

Small Business Insights:

CORONAVIRUS IMPACT AND DRIVE TOWARDS RECOVERY

6 May 2020 / by Eric Groves – Alignable, Inc.

Small Business Owner Insights from Across North America on the Impact of Coronavirus on the Small Business Economy, How Long it Will Take to Recover, and Resources Needed for Recovery.

CORONAVIRUS NEGATIVELY AFFECTED 85% OF SMALL BUSINESS OWNERS ACROSS NORTH AMERICA

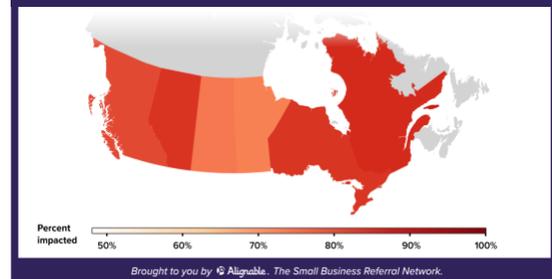
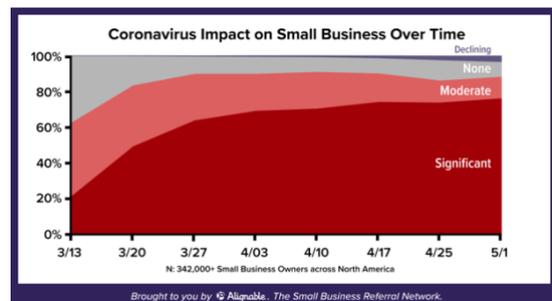
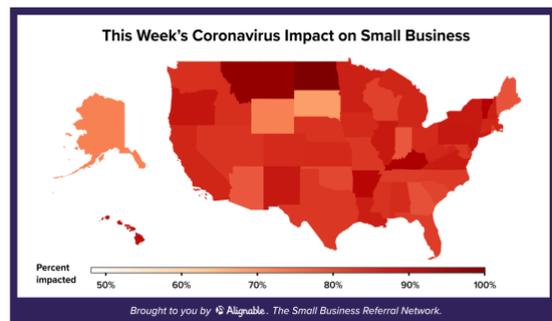
Alignable collected over 360,000 poll responses mapping the weekly spread of the *Coronavirus Impact on Small Businesses* across the United States and Canada.

Our polls started the week of March 13th. At that time, roughly 60% of business owners were experiencing impact, but we found those most affected in the Northwest and Northeast states and the province of British Columbia.

Within two weeks, overall impact exceeded 80% across North America and 60% of business owners were experiencing significant impact from the crisis. In some states, levels exceeded 90%.

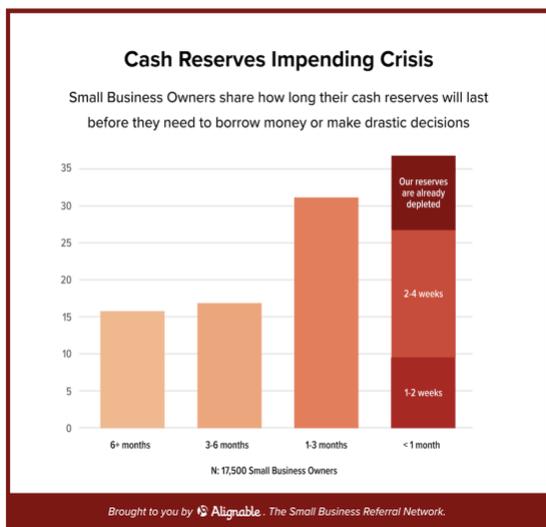
These charts measure how Coronavirus impeded business with most recent poll results coming from 22,000 business owners on May 2, 2020.

This report was created to convey the situation facing small businesses and local economies, illustrate the failure of government relief programs to help sustain small businesses throughout the crisis and to understand what's needed for recovery from small business owners' perspectives.



SMALL BUSINESS OWNERS TYPICALLY INVEST PROFITS BACK INTO THEIR BUSINESS, WHICH RESULTED IN VERY LITTLE CASH RESERVE WHEN THE OUTBREAK HIT

At the onset of the outbreak in mid-March, our poll of small business owners highlighted the dire cash reserve situation felt by the majority of business owners.



