

# **Mass. small business recovery survey**

**A survey of Massachusetts businesses with under 500 employees**

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**July 29, 2020**

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**This project was sponsored by Amplify Latinx**

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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 population parameters on gender and race/ethnicity of the company owner.

# Sponsors and distribution partners



## Statewide Small Business Recovery Survey

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

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## THANK YOU TO OUR PARTNER ORGANIZATIONS!



## MEDIA PARTNERS



# Survey in the press

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Mass Forward

**More than 60 percent of small businesses in Massachusetts report losses in gross revenue of 25% or more in 2020, new MassINC Polling Group poll reports**

**Poll: Reopenings Uncertain for Many Still-Closed Small Businesses**

**Sólo uno de cada tres negocios pequeños de Massachusetts están operativas**  
La mayoría dice que sus ingresos cayeron un 25% o más en la primera mitad del año

**Poll: Most Small Businesses In Mass. Have Lost At Least 25% Of Their Income**

**Hundreds of small businesses polled in Mass. have seen revenues drop by more than half**

Survey indicates "the shape of trouble" ahead for Main Streets and urban neighborhoods

**Bloomberg  
Radio**

# Key findings

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- Business size makes a huge difference. The smallest businesses are hurting the most, and have the hardest road to recovery.
- Sectors that rely more on customers coming onsite have had a worse time of it. Many remain closed and face far greater financial struggles.
- PPP loans have helped many businesses, but others (particularly very small businesses) who need them have not been able to access them.

# Key findings

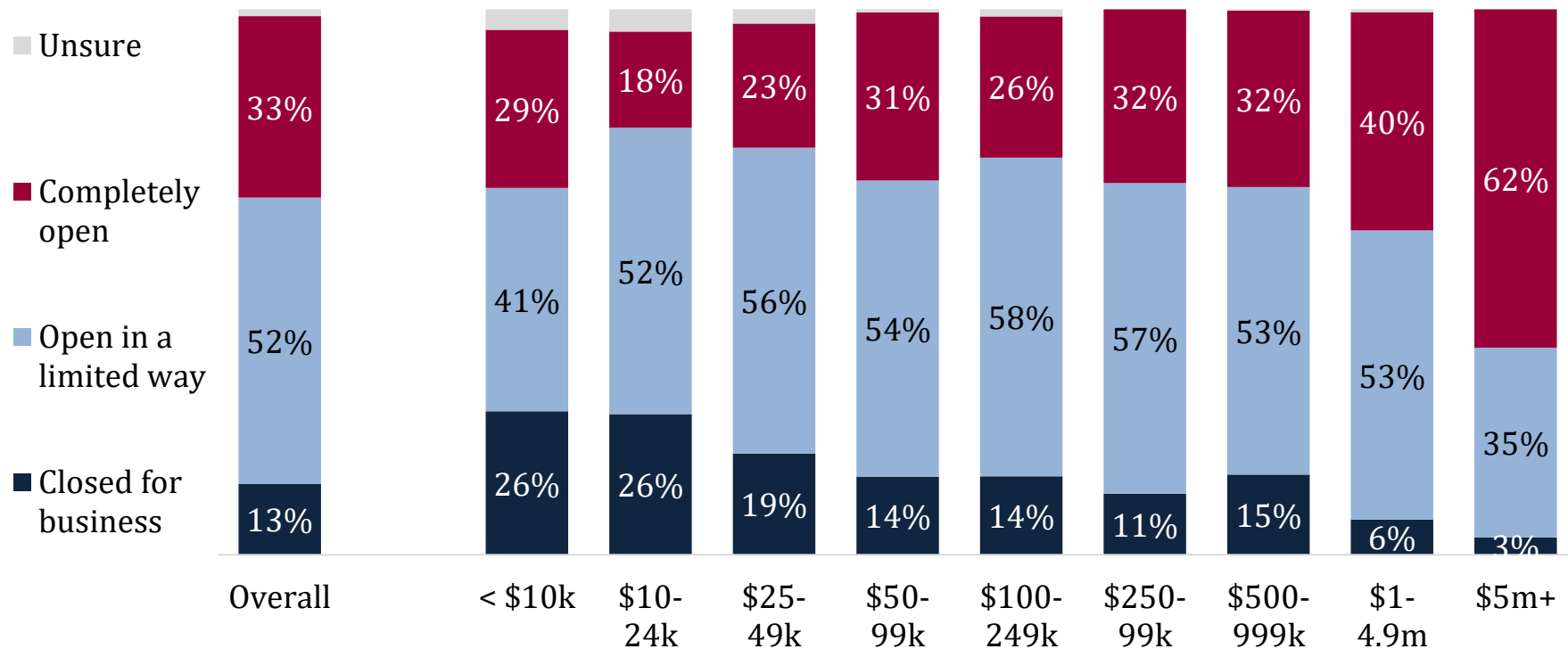
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- White-owned businesses were more likely to apply for PPP loans and more were approved for their full amount.
- Looking ahead, the assistance businesses need most is just plain old cash: loans, grants, new sources of revenue.
- Beyond that, business needs depend heavily on sector, since situations vary so dramatically.

# 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

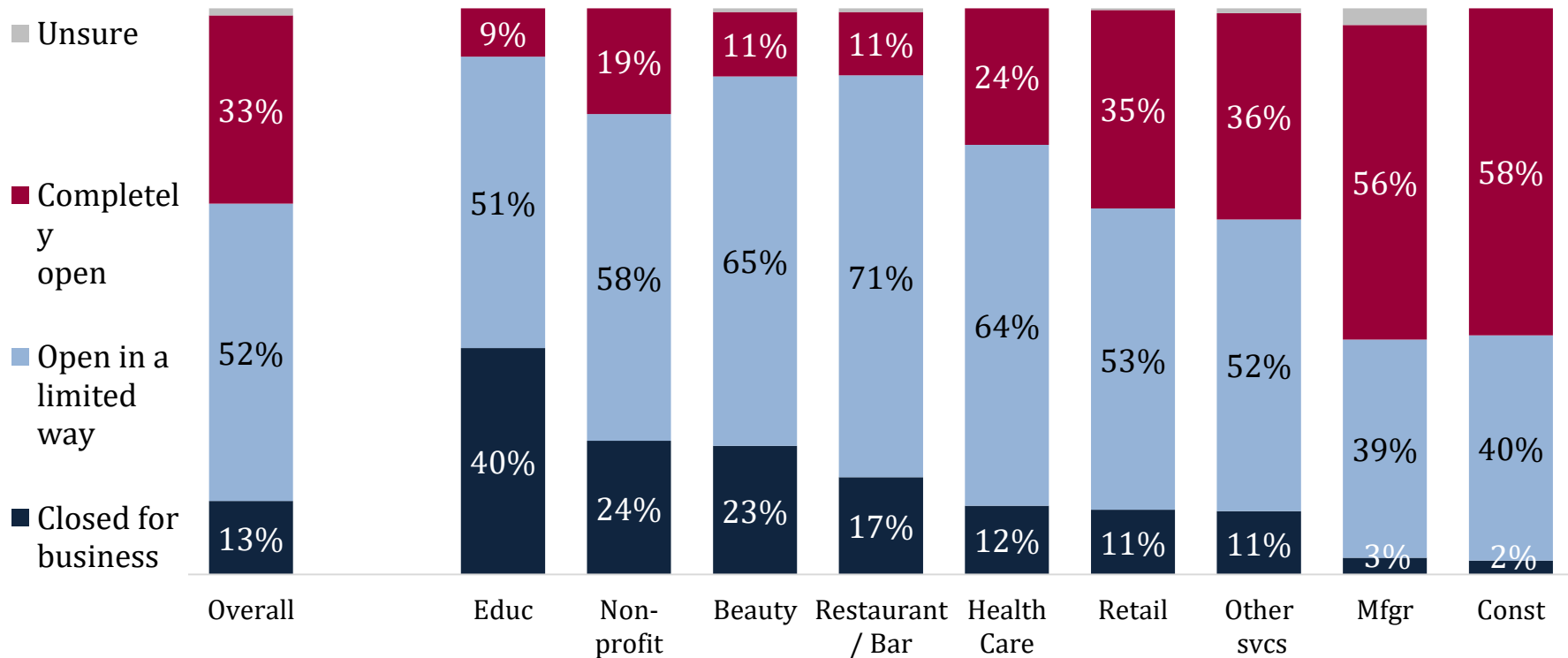


# Some industries more open

- 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 open.

