

# Mass. small business recovery survey

A survey of Massachusetts businesses with under 500 employees

July 23, 2020

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# Survey Background

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- Results based on a statewide survey of 1,868 small business leaders in Massachusetts.
- Conducted June 23-July 13, 2020 via online interviewing with distribution through business associations and organizations across the state.
- Data was weighted to known and estimated population parameters on gender and race/ethnicity of company owners using SBA and Census data.

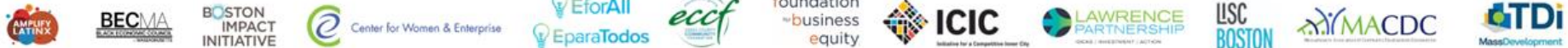
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## Statewide Small Business Recovery Survey

Please share your business needs as we head into reopening and recovery

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# Key findings

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- Just one in three small businesses report bring fully open, with smaller businesses least likely to be fully open.
- Business size makes a major difference. The smallest businesses in Massachusetts are hurting the most, and have the most difficult road to recovery. This could exacerbate inequities during recovery, since women- and minority-owned businesses are often smaller.
- Sectors that rely more on customers coming onsite have been hit harder. Many remain closed and face far greater financial struggles.
- PPP loans have helped many businesses, but others (particularly very small businesses) have not applied as often or received the full amount they applied for.

# Key findings

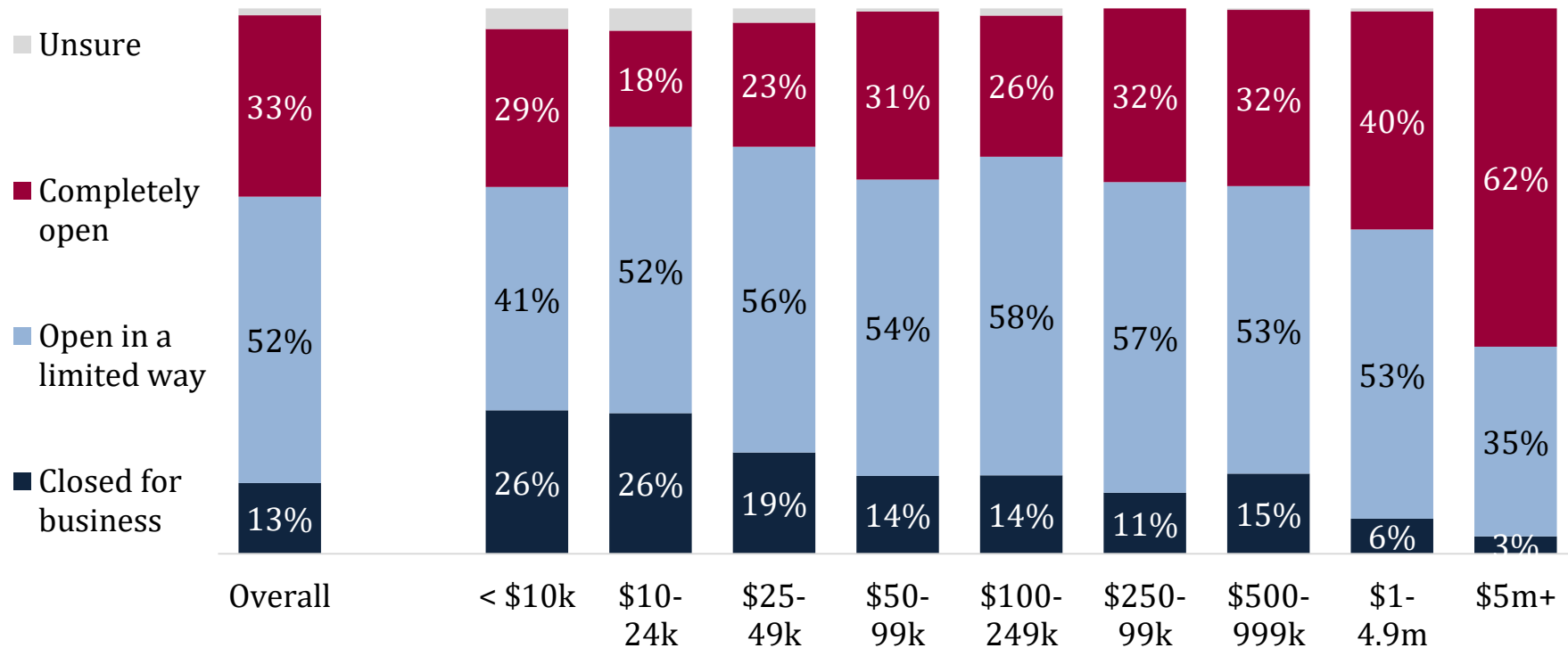
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- Businesses cite unemployment benefits as the top challenge in getting workers back, followed by fear of infection. Larger businesses are much more likely to cite unemployment benefits as a barrier.
- Looking ahead, the assistance businesses need most is just cash: loans, grants, new sources of revenue.
- Beyond that, business needs depend heavily on sector and size, since situations vary so dramatically depending on the type of business.
- The smallest businesses face additional challenges in recovery. Many are individuals in business. Some have no formal banking or insurance relationships for their business.

# Open for business – sort of

- Overall, 85% of companies are at least partially open. Smaller companies, by revenue, are more likely to be closed or only partly open.

**Most businesses at least partially open, but a quarter of smallest firms remain closed**  
 % of companies overall, and by 2019 revenue, open fully, partially, or closed

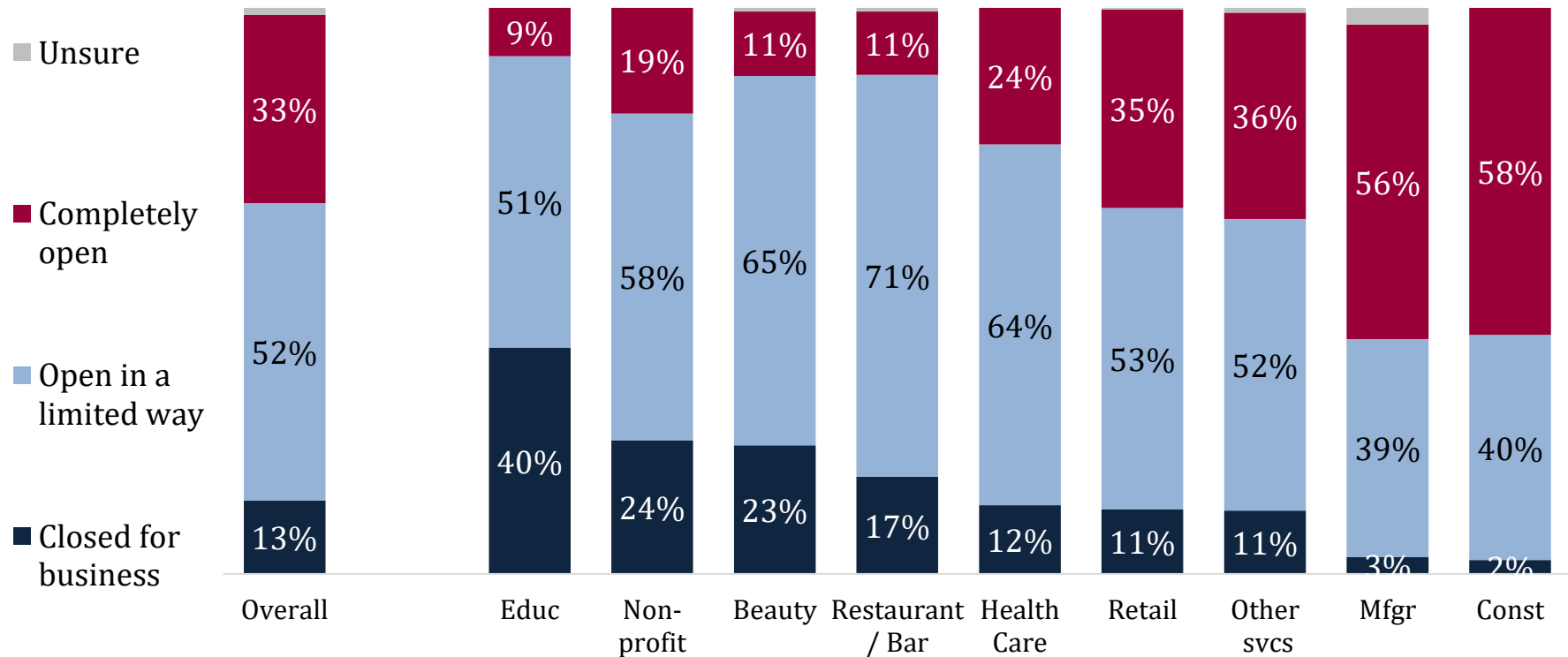


# Some industries more open

- Education, beauty, and restaurant/bar businesses are more likely to be closed and less likely to be open completely.
- Retail stands out as industry that sees customers on site that is more fully open.