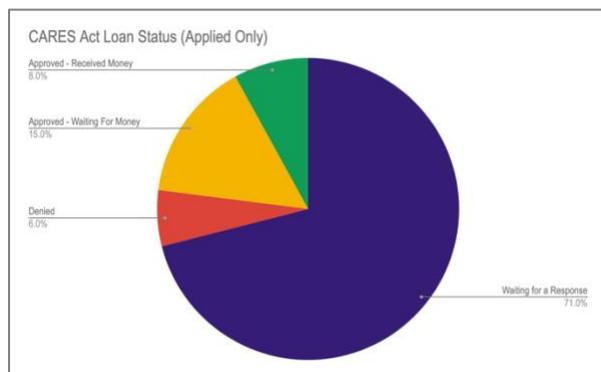
At that time, 37% of small business owners reported having **less than a month of cash on hand**, while another 31% said they had only **one to three months of cash** available.

As of the date of this report, we are at least 50 days into this crisis. Our May 2nd poll reports 47% of business owners with less than one month of cash remaining, and 36% said they did not intend to make May rent payments.

On the other hand, we found of the 44% of businesses who indicated their businesses were closed, only 1% reported they would permanently close.

WHILE WELL INTENTIONED, THE U.S. CARES ACT RELIEF FAILED TO DELIVER NEEDED FINANCIAL RELIEF ON A TIMELY BASIS

On March 27, 2020 President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act allocating \$350 Billion in relief funds for small business owners across the country.



As of April 18th, **8% of businesses who applied for relief reported receiving money**, while 86% waited for a response from financial institutions as to their status.

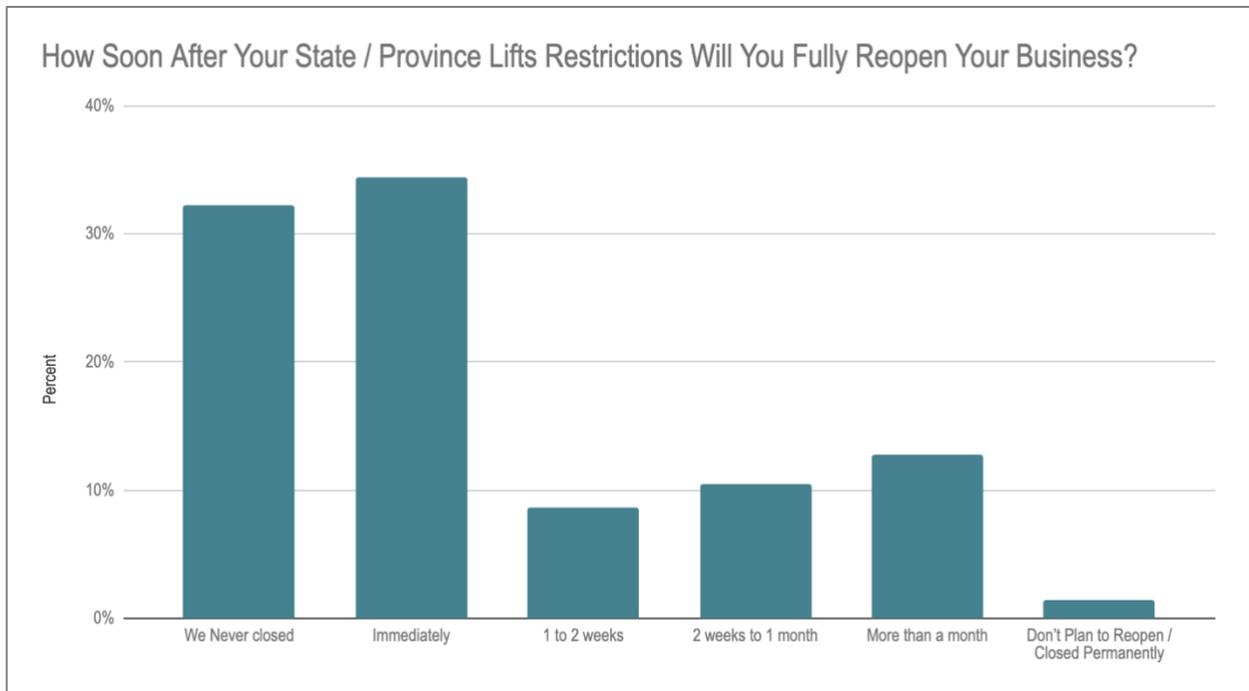
Alignable's most recent poll on May 2nd, 35 days after the CARES Act was enacted, reported that of those who applied, only **28% had received relief funds while 66% were still waiting**.