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

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

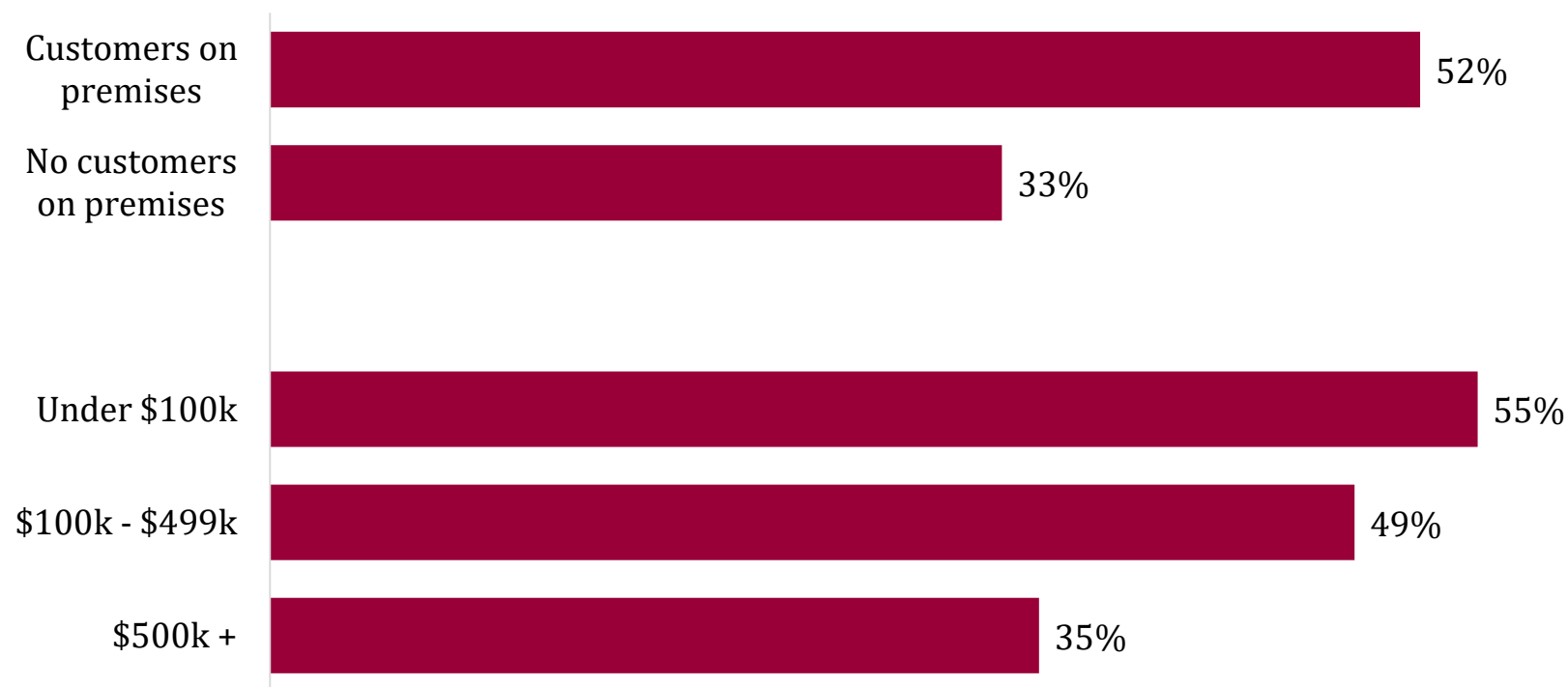


# Lost revenues, by size and type

- 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 income drop**

*% in each grouping who report revenue drops of 50% or more in the first half of 2020*