## Education, beauty, and restaurant all less likely to be fully open

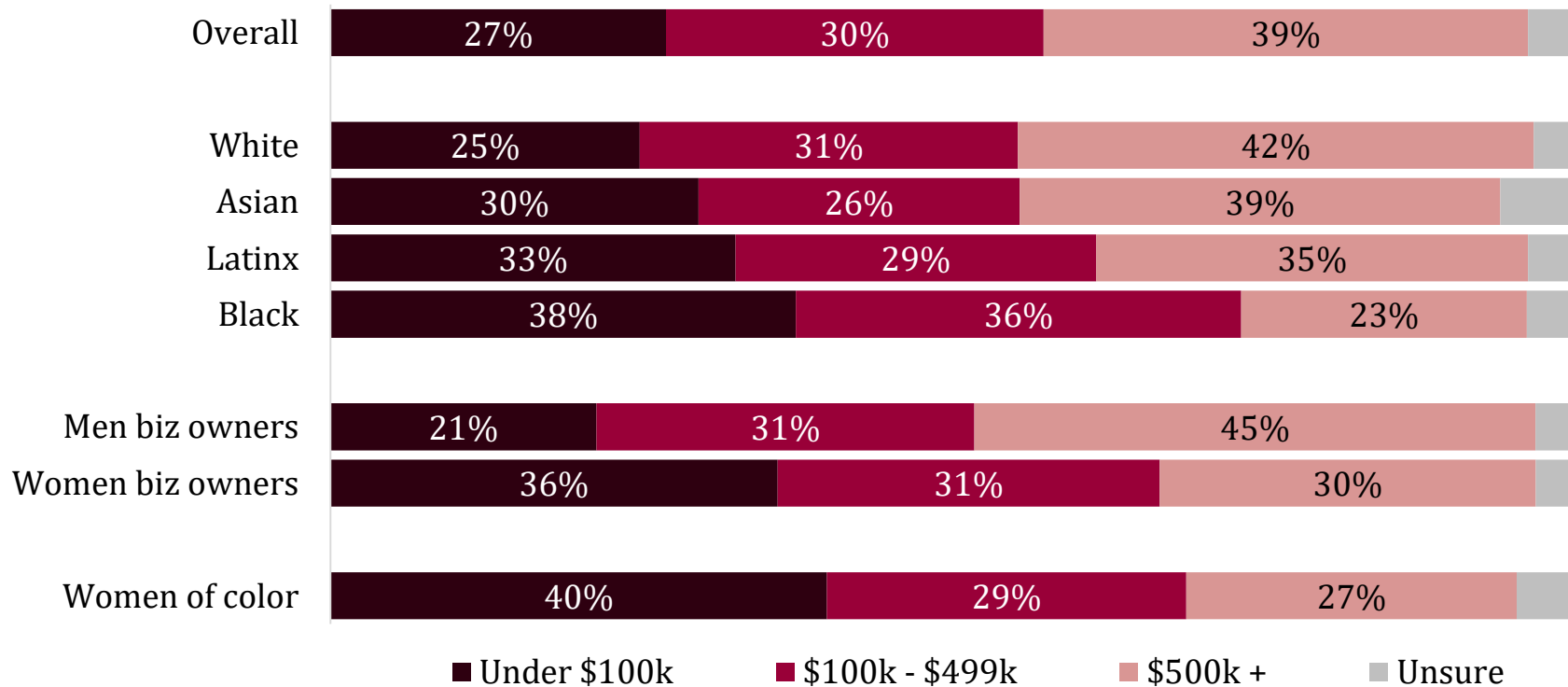
*% of companies overall, and by 2019 revenue, open fully, partially, or closed*



# Business size and demographics

- Different COVID impacts by size exacerbate race and gender disparities for business owners.

**Differences in business size by the race/ethnicity, gender of owners/founders**  
*% of companies in each revenue category (2019), by demographics of owners/founders*

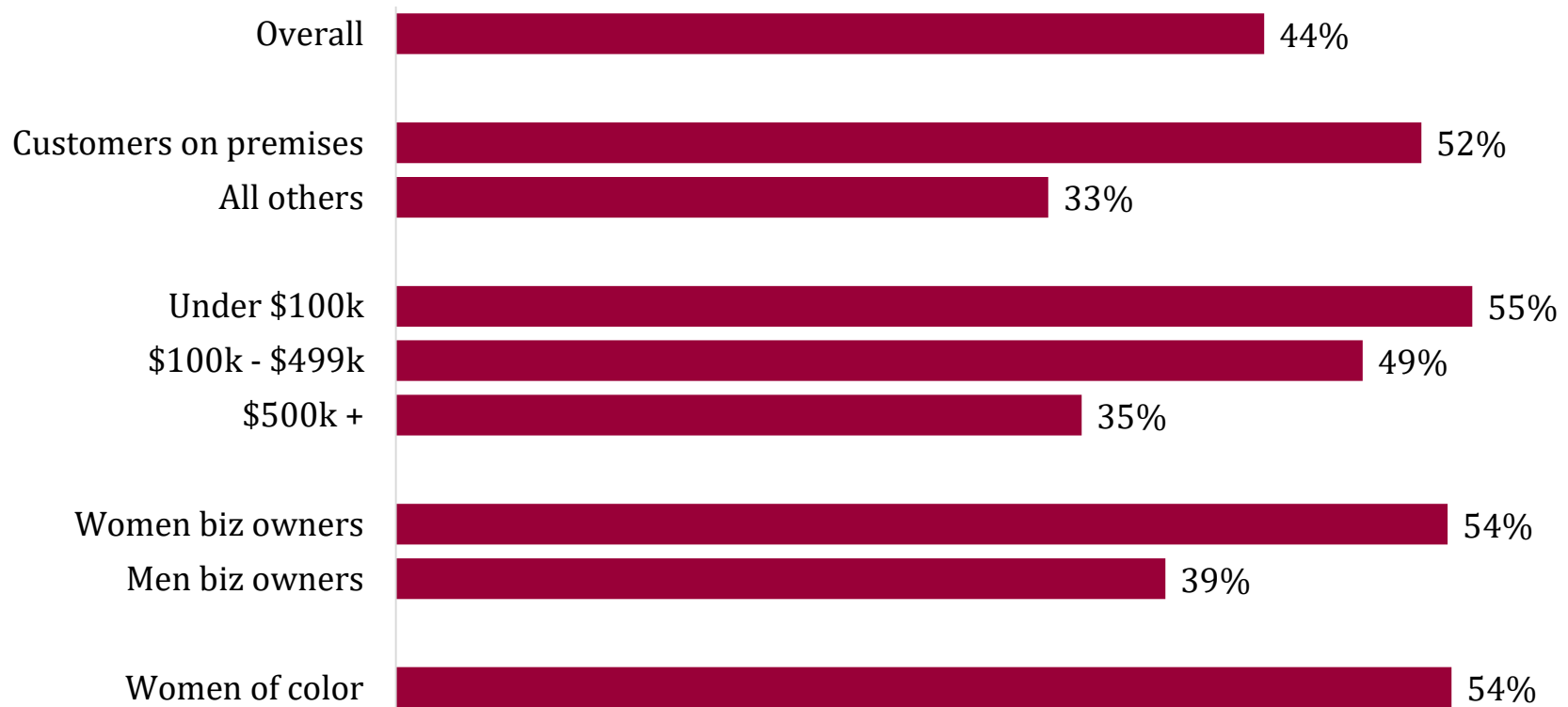




# Lost revenues, by size and demographics

- Larger businesses and businesses without onsite customer interaction were more shielded, though many still reported steep losses.