Over 500 small business owners shared their personal stories of trying to access this capital in the [comment section of this post](#) in the Alignable community forum.

SUSTAINED FINANCIAL IMPACT ALONG WITH LACK OF CASH RESERVES AND FAILURE TO PROVIDE TIMELY RELIEF RESULT IN MASSIVE LOOMING CRISIS FOR SMALL BUSINESS OWNERS

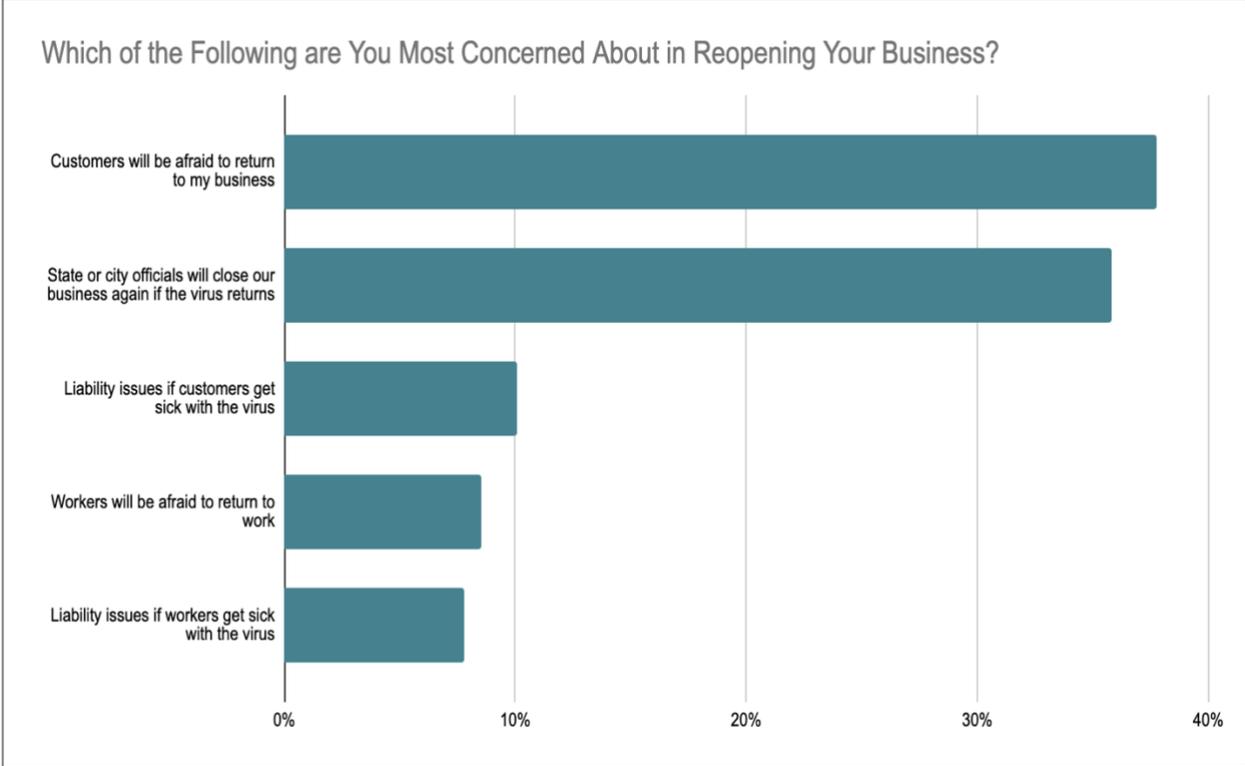
WHILE 32% OF SMALL BUSINESS OWNERS WERE ABLE TO STAY OPEN DURING THE CRISIS, THOSE FORCED TO CLOSE ARE NOW EAGER TO GET BACK TO BUSINESS