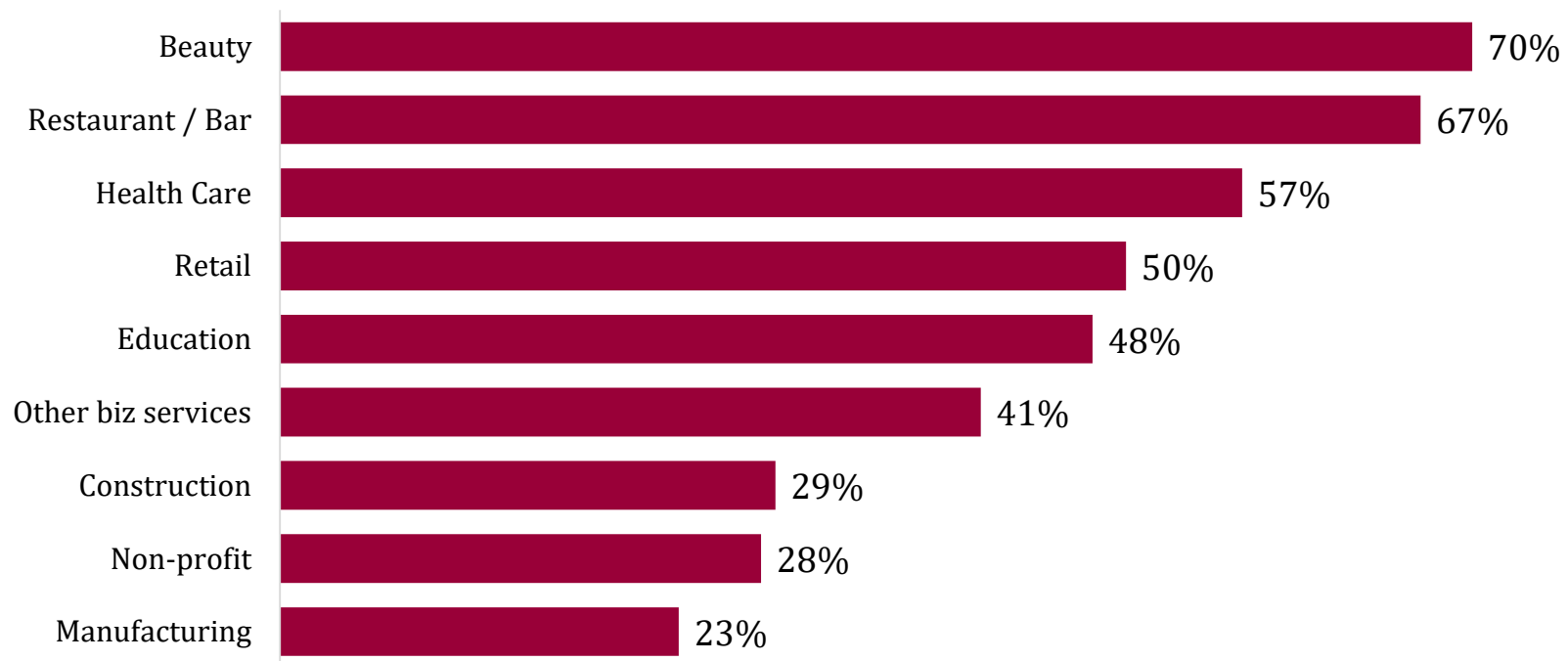


# Lost revenues, by sector

- 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*

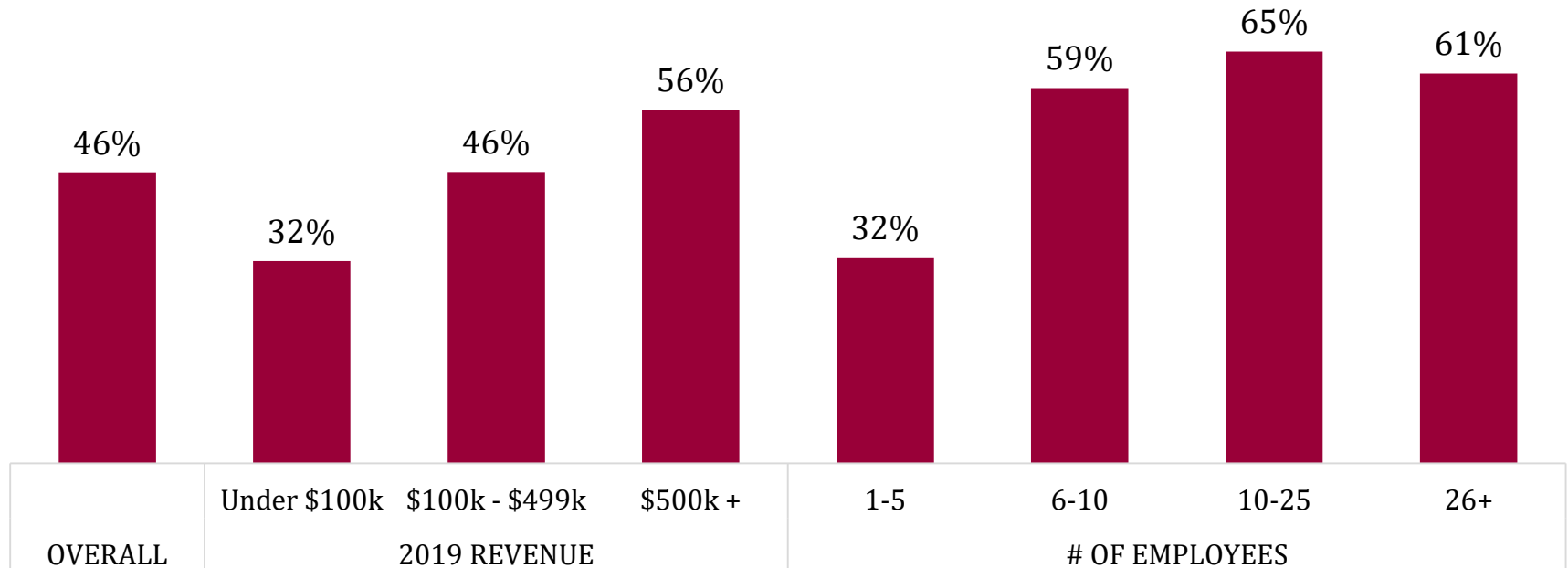


# Layoffs concentrated at larger businesses

- Layoffs / furloughs increase with the size of companies, both in revenue and number of employees.

## Larger businesses were more likely to report furloughs and layoffs than smaller ones

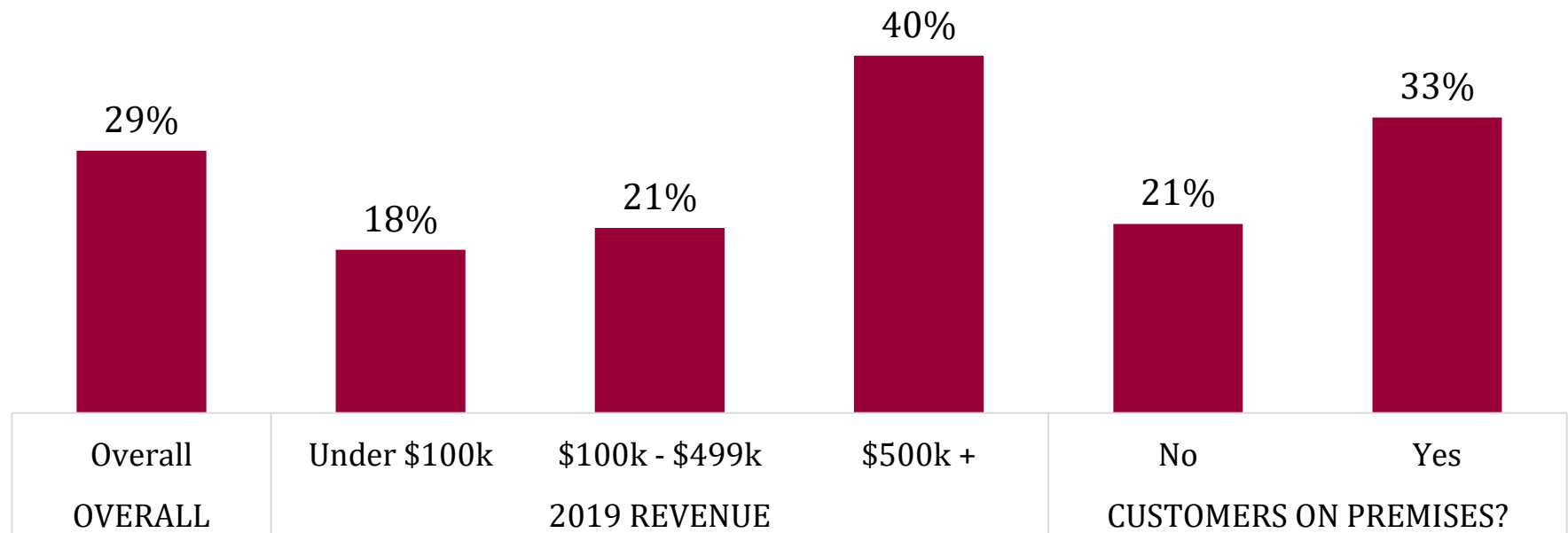
*% in each size category who said they have laid off / furloughed employees*



# 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*

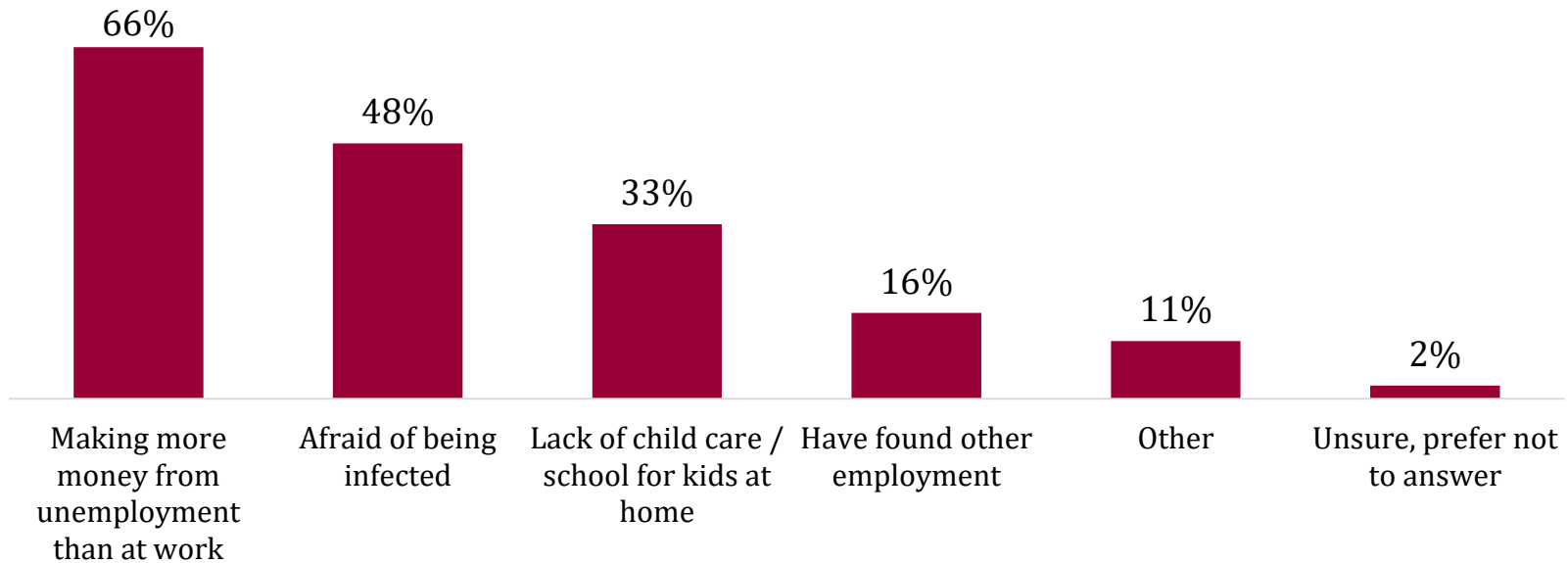


# Impediments to rehiring

- 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 citing each as a reason workers have given for not returning*



# Impediments to rehiring

- Businesses differ in terms of their most commonly cited reasons for employees not returning.