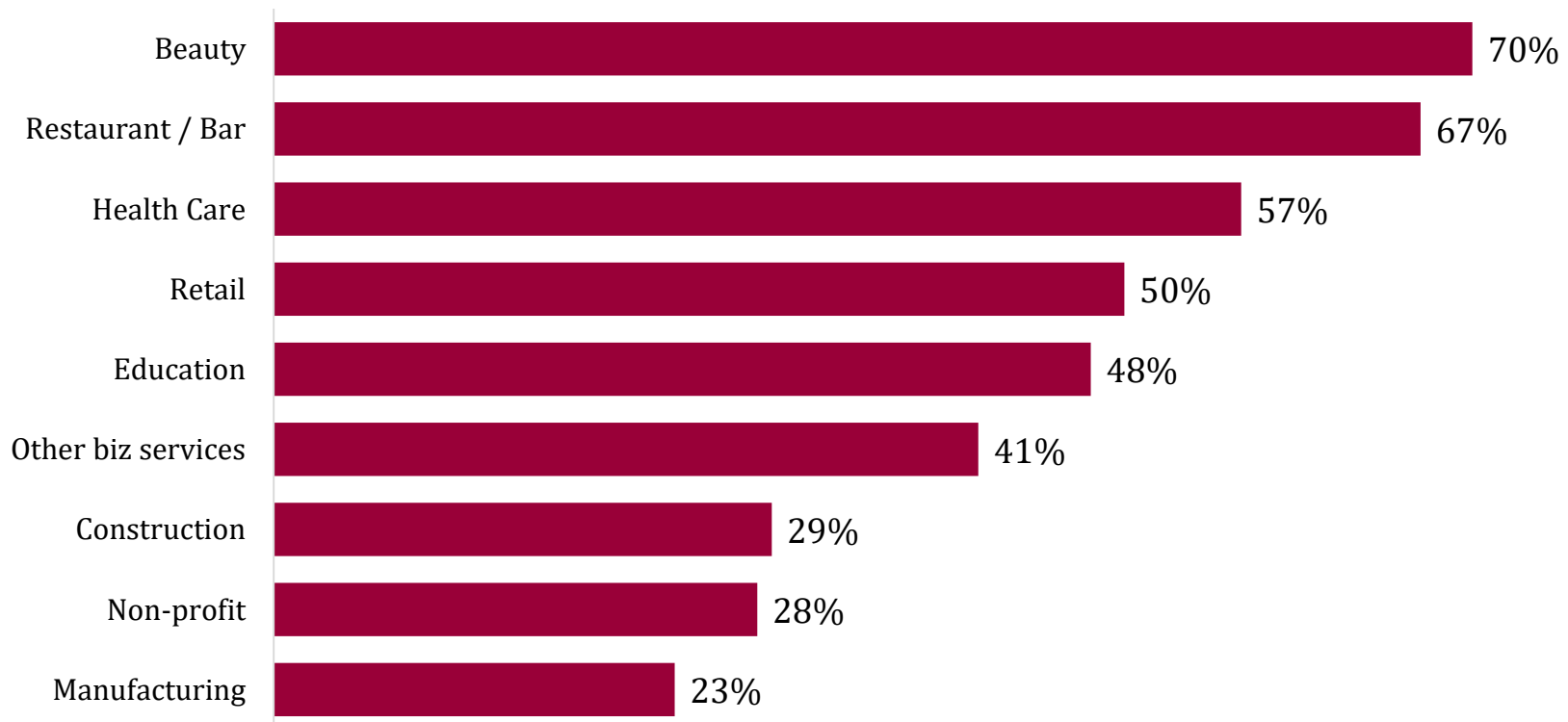
**Size, business format were 2 key factors in determining size of revenue drop**  
*% in each grouping who report revenue drops of half or more in the first half of 2020*



# Lost revenues, by sector

- Business sectors that rely on in-person interaction with customers report the largest losses.

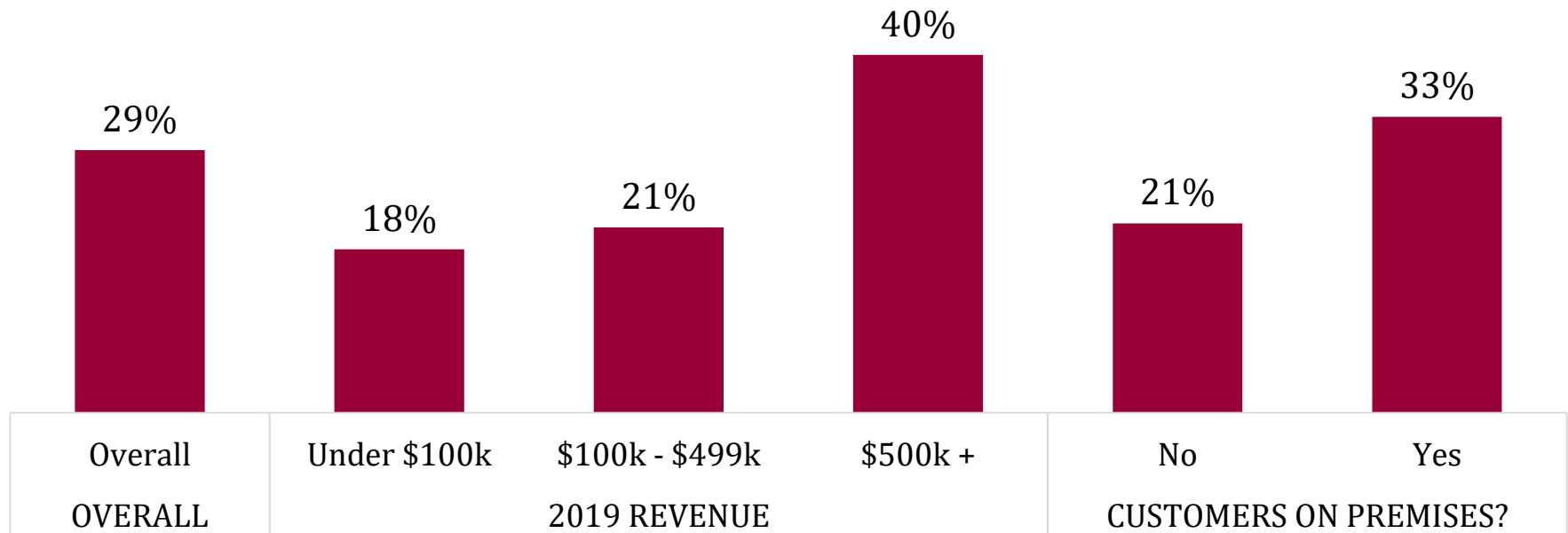
**Beauty, restaurant businesses most likely to report 50%+ declines of gross income**  
*% in each sector who report revenue drops of 50% or more in the first half of 2020*



# Getting workers back to work

- Larger firms, who did more furloughs and layoffs, now report more trouble getting workers to come back.
- Companies serving customers on site also more likely to have difficulty getting workers back.

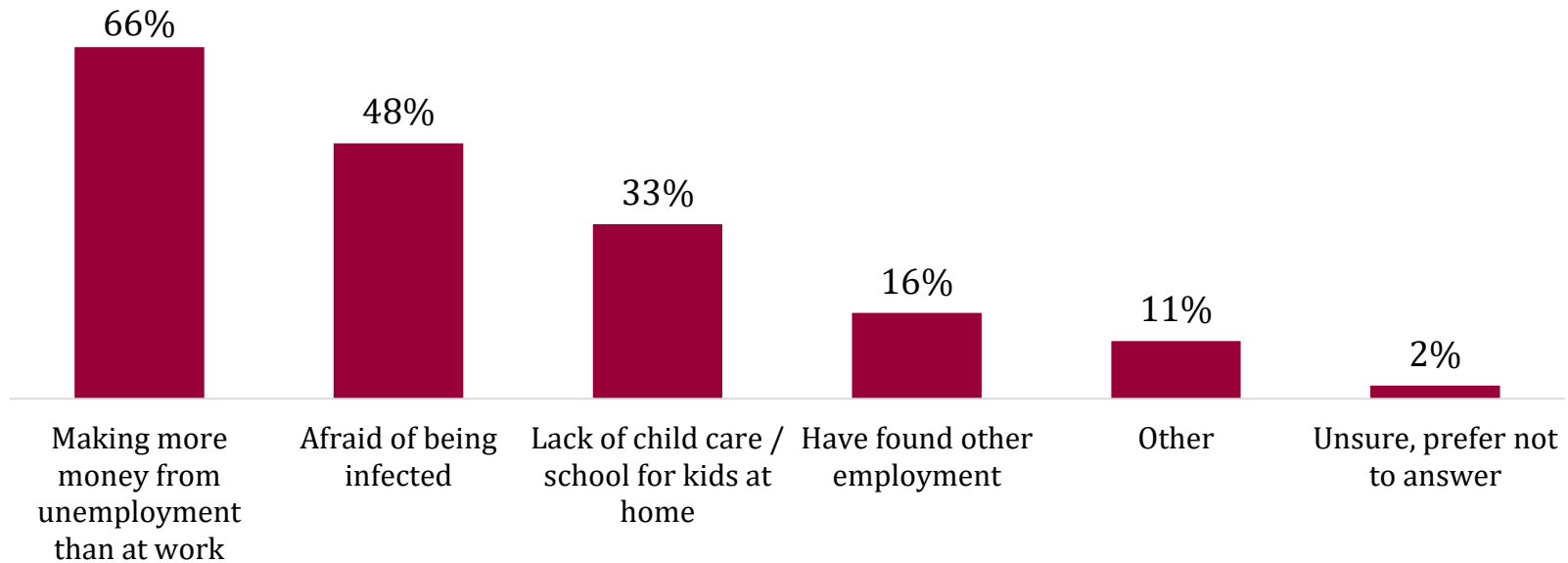
**Larger firms, those with customers on site, having more trouble getting workers back**  
*% who have had difficulty getting furloughed employees back to work*



# Impediments to rehiring

- The most common perception is workers won't come back because they are making more from unemployment, while others say workers are afraid of infection or lack childcare.

