22% are somewhat concerned, and 6% are slightly concerned. Just 1% are not at all concerned.

Due to escalating financial stress on the small business sector, more small businesses are talking with their bank about financing needs than was the case 10 days ago. About 29% of small employers have talked with someone at their bank or with the Small Business Administration about finance options, and 23% are planning to do so soon. Another 38% of small employers have not, and do not, intend to do so.
The CARES Act includes new small business loans through the Paycheck Protection Program (PPP). Almost two-thirds of small employers plan to apply for the loan. The PPP is another targeted loan assistance program to help small businesses weather the rapidly changing economic crisis.

The vast majority of small businesses are now impacted by the COVID-19 outbreak, and owners are taking the threat to their business seriously. Many owners have already sought out financial help and more are planning to do so in the near future. The outbreak has left few, if any, owners unscathed. The economic impact is immense, and now, the questions are how long will it last and how quickly can the small business sector recover once on the other side.

**Methodology**
This survey was conducted with a random sample of NFIB’s membership database of about 300,000 small business owners. The survey was conducted by email on March 30, 2020. NFIB collected 1,172 usable responses, all small employers with 1-465 employees.
Questionnaire

1. Has the recent outbreak of the coronavirus (COVID-19) directly impacted your business?
   5%  1. No impact
   30% 2. Severe negative impact
   35% 3. Significant negative impact
   27% 4. Somewhat negative impact
   3%  5. Positive impact

2. If you are not currently impacted, do you anticipate your business being impacted if the coronavirus outbreak spreads to, or spreads more broadly in, your immediate area over the next 3 months?
   44% 1. Yes
   19% 2. No
   37% 3. I don’t know.

3. If currently negatively impacted, is it due to ______? (check all that apply)
   31% 1. Supply chain disruptions
   80% 2. Slower sales
   23% 3. Sick employees or other employee related disruptions due to coronavirus
   12% Other ________________________________

4. Have you taken any measurable steps, in either preparing your business or because of negative impacts to your business, from the coronavirus outbreak? (check all that apply)
   5% 1. No current action
   12% 2. Modified your supply chain, changed buyers or vendors
   26% 3. Delayed payments to creditors
   43% 4. Talked with employees about sick leave, work from home policies
   43% 5. Implemented flexible work arrangements
   71% 6. Enhanced office or workplace cleaning/disinfecting
   72% 7. Talked with employees about frequent hand washing and/or social distancing
   56% 8. Scaled down or adjusted business operations
   27% 9. Created a contingency plan if needed to close business temporality
   13% 10. Have already closed the business
   7%  Other ________________________________

5. How concerned are you about the spread of the coronavirus impacting or further impacting your business?
   72% 1. Very concerned
   22% 2. Somewhat concerned
   6%  3. Slightly concerned
   1%  4. Not at all concerned

6. How long will you be able operate your business under current economic conditions?
   15% 1. Less than 1 month
   35% 2. 1-2 months
   22% 3. 3-4 months
   10% 4. 5-6 months
   2%  5. 7-8 months
4%  6. 9-12 months 
13%  7. more than 12 months 

7. Have you talked with your bank or other financial institution about available credit or lending resources for your business due to the coronavirus outbreak? 
38%  1. No 
27%  2. Yes, my bank 
0%  3. Yes, online lender 
12%  4. Yes, Small Business Administration (SBA) 
23%  5. Not yet but planning to. 

The new law (CARES Act) that passed Friday includes a comprehensive small business loan and grant program that will soon be available to small business owners impacted by the Covid-19 outbreak. The loan program will offer low interest loans, part of which is forgivable on qualifying expenses. 

8. Do you anticipate applying for a loan through this program? 
63%  1. Yes 
37%  2. No 

9. How many full- and part-time workers do you currently employ? 
1. Full-time____
2. Part-time____

10. Please classify your major business activity, using one of the categories of examples below. *If more than one applies, circle the one which contributes the most toward your gross sales or total revenues. 
18%  1. Construction (general contractor, painting, carpentry, plumbing, heating, electrical, etc.) 
14%  2. Manufacturing and mining (dairy processor, printer, publisher, etc.) 
6%  3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.) 
4%  4. Wholesale (grain elevator, livestock dealer, equipment distributor, manufacturer’s rep., etc.) 
18%  5. Retail (service station, restaurant, bar, radio and TV store, drug store, florist, apparel, etc.) 
6%  6. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.) 
5%  7. Financial, insurance, real estate 
23%  8. Services (house cleaning, auto repair, salon, etc.) 
6%  9. Professional services (attorney, physician, skilled nursing, etc.) 
1%  10. Other (please describe) ____________________________