

June 2020
June 1-8 | 728 respondents

Widespread gains in confidence among small businesses.

Small businesses reported a robust turnaround in economic conditions in the June WSJ/Vistage Small Business CEO survey. In the past two months, the WSJ/Vistage Small Business CEO Confidence Index regained nearly half the loss recorded in the prior two months. Overall, the Index posted a significant gain in June, rising to 70.2 from last month's 58.3 and the cyclical low of 44.7 in April. The outlook for the national economy improved substantially, with the proportion of small businesses who expect the economy to improve in the year ahead at the highest level since January 2018. While small businesses still overwhelmingly held negative views about current economic conditions, future prospects rallied. Although most factors that comprise the Small Business Index significantly improved over the April lows, the economic damage due to the pandemic has caused small businesses to lower their estimates of revenue and profit growth compared with the peaks set in February. Workforce expansion and plans for fixed investments also improved over the April recession lows, but they remained well below the February peak levels. Nonetheless, the strength shown by small businesses has been as remarkable as it has been unexpected. The risks from a resurgence in COVID-19 cases are still present, and those risks will continue until a vaccine is developed and administered. Small businesses are adopting risk-reducing safety measures and mitigating health risks that come with the re-opening of the economy.

New workplaces emerge

Just over half of all small businesses (54%) reported that they had a robust plan for the return of their staff to minimize health risks. Importantly, two-thirds of small businesses thought that their employees would feel safe when they returned to work. Working from home is on the rise as 44% of all small businesses reported that working from home was a potential long-term solution. More than half of all small businesses expected to perform health checks on employees (57%). Small businesses most frequently cited daily checks on temperatures and symptoms and much less frequently cited formal tests on the presence of the coronavirus or its antibodies. When asked about the possibility for a resurgence of the coronavirus, 71% agreed that a second wave was a concern that their future plans must accommodate.

Financial assistance required

Nearly half of all small business CEOs surveyed (47%) agreed that financial assistance programs were critical to the survival of their businesses. Assistance from the Paycheck Protection Program (PPP) was cited by 90% of all small businesses as a vital resource, with all of them expecting some level of forgiveness:

- 61% expect the entire loan to be forgiven
- 34% anticipate most of the loan would be forgiven
- 5% expect only a portion of the loan would be forgiven

Following the end of the PPP, 57% of all small businesses intend to keep staffing levels unchanged, although 19% expected to increase layoffs and furloughs or to reduce work hours or wages. Overall, 39% of all small businesses said their total employee count declined as a result of the shutdown related to the pandemic (22% reported reductions of less than 10%, and 17% reported workforce reductions of 10% or more).

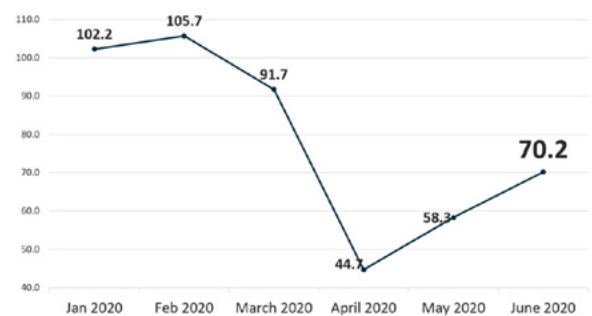
Necessary adjustments to products and services

Declines in revenues were reported by 78% of small business CEOs:

- 32% expect revenue declines of greater than 25%
- 30% expect revenue declines between 10% and 25%
- 16% expect revenue declines under 10%

These steep declines meant that two-thirds of small businesses agreed that their survival depended on adjustments in their

WSJ/Vistage Small Business CEO Confidence Index, 6 month trend



The WSJ/Vistage Small Business CEO Confidence Index rose for the second consecutive month to reach 70.2 in June.