Alignable polled small business owners to learn how quickly they intended to reopen their businesses once government restrictions were lifted. In a May 2, 2020 poll of over 21,000 business owners, **34% stated their intentions were to re-open immediately**, 19% anticipated being open within a month, and 13% indicated it would take them more than a month to reopen:



SMALL BUSINESS OWNERS REMAIN CONCERNED OVER CONSUMER RESPONSE & HOW STATES WILL RESPOND TO FURTHER CASES

The top two concerns for owners reopening their businesses are their customer’s fear of returning to their places of business and the likelihood state officials would need to close them back down again. Here’s how their 19,641 responses broke down:

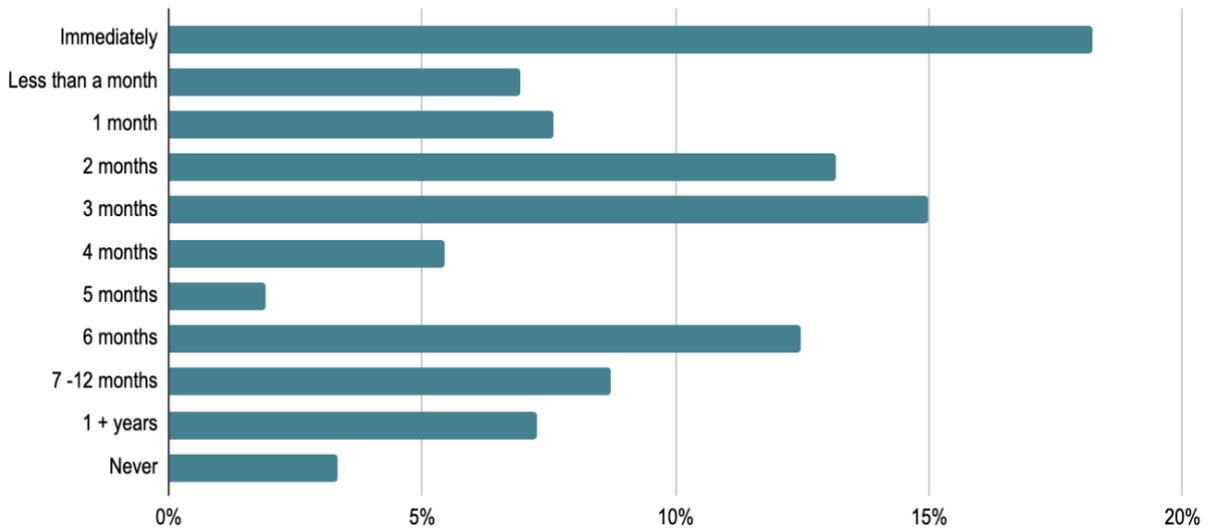


25% OF BUSINESS OWNERS BELIEVE WITHIN A MONTH’S TIME THEY CAN RECOVER TO PRE-COVID19 LEVELS OF PRODUCTIVITY AND EMPLOYMENT

While **36% feel they can get back to pre-COVID-19 levels within 3 months**, 29% within a year and the remaining 10% of business owners believe it will take longer than a year (if ever) to return to pre-COVID19 levels.

However, much of this is predicated on consumers having the confidence and motivation to shift their consumer spending from the online service providers back to purchasing within their communities. This confidence will require a significant concerted effort by business owners, local government, and consumers working together.

How Quickly do You Anticipate Recovering to Where You Can Pay Bills and Rehire 100% of Past Employees?