## **Black and Latinx owned businesses more likely to cite infection concerns**

*% of companies citing each as a reason workers have given for not returning*

|                                                  | Overall | White | Black | Latinx | Asian |
|--------------------------------------------------|---------|-------|-------|--------|-------|
| Making more money from unemployment than at work | 66%     | 70%   | 40%   | 59%    | 55%   |
| Afraid of being infected                         | 48%     | 47%   | 53%   | 67%    | 49%   |
| Lack of child care / school for kids at home     | 33%     | 34%   | 36%   | 44%    | 23%   |

# Biggest challenges vary by sector

- Uncertainty and fear are the top challenged, followed by financial problems: lack of revenue, cash flow trouble, inability to pay bills.
- Restaurants having trouble retaining / rehiring employees; manufacturers having supply issues; non-profits are facing challenges with fundraising.

|                                                                     | OVERALL | INDUSTRY |              |           |             |               |            |                  |        |                    |
|---------------------------------------------------------------------|---------|----------|--------------|-----------|-------------|---------------|------------|------------------|--------|--------------------|
|                                                                     |         | Beauty   | Construction | Education | Health Care | Manufacturing | Non-profit | Restaurant / Bar | Retail | Other biz services |
| Uncertainty about reopening / "new normal"                          | 25%     | 11%      | 13%          | 26%       | 13%         | 23%           | 22%        | 29%              | 16%    | 34%                |
| Consumer confidence / demand / fear of virus                        | 20%     | 20%      | 18%          | 26%       | 27%         | 20%           | 8%         | 18%              | 29%    | 18%                |
| Lack of revenue / cash flow / paying bills / debt                   | 16%     | 20%      | 17%          | 13%       | 10%         | 22%           | 10%        | 22%              | 21%    | 11%                |
| Cleaning / sanitizing / maintaining social distance within business | 10%     | 20%      | 5%           | 18%       | 18%         | 7%            | 7%         | 18%              | 8%     | 8%                 |
| In-person, physical components of business                          | 9%      | 9%       | 9%           | 12%       | 9%          | 10%           | 13%        | 2%               | 6%     | 14%                |
| Employees (hiring, retention, getting back to work)                 | 7%      | 9%       | 9%           | 3%        | 12%         | 5%            | 7%         | 17%              | 8%     | 4%                 |
| Safety / health of employees / customers                            | 6%      | 11%      | 12%          | 11%       | 4%          | 5%            | 3%         | 5%               | 7%     | 2%                 |
| Supply chain issues / slow operations                               | 4%      | 1%       | 8%           | 0%        | 0%          | 14%           | 0%         | 3%               | 7%     | 2%                 |
| Government / PPP                                                    | 4%      | 1%       | 4%           | 2%        | 5%          | 4%            | 7%         | 3%               | 4%     | 5%                 |
| Shifting business models (more online, etc)                         | 3%      | 1%       | 5%           | 8%        | 1%          | 2%            | 8%         | 0%               | 3%     | 5%                 |
| Fundraising / capital                                               | 3%      | 5%       | 0%           | 2%        | 2%          | 1%            | 22%        | 3%               | 2%     | 2%                 |
| Getting enough PPE                                                  | 3%      | 10%      | 1%           | 8%        | 15%         | 0%            | 2%         | 1%               | 3%     | 1%                 |

# Biggest challenges, in their own words

- “The majority of our businesses was in nightlife and we don't know when we'll be able to start that again.”
- “Total shut down. We will have zero revenue for 2020.”
- “Uncertainty with sales. Client commitment is uncertain. Decision making is slow. Projects have been delayed.”
- “The impact it is having on our customers, primarily large companies, who in turn are cancelling or suspending orders with us. General macroeconomic anxiety.”

# Most are getting supplies they need

- Most businesses report they are able to get the materials and supplies they need.
- Cleaning / PPE products were most commonly cited as challenges.
- On a separate question, 42% have said they have gotten all the PPE they need, and 39% said they'd gotten some of it.
- Health care sector was less likely to have gotten all the PPE it needed than other client-facing businesses.