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business strategies to ensure their success during the economic recovery. Across small businesses, 72% agreed that innovation will play a more important role in the future for their firm’s success. New products that would sustain long-term growth were developed by 24% of small businesses, and 12% pivoted temporarily to produce products or services that were currently in demand. In addition, nearly half of small businesses (45%) agreed that they would take advantage of the larger labor pool to recruit employees that would upgrade their firm’s critical talent and skills.

Loss of pricing power

Over half of small business CEOs surveyed (54%) agreed that customer activity had begun to increase for their businesses. Interestingly, 49% of small businesses expected cost increases, but only 20% anticipated passing those cost increases into higher prices for their goods or services. Instead, cutting other costs to keep prices unchanged were favored by 16% of small businesses

– Analysis provided by Dr. Richard Curtin, University of Michigan

Source: June 2020 WSJ/Vistage Small Business CEO Confidence Index survey, n= 782

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained about the same, or worsened?	Improved	23	3%
	Remained about the same	39	5%
	Worsened	663	91%
	Don't know/No opinion	3	0%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?	Better	355	49%
	About the same	143	20%
	Worse	210	29%
	Don't know/No opinion	20	3%
3. Do you anticipate that your firm’s sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	325	45%
	Remain the same	163	22%
	Decrease	227	31%
	Don't know/No opinion	13	2%

Question	Answer	Respondents	
		#	%
4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	286	39%
	Remain the same	192	26%
	Decrease	241	33%
	Don't know/No opinion	9	1%
5. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	182	25%
	Remain the same	312	43%
	Decrease	224	31%
	Don't know/No opinion	10	1%
6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	293	40%
	Remain the same	291	40%
	Decrease	138	19%
	Don't know/No opinion	6	1%
7. To what degree have your revenues been impacted by the coronavirus pandemic?	Increased	81	11%
	Decreased less than 10%	119	16%
	Decreased 10-24%	215	30%
	Decreased 25-49%	136	19%
	Decreased 50-74%	58	8%
	Decreased 75-89%	22	3%
	Decreased more than 90%	19	3%
	No change in revenues	75	10%

Question	Answer	Respondents	
		#	%
8. How long will your cash reserves support your business during the current economic conditions?	Less than 1 month	9	1%
	1 – 2 months	102	14%
	3 – 5 months	250	34%
	6 – 12 months	215	30%
	More than one year	137	19%
	Other	13	2%
9. When do you expect economic conditions in the U.S. will begin to improve?	Less than 1 month	41	6%
	1 – 2 months	108	15%
	3 – 5 months	196	27%
	6 – 12 months	241	33%
	More than one year	134	18%
	Other	8	1%
10. Which statement describes where you expect your business to be 6 months from now?	Stronger than before	220	30%
	Back to normal	136	19%
	Moderately weakened but regaining momentum	304	42%
	Significantly weakened and fighting to rebuild	66	9%
11. What programs have you - or do you plan to - leverage for your business?	Paycheck Protection Program (PPP)	652	90%
	Economic Injury Disaster Loan (EIDL) Emergency Advance	139	19%
	Other SBA funding/programs (traditional loans or Debt Relief program)	47	7%
	Other CARES Act provisions	73	10%
	Main Street Program from the Federal Reserve	32	4%
	Line of credit from banks	270	37%
	Federal tax relief measures	86	12%
	Do not plan to seek other aid	61	8%
	Other	17	2%

Question	Answer	Respondents	
		#	%
12. Do you expect to have your PPP loan forgiven?	Yes, I expect all of it to be forgiven	394	61%
	Yes, I expect most of it to be forgiven	222	34%
	Yes, I expect some of it to be forgiven	30	5%
	No, my loan will not be forgiven	3	0%
13. How do you expect your staffing will change once the designated period for spending the PPP funds ends?	Staffing will remain constant	369	57%
	I expect to lay off employees	69	11%
	I expect to furlough employees	20	3%
	I expect to reduce employee hours or wages	34	5%
	I expect to increase staffing or hours	65	10%
	Not sure at this time	83	13%
	Other	11	2%
14. How has the size of your total workforce changed as a result of the pandemic?	Increased	90	12%
	Decreased less than 10%	158	22%
	Decreased 10-24%	75	10%
	Decreased 25-49%	37	5%
	Decreased 50-74%	11	2%
	Decreased 75-89%	3	0%
	Decreased more than 90%	2	0%
	No change in workforce	351	48%