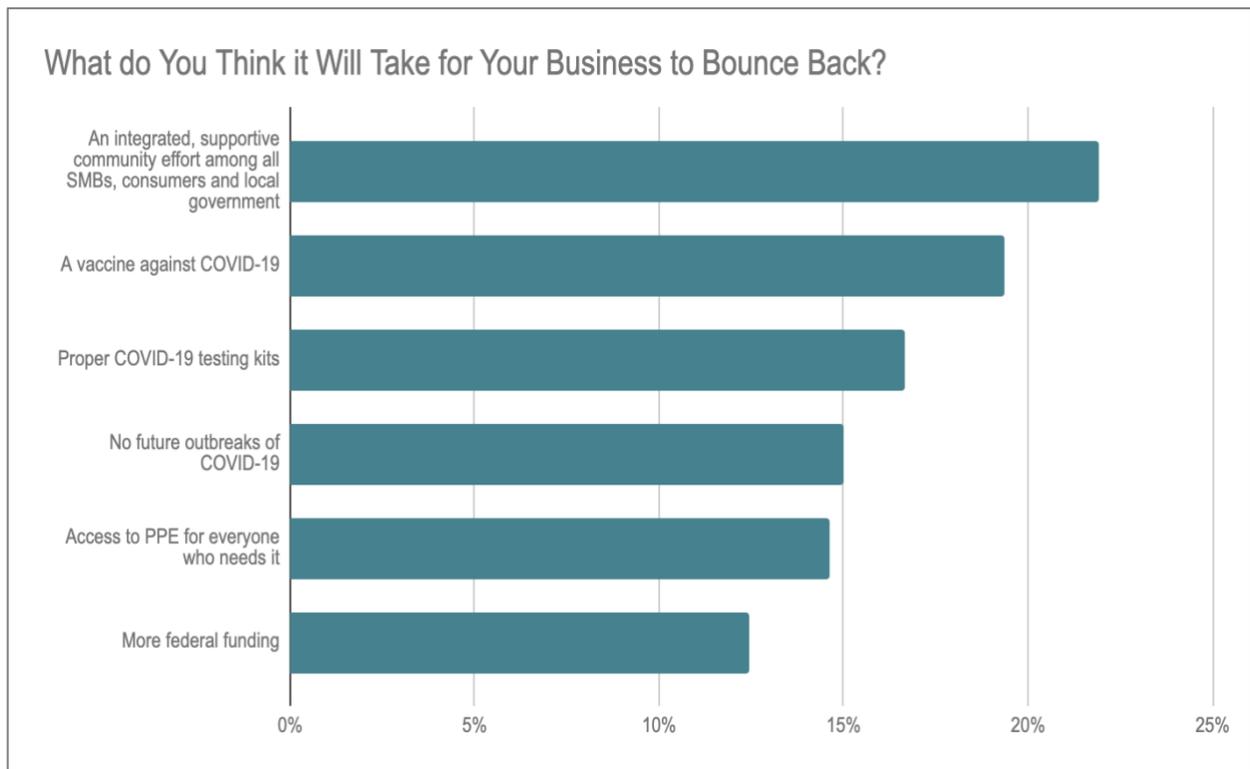
SMALL BUSINESS OWNERS RECOGNIZE RECOVERY WILL BE DRIVEN BY A WELL-COORDINATED COMMUNITY LEVEL RESPONSE

We asked small business owners about the various community and government resources they would need most to aid in their recovery efforts.

The Community: Natural Disaster Recovery Frameworks from FEMA and other experts across the globe highlight the importance of local community coordinated response with regard to the speed and success of recovery efforts. Small business owners polled listed a coordinated effort between themselves, local government and consumers as the most needed resource for recovery.

COVID-19 Control: While the global availability of a vaccine represents the ultimate milestone on the path to long-term recovery, ubiquitous access to rapid testing leading to a massive reduction in local cases is going to be needed to restore the consumer confidence necessary for recovery. As state leaders gradually open up communities and require individuals to wear PPE in public, providing free / affordable access to PPE will be essential to ensure all citizens have equal access to essential protection needed to minimize transmission of the virus.

Financial Resources: Communities and local businesses are going to need financial assistance to make it through the **Pre-Vaccine Stabilization Period** (see below) of recovery. While the CARES Act clearly failed to deliver broad-based relief to small business owners, states and local communities are clearly going to need to invest in programs designed to build consumer confidence, provide resources for testing / PPE, and assist business owners who've run out of cash due to forced closures.



SMALL BUSINESS RECOVERY WILL REQUIRE A MONUMENTAL SHIFT IN CONSUMER BEHAVIOR AWAY FROM ONLINE PURCHASES FROM BUSINESSES OUTSIDE THEIR COMMUNITY AND BACK TO SHOPPING LOCALLY

Economic recovery after Natural Disasters has been well documented by FEMA and other experts across the globe. Borrowing from one of their frameworks, leveraging our learnings to date from the data we've collected and the discussions we've been a part of on Alignable...

It's clear to us the economic recovery from the Coronavirus is **going to take years** to accomplish, is going to be **community driven**, and is going to **require a sustained concerted effort** by **local government, business owners and consumers** alike.