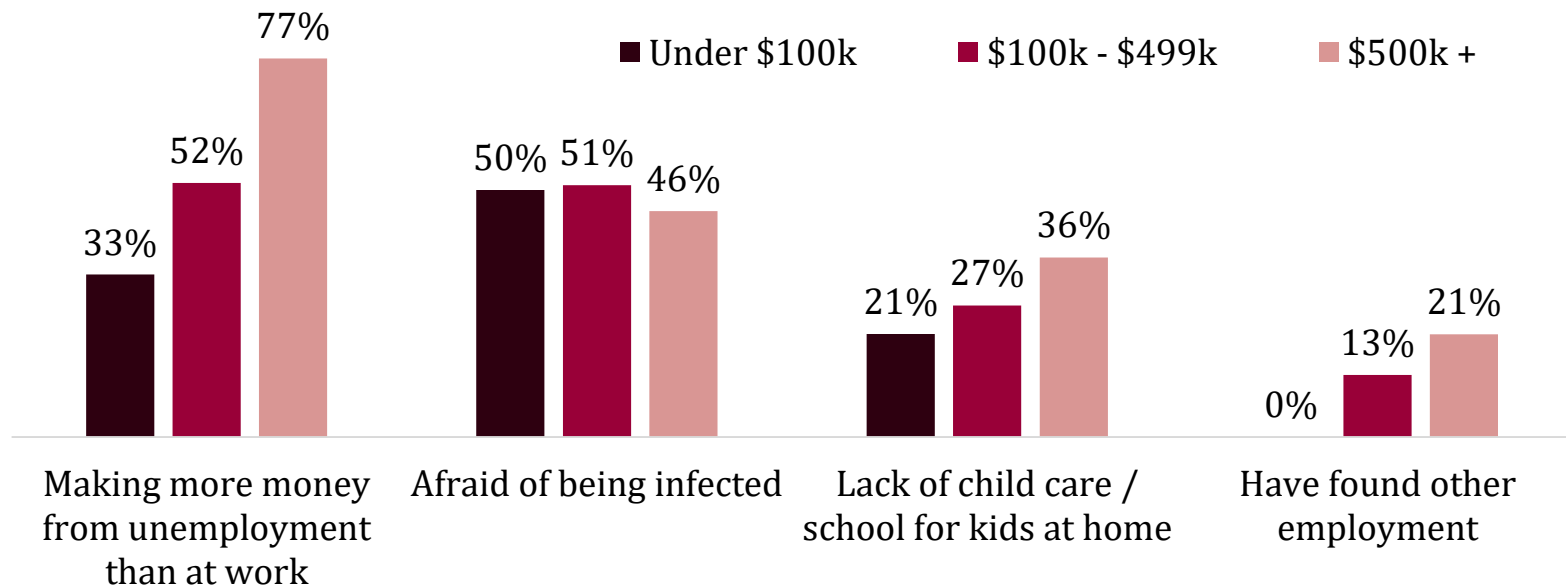
**Companies cite unemployment pay as most common reason employees staying away**  
*% of companies who have had trouble rehiring workers citing each as a reason*



# Impediments by company size

- Of those who have had trouble getting employees to return, larger firms are more likely to identify unemployment benefits as a barrier. Other firms also cite fear of infection.

**Larger companies more likely to cite unemployment benefits as barrier to rehiring**  
*% of companies citing each as a reason workers have given for not returning*

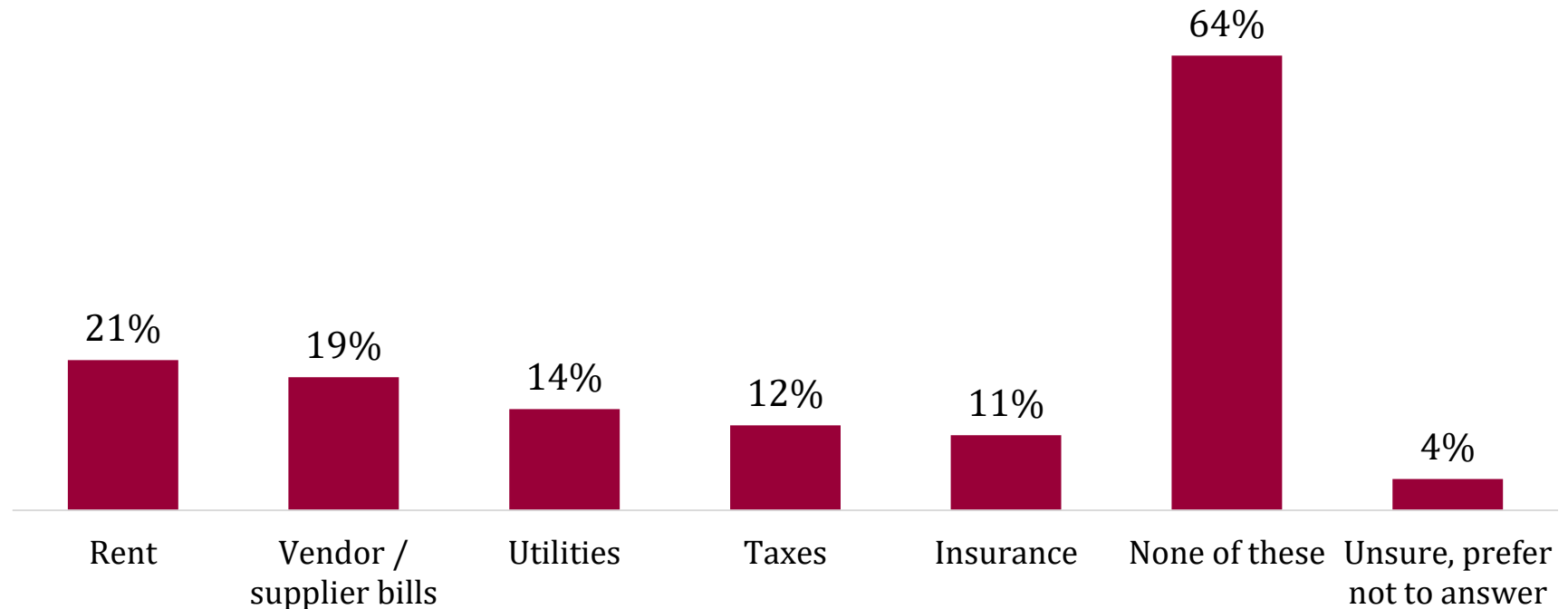


# Most reporting keeping up with bills...

- Rent is the most missed payment, followed by vendor bills, suggesting that the potential wave of evictions could affect commercial properties as well as residential.