Question	Answer	Respondents				
		#	%			
15. What kind of testing are you currently conducting or considering for your workforce? Select all that apply.	Daily temperature testing	286	40%			
	Daily symptom checking	290	40%			
	Diagnostic testing for coronavirus	42	6%			
	Antibody testing to detect exposure to the coronavirus	26	4%			
	Not planning any testing	308	43%			
	Other	49	7%			
16. Select the statement that best pertains to any product/service changes your company has made during the pandemic.	Did not make changes to products/services	385	53%			
	Added new products or services that will sustain long-term growth	174	24%			
	Pivoted temporarily to produce products and services to meeting customer's/community's short term needs (i.e. face masks, PPE)	84	12%			
	Temporarily reduced products or services offered due to decreased demands	46	6%			
	Permanently reduced products and services offered due to diminished ROI	11	2%			
	Other	22	3%			
17. Please select your level of agreement to the statements below:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
	Customer activity has started to increase	5%	16%	25%	42%	12%
	My company has a robust return to work plan	2%	7%	37%	39%	15%
	I am confident that my employees will feel safe returning to the workplace	2%	8%	24%	49%	17%
	Remote working is a long-term solution for my business	14%	22%	20%	28%	16%
	My company is leveraging the expanded labor pool to upgrade our talent	7%	19%	29%	36%	9%
	Financial relief programs are critical to my business' survival	8%	18%	27%	29%	18%
	Our cash flow will sustain us until the economy improves	2%	11%	25%	48%	13%
	Our strategy has been adjusted to ensure we thrive during the recovery	1%	6%	27%	52%	14%
	Innovation will play a more important role in my operation going forward	1%	5%	22%	52%	20%
I am concerned about the impact a second wave would have on my business	2%	8%	19%	44%	26%	

Question	Answer	Respondents	
		#	%
18. For any employees who have been working remotely, what are your plans to bring them back to the workplace?	We have a plan to bring employees back, but aren't sure when it will begin	89	12%
	We have begun a phased plan to bring employees back slowly	176	25%
	We will bring employees back in the next month	42	6%
	We plan to continue remote working with some or all of our employees	197	27%
	Employees working remotely have already returned	142	20%
	Other	72	10%
19. For your accounts receivable, what changes have you seen in payments from customers?	Customers are paying on time	323	45%
	Customers are taking longer to pay	313	43%
	Customers are requesting different payment terms	79	11%
	Customers are not paying	8	1%
20. If your costs have increased, how do you plan to respond to cost increases?	Raise prices	141	20%
	Cut expenses	112	16%
	Accept lower profit margins	95	13%
	Costs have not increased	345	48%
	Other	23	3%
21. Has the pandemic changed your plans for retiring, selling or closing your business or changing your ownership structure?	It has accelerated my plans	71	10%
	It has decelerated my plans	96	13%
	No change	539	75%
	Other	15	2%

Question	Answer	Respondents	
		#	%
22. Have you seen an increase in interest from private equity firms or others looking to acquire your company?	Yes	142	20%
	No	570	79%
	Other	10	1%
23. Has the Trump administration changed prospects for your business?	It has improved prospects for my firm	306	43%
	It has worsened prospects for my firm	191	27%
	It has had no impact on prospects for my firm	223	31%
24. During your company's last fiscal year, what was its total employment?	1-9 employees	63	9%
	10-19 employees	123	17%
	20-49 employees	308	42%
	50-99 employees	162	22%
	100-499 employees	69	9%
	500-999 employees	2	0%
	1000-4999 employees	1	0%
25. During your company's last fiscal year, what were its total revenues?	1-4 Million	218	30%
	5-9 Million	238	33%
	10-20 Million	272	37%

WSJ | VISTAGE

Small Business CEO Survey

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.