Here's how our visualization of how we believe the recovery might look like in the months / years to come.

COVID-19 Milestones & Impact on Small Businesses

Brought to you by  Alignable



Based on [FEMA's Natural Disaster Recovery Framework](#) and insights gathered from Alignable Coronavirus Insights Polls and Forum Discussions.

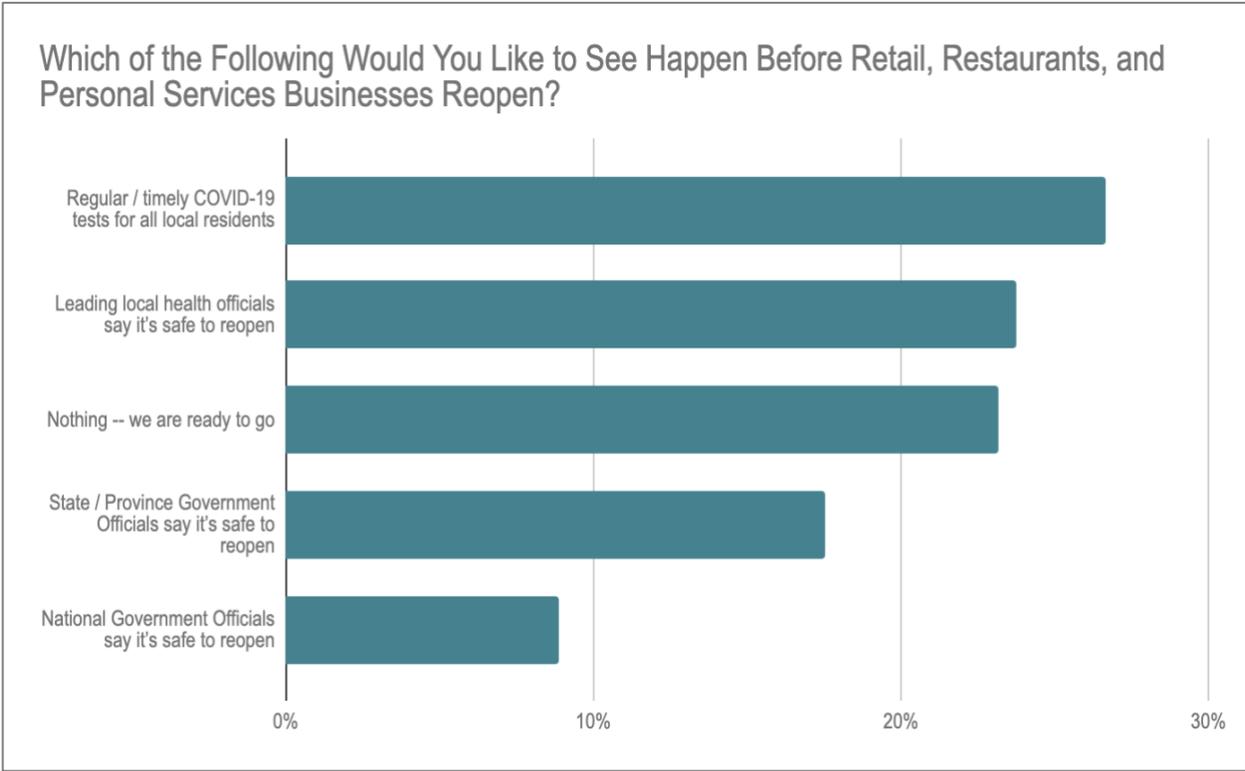
FULLY REOPENING RETAIL, RESTAURANTS, AND FACE-TO-FACE PERSONAL SERVICES COMES DOWN TO SAFETY FOR BUSINESS OWNERS AND PERSPECTIVES OF OFFICIALS CLOSEST TO HOME

Since business owners also act as local consumers, we asked them to provide their insights into what they're personally looking for with regard to re-opening main street businesses.

Regular and timely testing across the community was most important with 27% of the votes, followed by hearing directly from **local health officials it's safe** to re-open at 24%.

Business owners who already felt comfortable fully re-opening represented 23% of the votes.

And when it came down to the opinions of state and local officials vs. national officials, 19% of business owners were interested in state leader perspectives while 8% felt information from national leaders was helpful.