## Most businesses report no trouble getting materials or supplies

*% of open-ended responses coded into each category.*

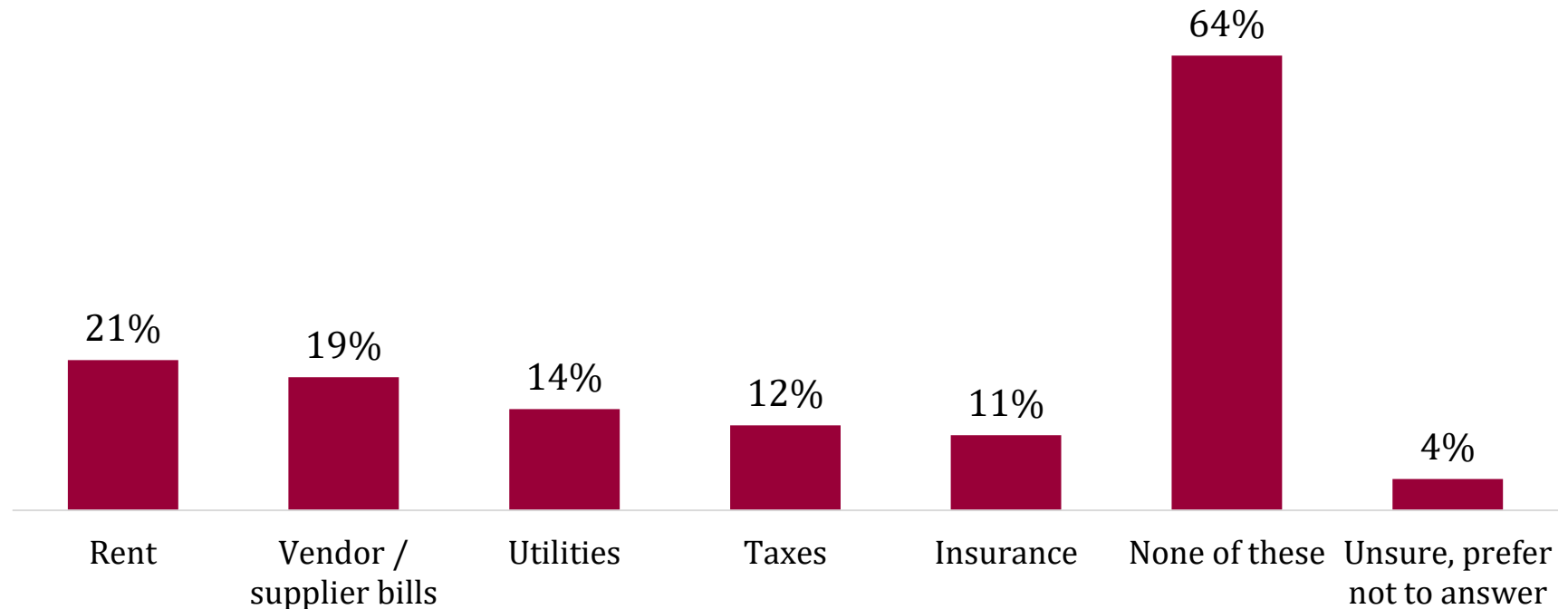


# Most reporting keeping up with bills...

- 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*

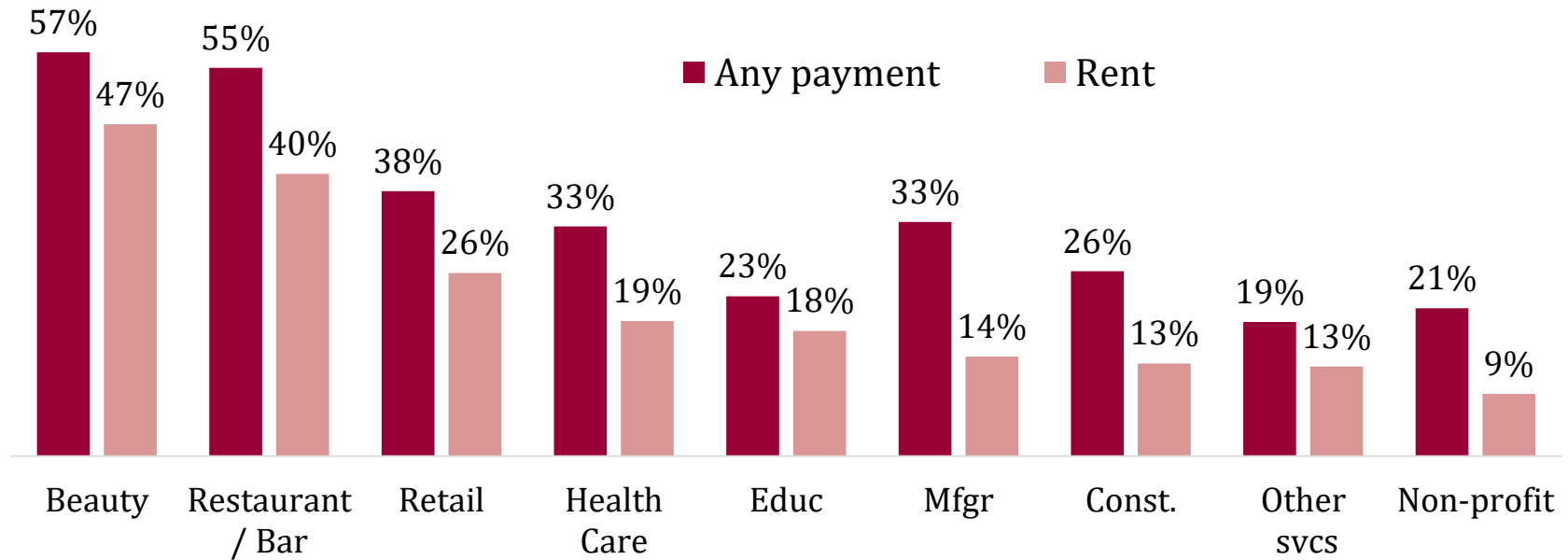


# Missed payments vary considerably

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

## Certain sectors have had more problems keeping up with bills

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

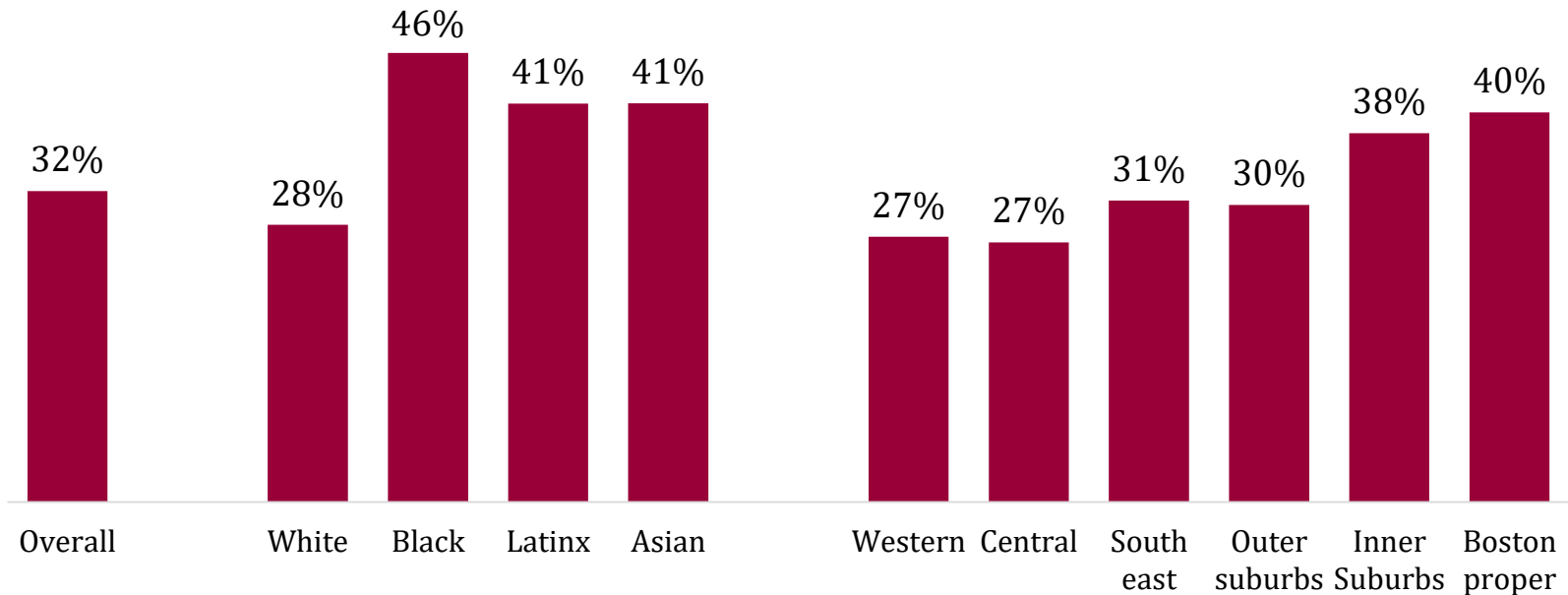


# Also differs by race and region

- 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*

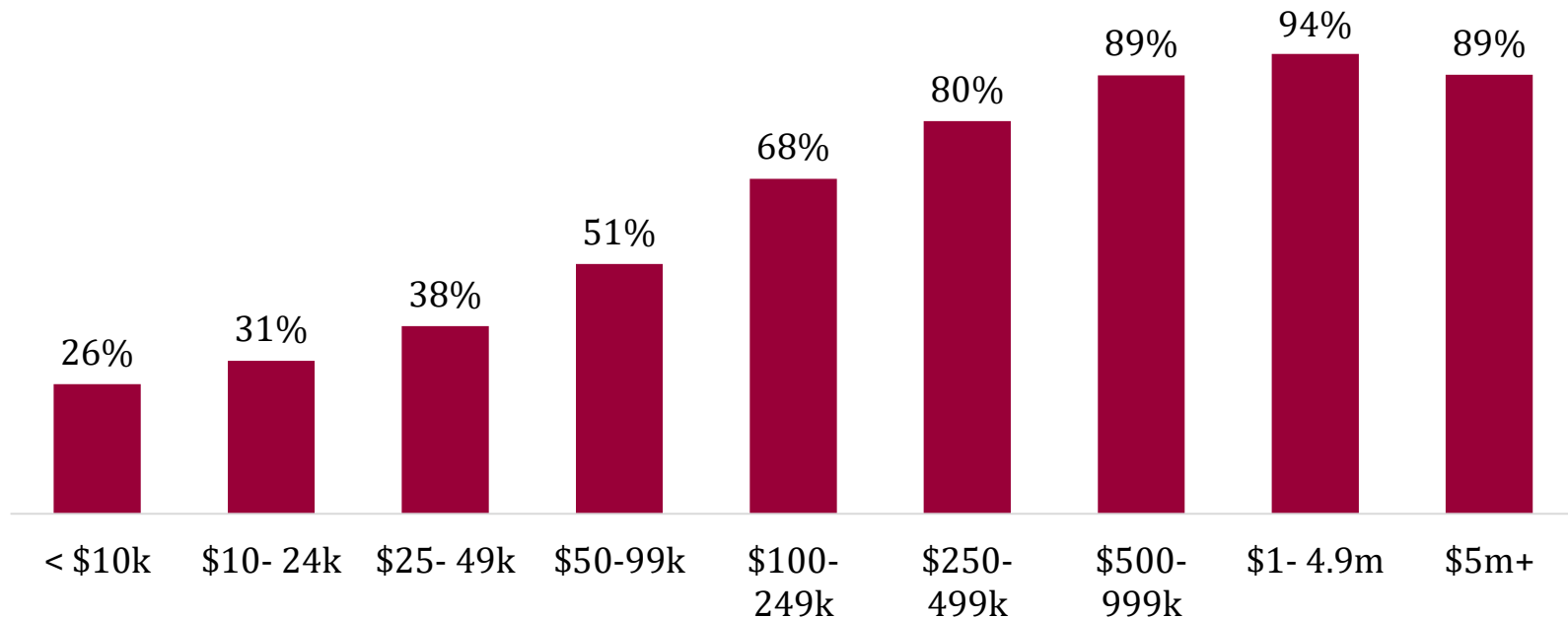


# PPP loans missed smallest businesses

- Massachusetts businesses with higher revenues were much more likely to report applying for PPP Loans.