## Most businesses report staying current on rent, taxes, and other payments

*% of companies who have missed each type of payment during the pandemic*

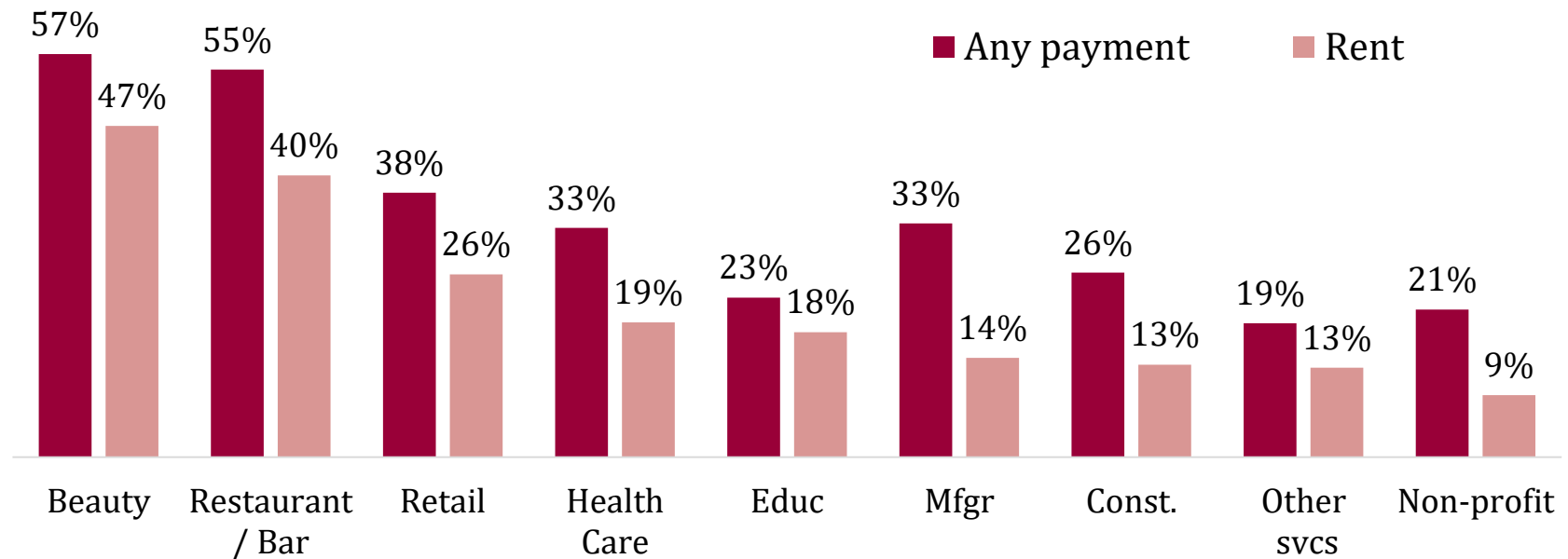


# Missed payments vary by sector

- Certain sectors are much more likely to report missing payments than others, including rent.

## Certain sectors report more problems keeping up with bills

*% of businesses in each sector who report missing rent, vendor, tax, utility or insurance payments*

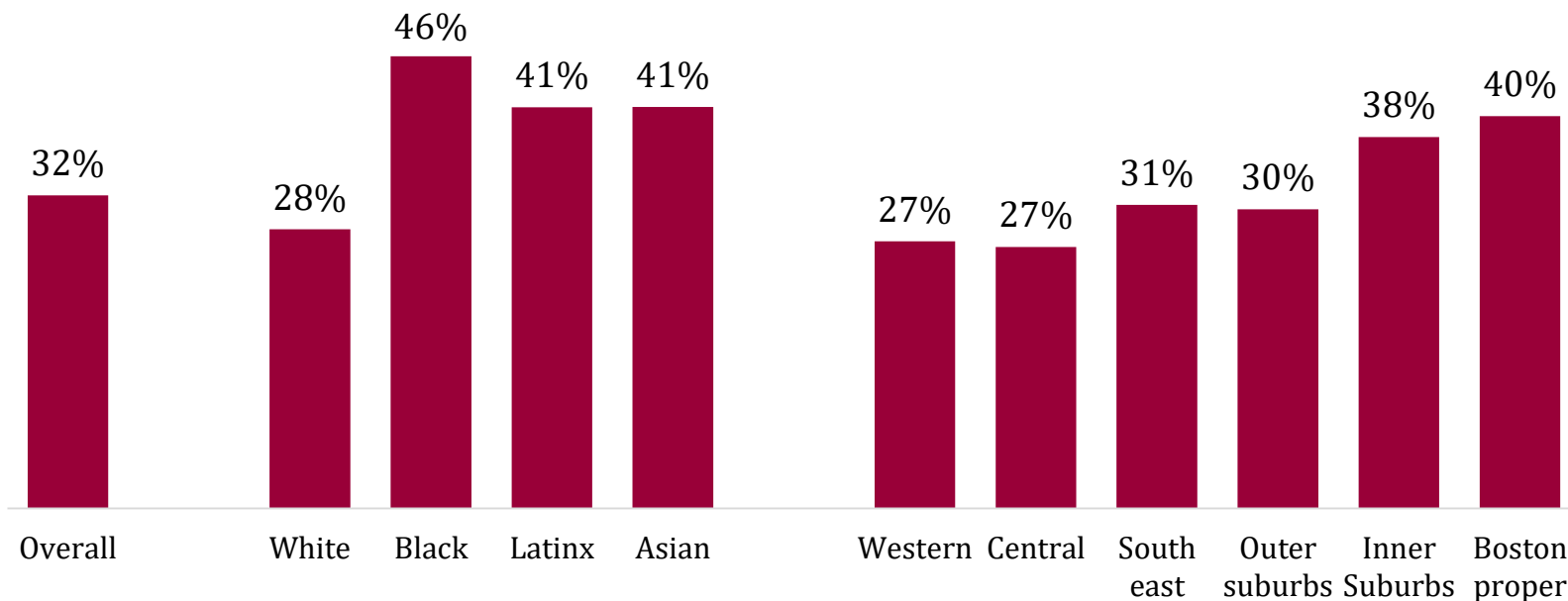


# Missed payments vary considerably

- Non-white-owned business more likely to report have missed a payment.
- Businesses closer to Boston are also struggling more with missed payments.

## Missed payments higher among non-white-owned business and within Route 128

*% who have missed any type of payment, overall and by company owner race and region*



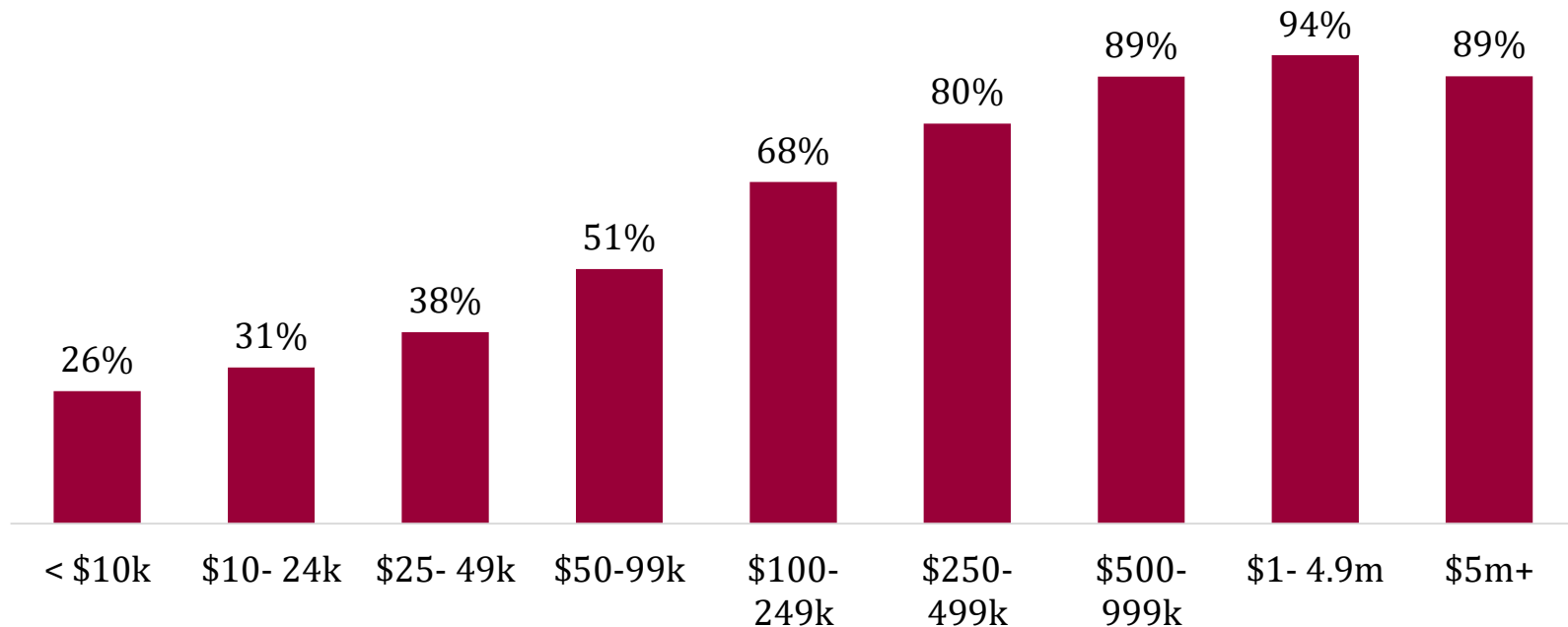


# Few of smallest businesses applied for PPP

- Massachusetts businesses with higher revenues were much more likely to report applying for PPP Loans.
- The smallest businesses are less likely to have formal banking relationships and more likely to be individuals.