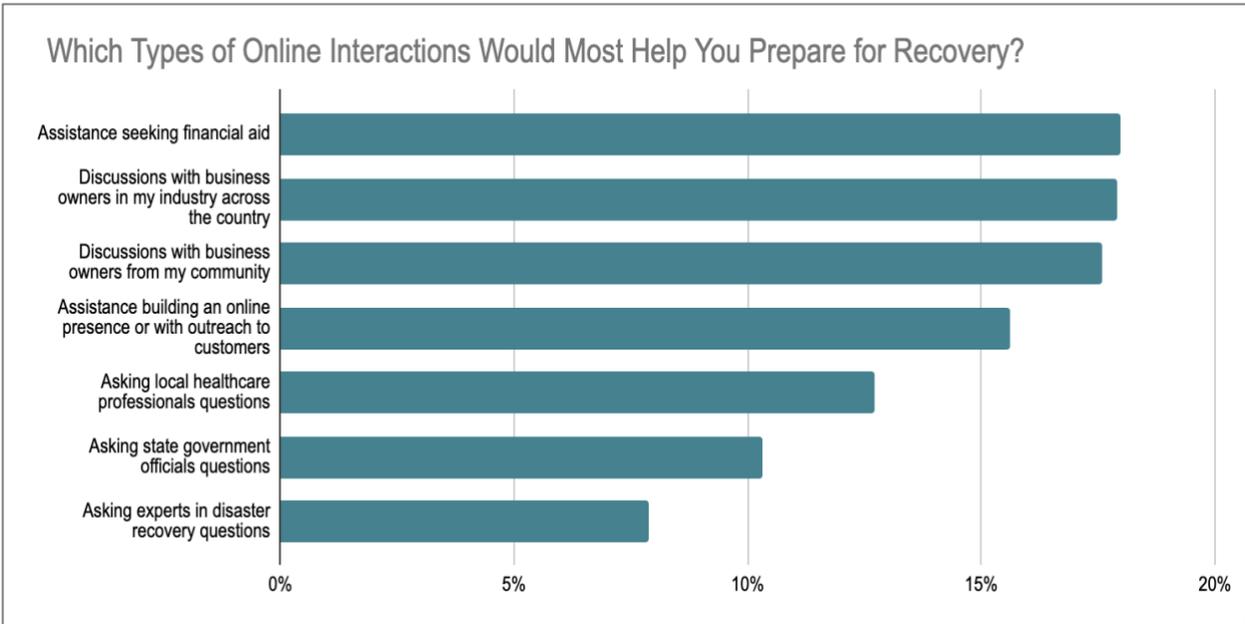


ONLINE SOLUTIONS ARE ALREADY PLAYING A ROLE IN THE RECOVERY

As a social network with 5 million members organized around 30,000 local communities across North America, we've started facilitating community discussions around recovery, necessary resources, and helping business owners find pathways to relief capital. We welcome participation from local government organizations interested in aiding with these grassroots efforts as you can see from this poll on online resources — over 10% expressed an interest in being better connected to local government resources online.

Other online applications like Quickbooks, Paypal, and Square recognized early the issues major money center banks were having with CARES Act relief and tasked their teams to add online processing systems, which were approved as alternative lenders by the SBA and Treasury prior to the second allocation of funds being released.

Supporting organizations looking to engage with small business owners should leverage existing online applications to gain access to communities at scale and deliver resources on a timely basis.