## Smaller businesses were far less likely to apply for PPP loans

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

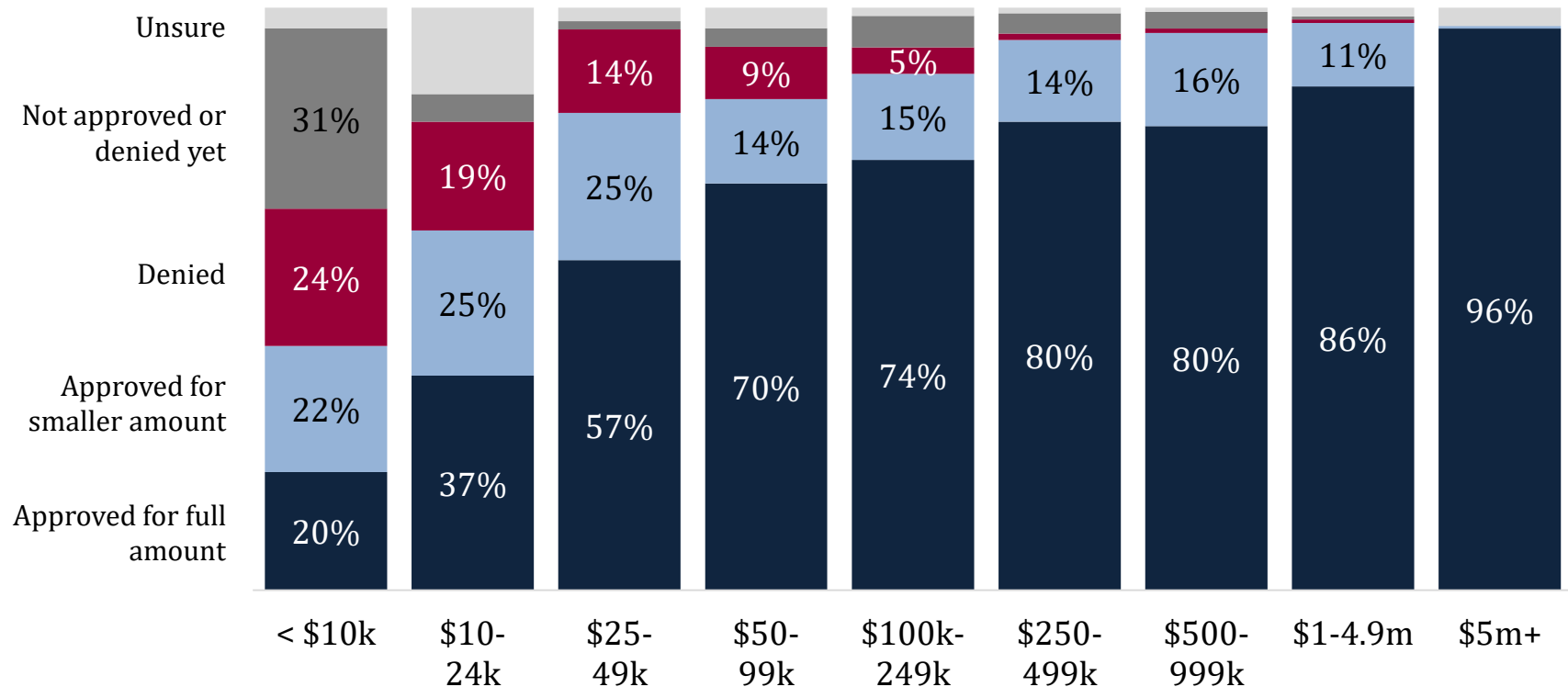


# Smallest business approved for PPP less

- Among those who did apply, small businesses were less likely to be approved.