## Smaller businesses were far less likely to report applying for PPP loans

*% of MA small business in each revenue category who applied for a PPP loan*

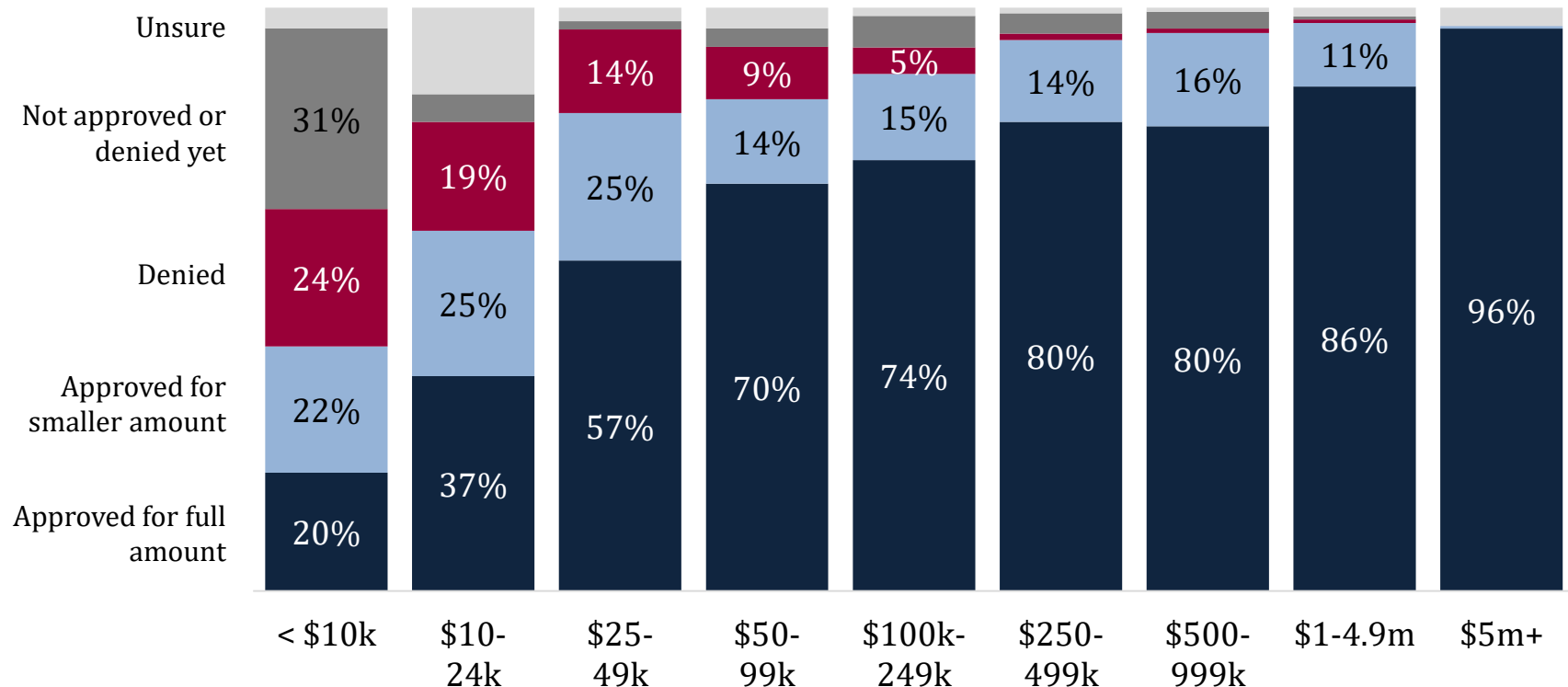


# PPP approval by company size

- Among those who did apply, small businesses were less likely to be approved for their full application amount.

## Of those who applied for PPP, the outcomes varied by company size

% of MA small business in each revenue category who say their PPP loan was \_\_\_\_\_.

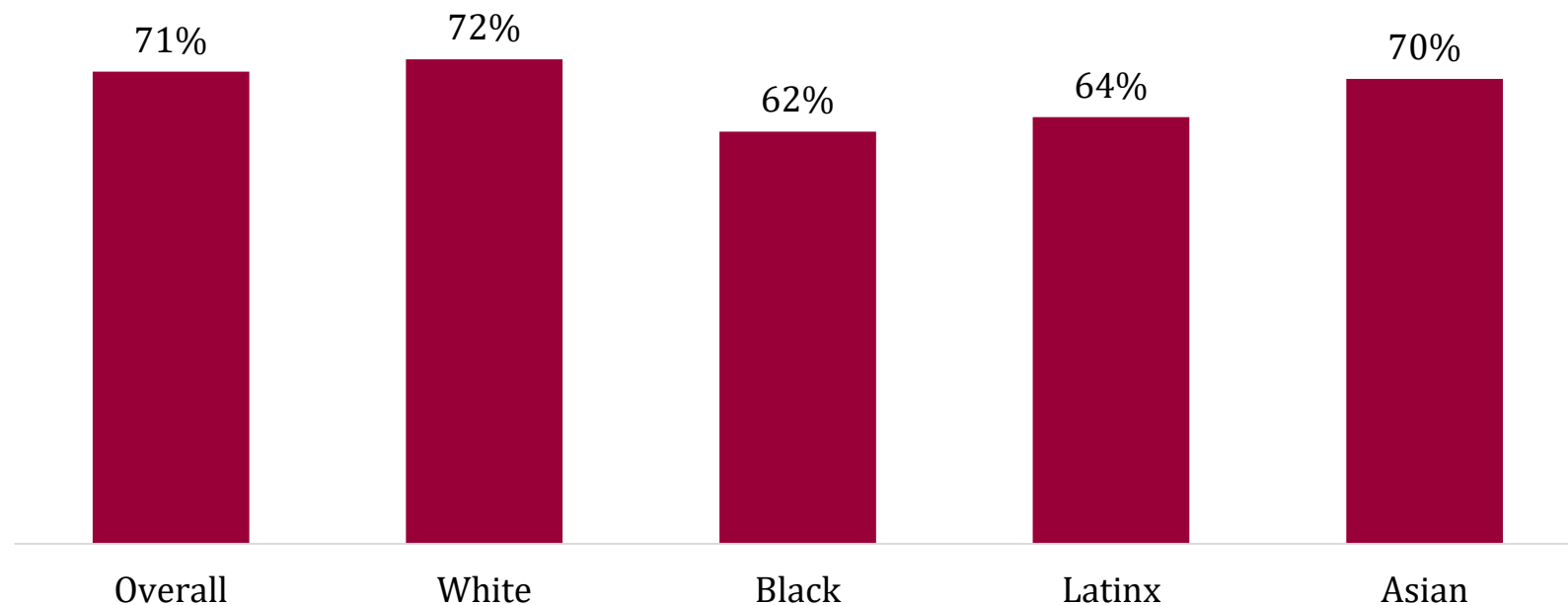


# Differences in PPP applications...

- Black and Latinx-owned business were somewhat less likely to report applying for PPP loans.

## Black-owned businesses were least likely to apply for PPP loans

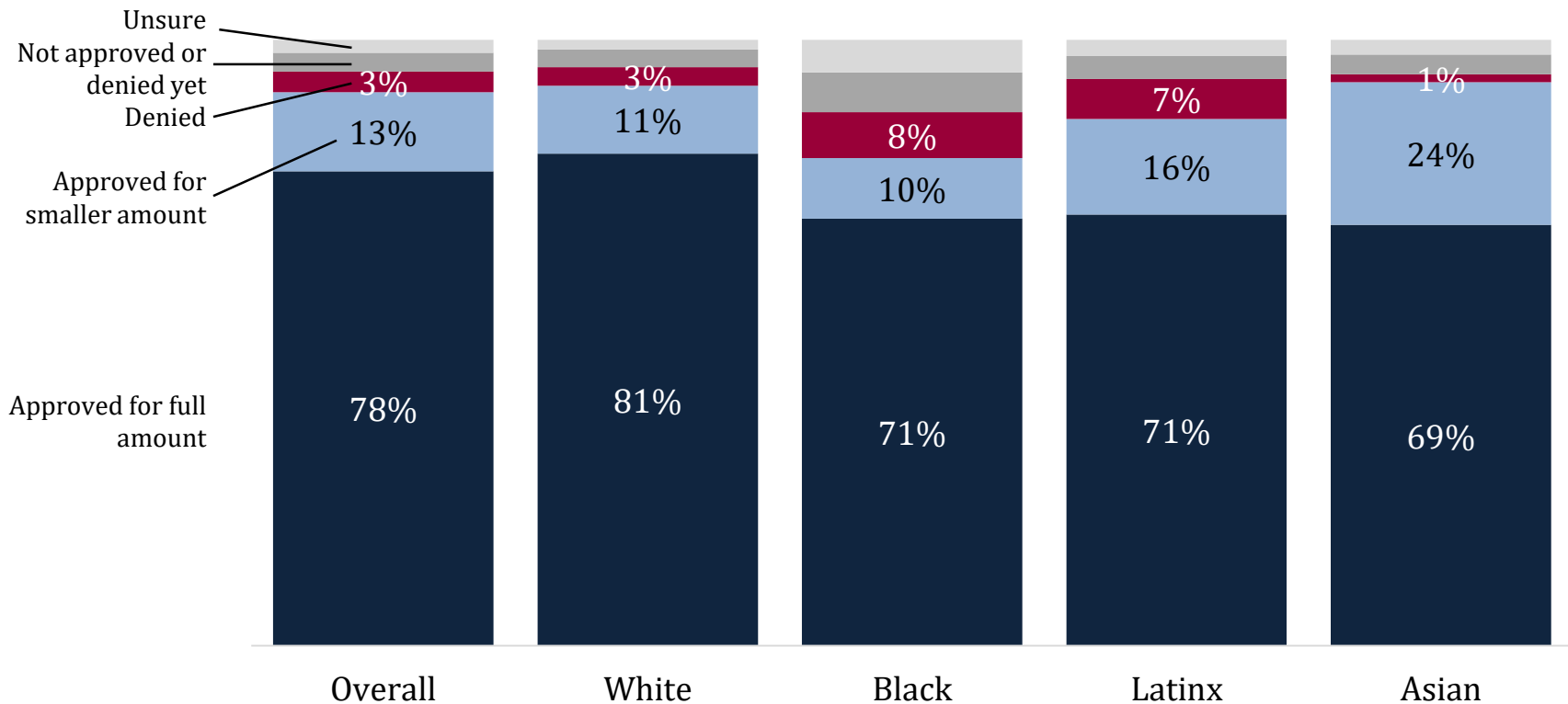
*% of MA small business with owners who identify as \_\_\_\_\_ who applied for a PPP loan*