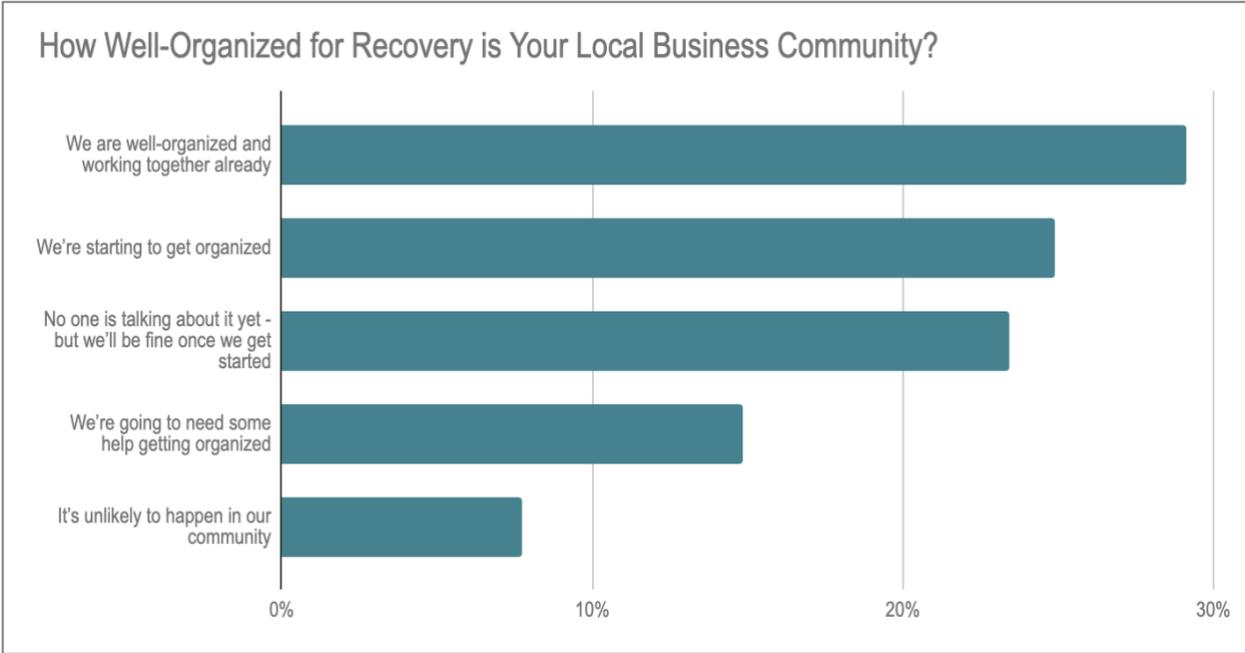
SMALL BUSINESS OWNERS RECOGNIZE THE IMPORTANCE OF COMMUNITY, AND MANY HAVE STARTED PULLING TOGETHER OTHER BUSINESS OWNERS TO WORK ON RECOVERY

In order to provide supporting organizations (state / local government officials and business organizers) looking to play a role in helping their local communities recover, we polled business owners to get an understanding for how they were coming together as a community to start working towards recovery.

It was encouraging to see **54% felt their communities were already starting to work together**. Identifying and leveraging the learnings from these communities to assist the 23% who either feel they need help or are unlikely to find ways within their community to get organized will be a key role for these supporting groups.

The Natural Disaster Recovery Frameworks developed by FEMA have undergone many revisions based on the collective learnings of many different types and scales of disaster recoveries across the globe. In this case, supporting organizations are tasked with tackling recovery across their states and provinces for the first time.

Accordingly, they should **quickly identify and engage** with well organized communities to **participate in their planning process**, ideation and testing to learn which actions taken yield the most favorable results. At the same time, they will need to **establish ways to share ideas across communities** while also building up teams with skills sets required for success to be deployed into communities in need of the greatest support.



ABOUT ALIGNABLE

Alignable is the largest online small business owner referral network with over 5 million members across North America. To reach us about this report or other small business insights, contact Chuck Casto at chuck@alignable.com.

OTHER CORONAVIRUS RELATED ALIGNABLE POLLS & INSIGHTS:

[66% Of Small Business Owners Still Wait For CARES Act Relief](#)

May 6, 2020

[86% Of Business Owners Who Submitted CARES Act PPP Applications Haven't Received Any Money](#)

April 21, 2020

[34% Of Small Businesses Can't Cover May Rent](#)

April 28, 2020

[Harvard Business Review: A Way Forward for Small Business](#)

April 13, 2020

[CARES Act Loans Start To Land For Small Business Owners, As Over 50% Decide To Apply For Relief](#)

April 13, 2020

[90% Of Small Business Owners Impacted By Coronavirus](#)

April 7, 2020

[57% Of Small Businesses Nationwide Say CARES Act Could Be Too Little Too Late](#)

April 3, 2020

[37% Of Small Businesses Nationwide Are Struggling To Stay Afloat](#)

March 27, 2020