## Of those who applied, larger businesses were more likely to be approved

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

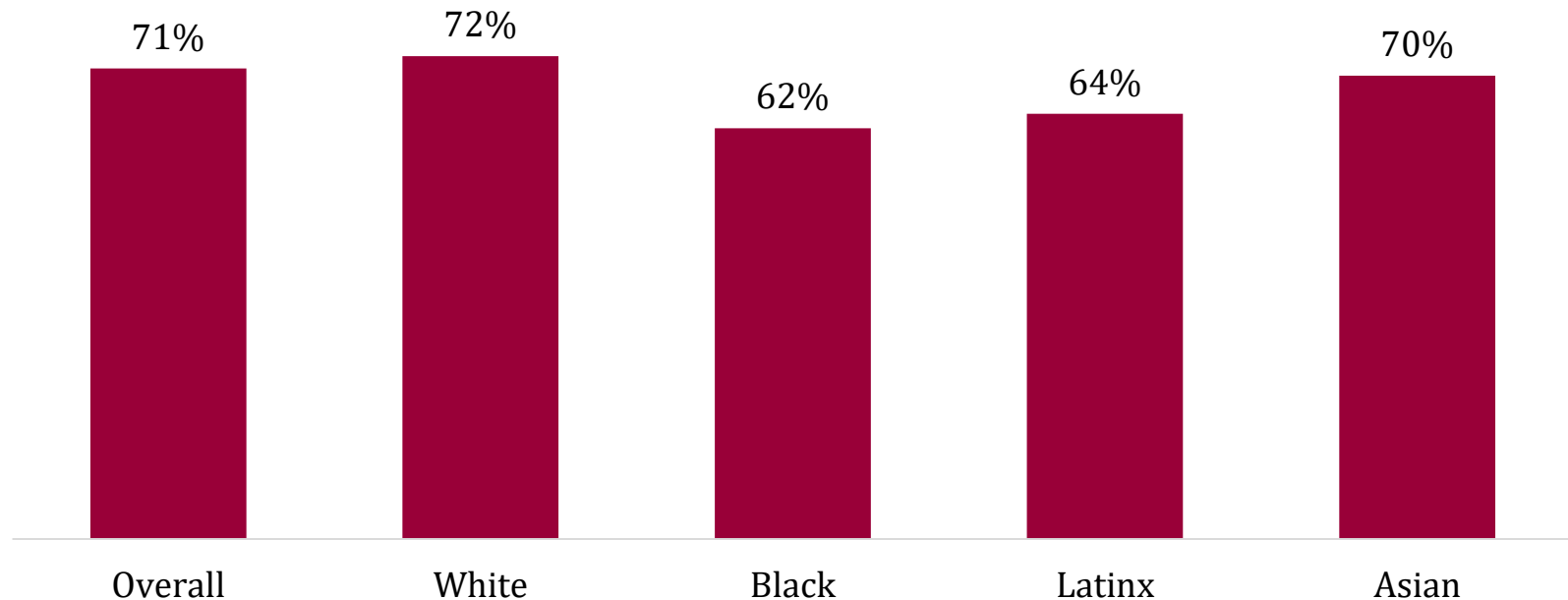


# Disparities in PPP applications...

- 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*

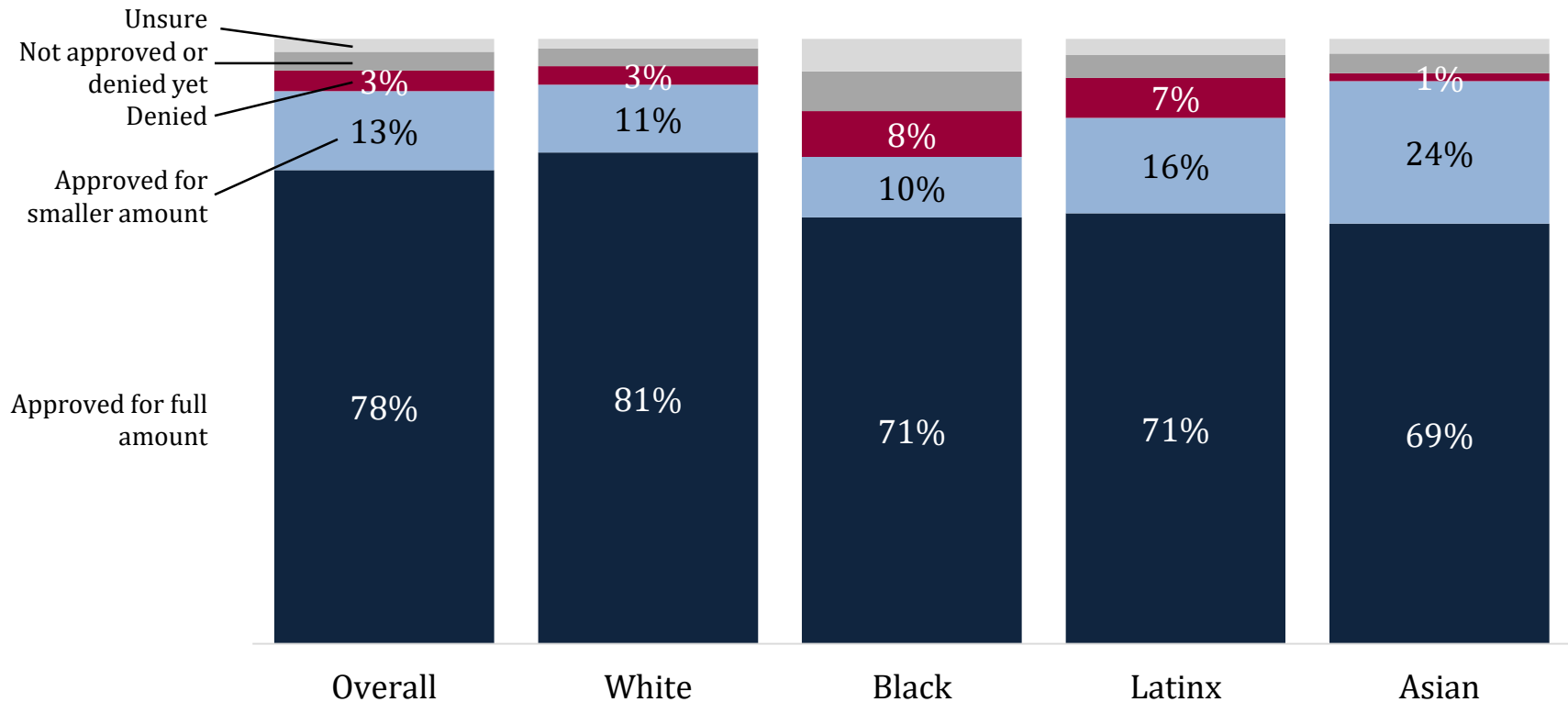


# ... and in PPP approval outcomes

- Minority-owned businesses less likely to be approved for full amount of their PPP loan application.

## Of those who applied, more white owned businesses report full amount approval

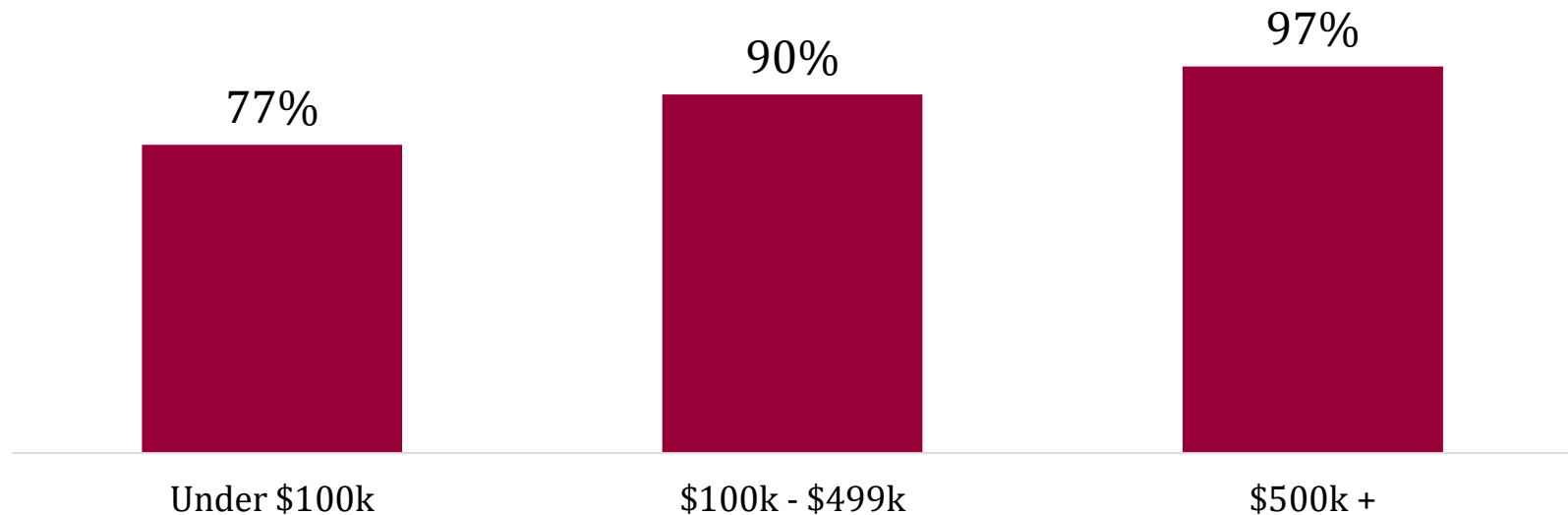
% of MA small with owners who identify as \_\_\_\_\_ who say their PPP loan was \_\_\_\_\_.