# ... and in PPP approval outcomes

- Minority-owned businesses less likely to report receiving the PPP loan amount they applied for.

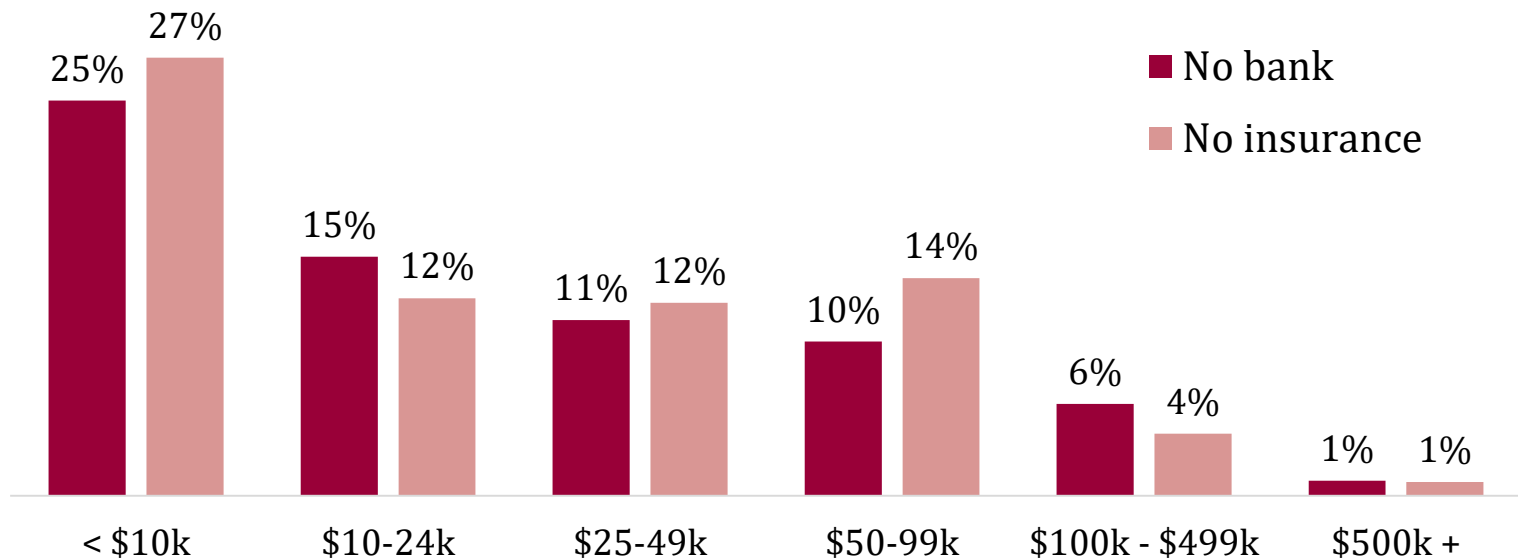
**Of those who applied, more white-owned businesses received full application amount**  
*% of MA small with owners who identify as \_\_\_\_\_ who say their PPP loan was \_\_\_\_\_.*



# Some of smallest lack banking, insurance

- A good share of the smallest businesses do not have formal business banking or insurance relationships.

**Fewer small businesses say they have a business banking relationships, insurance**  
*% in each size category who say they have a business banking relationship*

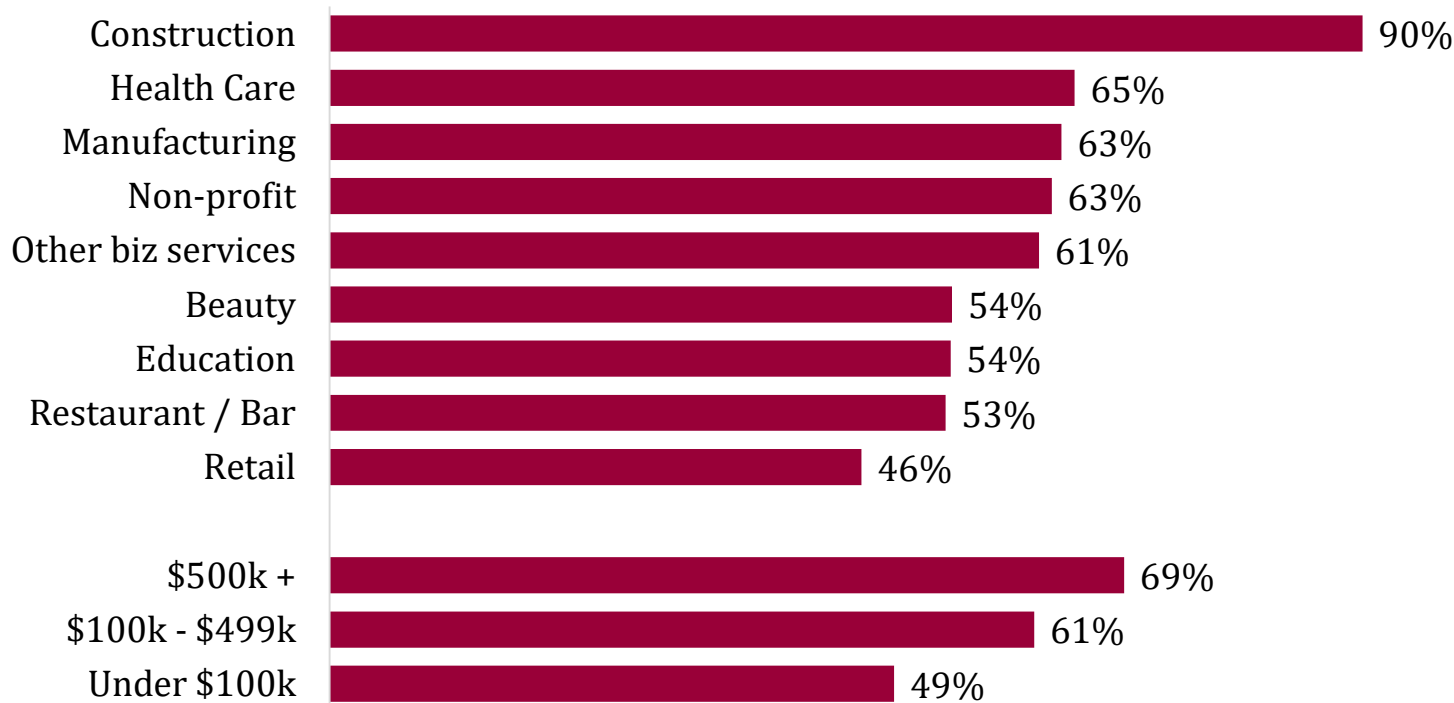


# Uneven confidence in insurance

- Smaller businesses and certain sectors are less confident their insurance is sufficient to reopen.