# Many of smallest businesses have no bank

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

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

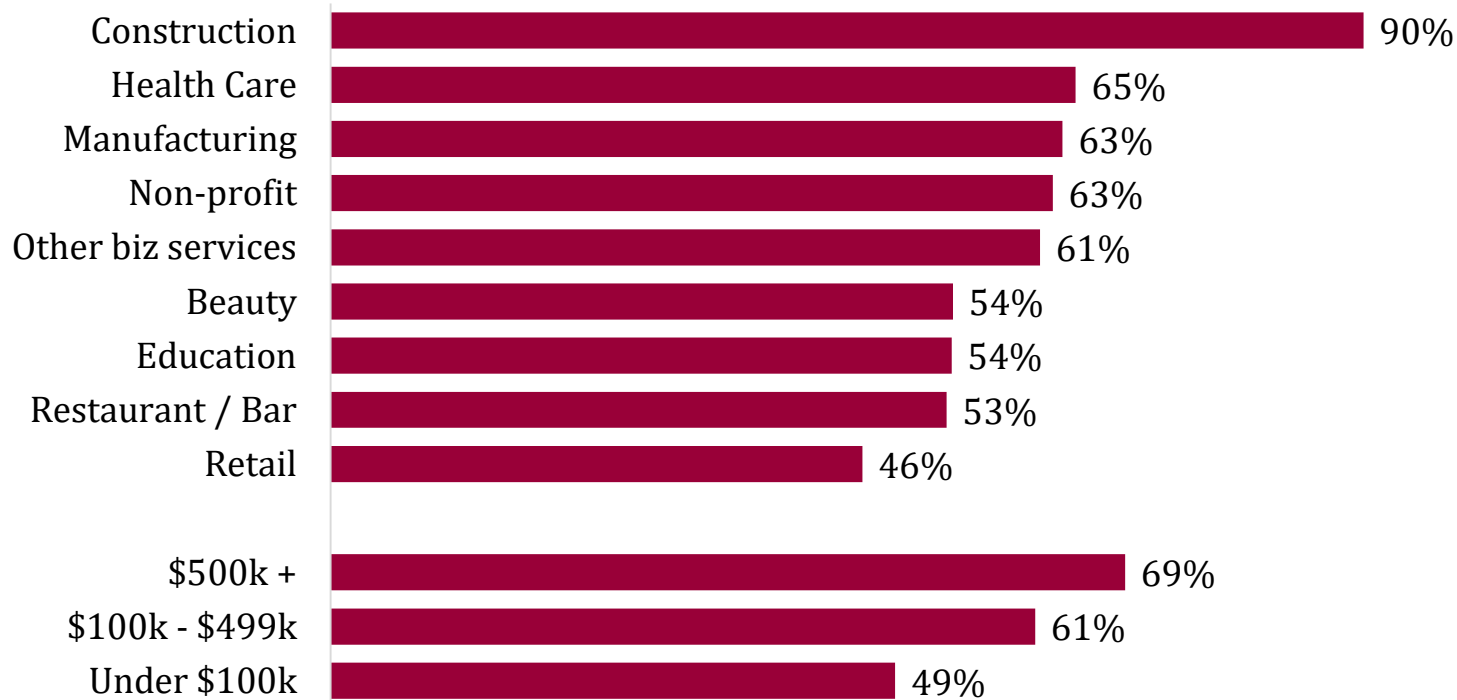


# Uneven confidence in insurance

- 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”*

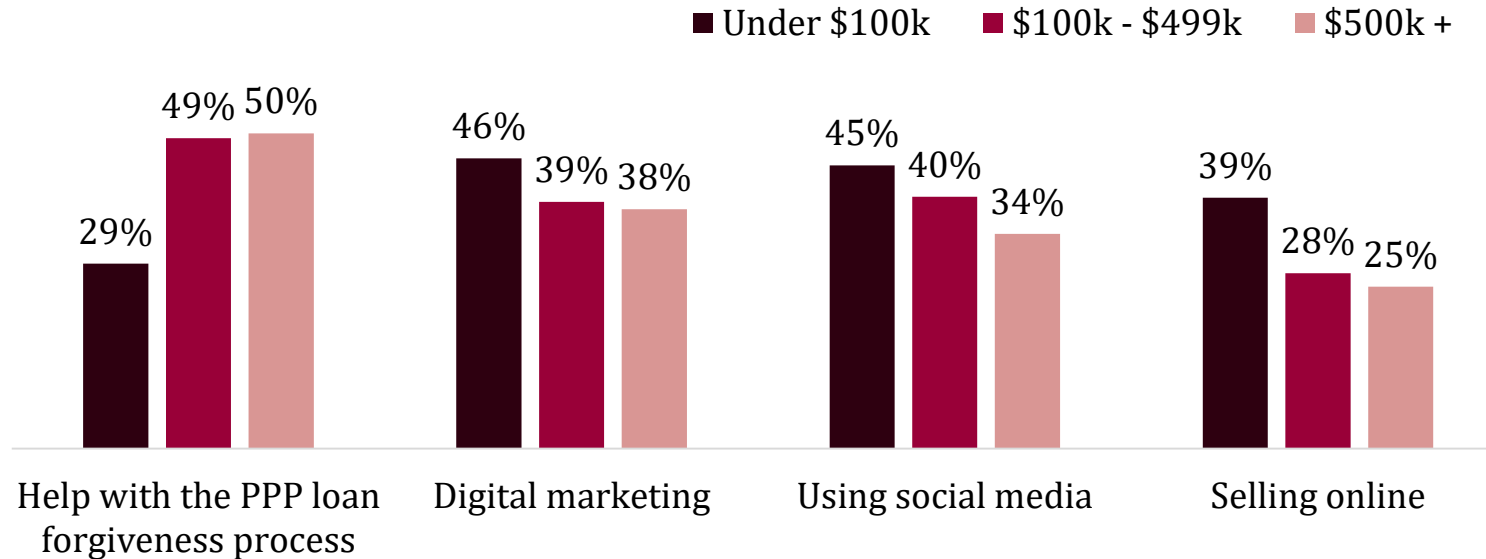
| Type of assistance needed                                  | %<br>“very useful” |
|------------------------------------------------------------|--------------------|
| Access to grant funding                                    | 64%                |
| Finding new revenue sources                                | 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*

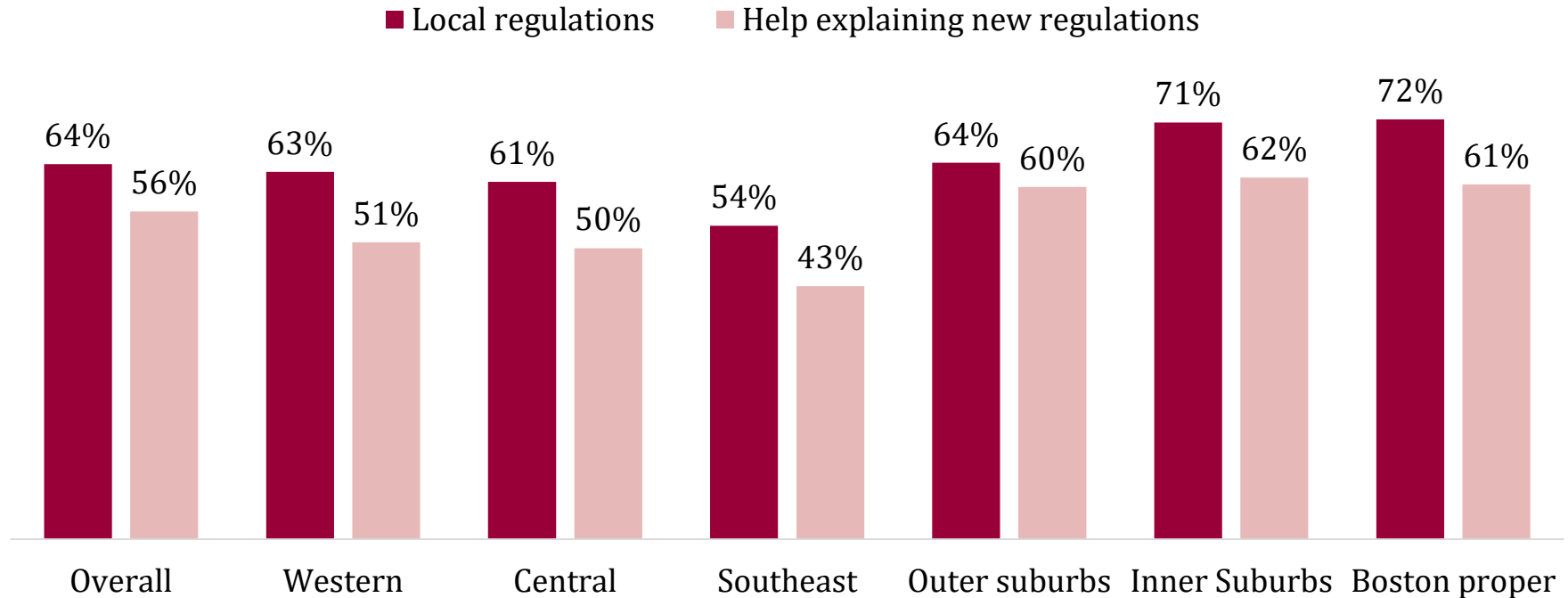
|                                                                  | Overall | Beauty | Construction | Education | Health Care | Manu-<br>facturing | Non-profit | Restaurant /<br>Bar | Retail | Other biz<br>services |
|------------------------------------------------------------------|---------|--------|--------------|-----------|-------------|--------------------|------------|---------------------|--------|-----------------------|
| 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<br>planning                     | 25%     | 43%    | 25%          | 29%       | 32%         | 18%                | 21%        | 35%                 | 29%    | 19%                   |
| Complying with reopening rules<br>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<br>coaching                          | 17%     | 21%    | 29%          | 15%       | 18%         | 13%                | 13%        | 24%                 | 16%    | 13%                   |
| Legal help dealing with<br>creditors, suppliers, or<br>landlords | 16%     | 28%    | 12%          | 17%       | 15%         | 9%                 | 8%         | 32%                 | 20%    | 9%                    |
| Diversity, equity, and inclusion<br>training                     | 15%     | 19%    | 18%          | 16%       | 13%         | 6%                 | 36%        | 20%                 | 13%    | 14%                   |

# Local government seen as helpful

- Towns inside Route 128 get highest marks; this also tends to be the most liberal part of the state.
- Southeast tends to be most political conservative region in statewide polls.

## 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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