## Businesses vary widely by type, size in terms of confidence in insurance

*% very or somewhat confident their liability insurance is sufficient to reopen*



# What businesses need most

- Grants and revenue sources were by the two most helpful, reflecting the sharp income losses businesses experienced.
- High on the list were also issues related to operating online (marketing, social media, selling)

## Revenue, online marketing help needed most

*% who say each type of assistance would be “very useful”*

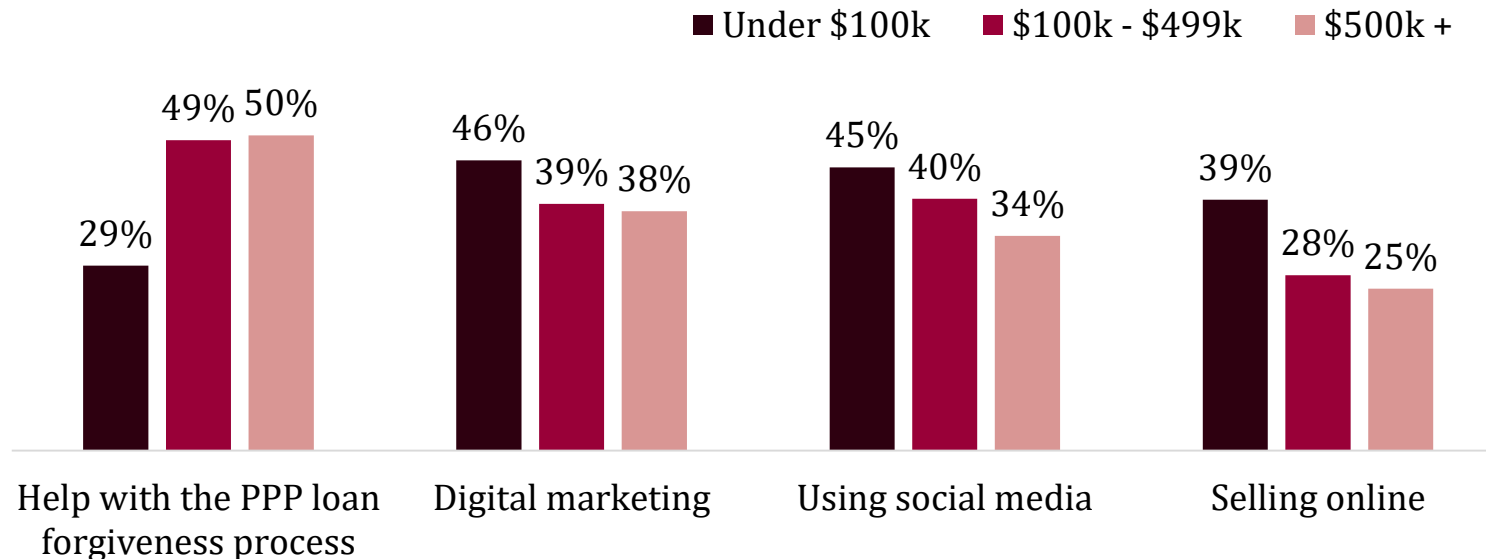
Type of assistance needed	% “very useful”
Access to grant funding	64%
Finding new revenue sources	58%
Help with the PPP loan forgiveness process	43%
Digital marketing	40%
Using social media	39%
Access to low interest loans	37%
Selling online	30%
Revising financial plans	26%
Assessing strategic priorities	25%
Business continuity and disaster planning	25%
Complying with reopening rules and regulations on safety	24%
Updating your business plan	24%
Changing brand messaging	19%
Crisis communications	17%
Human resources guidance or coaching	17%
Legal help dealing with creditors, suppliers, or landlords	16%
Diversity, equity, and inclusion training	15%

# PPP vs online sales help

- Beyond revenue and grants, larger and smaller businesses have different needs.

## Large businesses need help with PPP forgiveness, smaller businesses need online marketing and selling assistance

*% who say each type of assistance would be very useful*





# Help across sectors.

- Businesses in different sectors express very different needs in terms of what kind of assistance would be most helpful.

## Different sectors need specific kinds of assistance, depending on their situation

*% in each sector who say each type of assistance would be very useful*

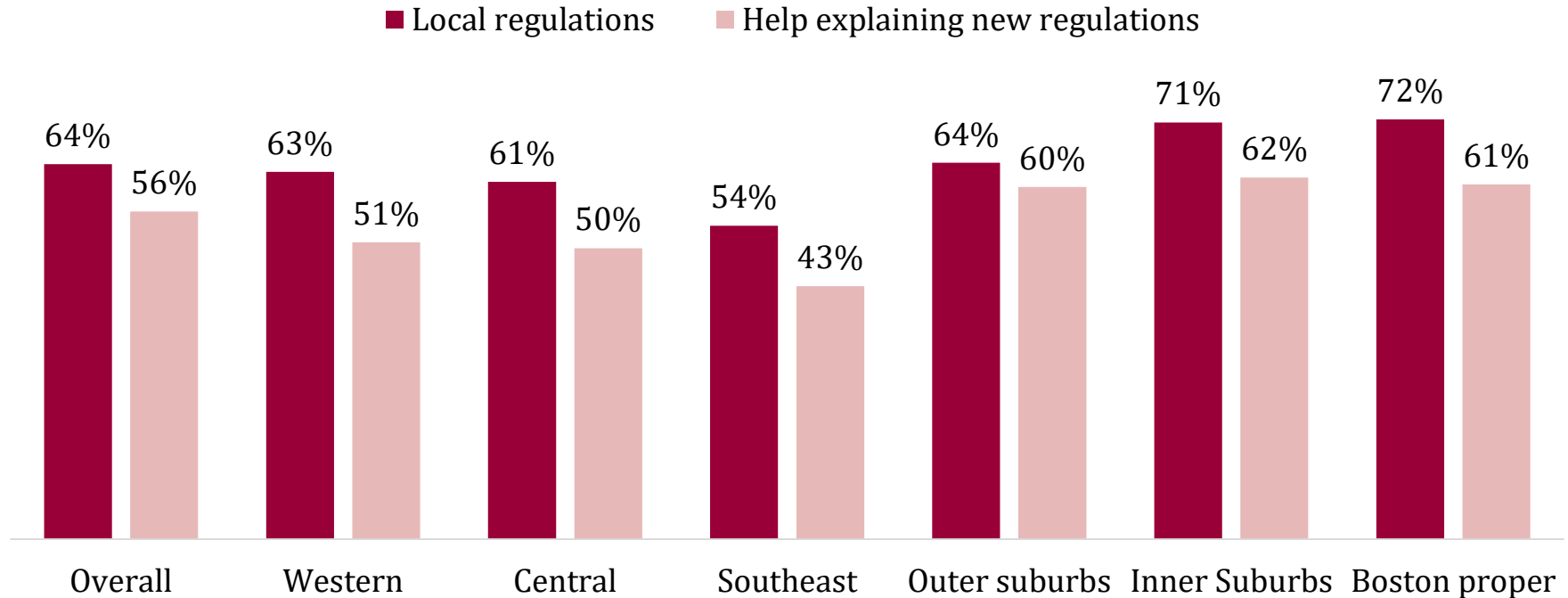
	Overall	Beauty	Construction	Education	Health Care	Manu- facturing	Non-profit	Restaurant / Bar	Retail	Other biz services
Digital marketing	40%	40%	29%	44%	44%	36%	37%	41%	52%	43%
Using social media	39%	39%	32%	45%	35%	32%	31%	49%	53%	38%
Access to low interest loans	37%	40%	41%	37%	35%	48%	17%	45%	39%	31%
Selling online	30%	34%	16%	37%	21%	30%	20%	35%	52%	28%
Revising financial plans	26%	34%	24%	31%	32%	22%	21%	36%	27%	20%
Assessing strategic priorities	25%	26%	29%	24%	27%	22%	28%	27%	29%	23%
Business continuity and disaster planning	25%	43%	25%	29%	32%	18%	21%	35%	29%	19%
Complying with reopening rules and regulations on safety	24%	38%	26%	33%	35%	12%	30%	32%	18%	21%
Updating your business plan	24%	31%	30%	24%	29%	24%	25%	24%	27%	22%
Changing brand messaging	19%	16%	15%	21%	17%	11%	22%	29%	19%	20%
Crisis communications	17%	37%	17%	24%	23%	12%	16%	27%	15%	13%
Human resources guidance or coaching	17%	21%	29%	15%	18%	13%	13%	24%	16%	13%
Legal help dealing with creditors, suppliers, or landlords	16%	28%	12%	17%	15%	9%	8%	32%	20%	9%
Diversity, equity, and inclusion training	15%	19%	18%	16%	13%	6%	36%	20%	13%	14%

# Local government seen as helpful

- Businesses closer to Boston and inside 128 get somewhat higher marks.

## Local governments closer to Boston get higher marks for help with regulations

*% overall and by region saying local government has been helpful on each matter*





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