

November 2020

November 9-16 | 642 respondents

COVID-19 resurgence halts improvement for small businesses

Confidence among small businesses has remained largely unchanged in the past three months due to the mounting resurgence in COVID-19 infections. The WSJ/Vistage Small Business CEO Confidence Index was 87.6 in November, down from last month's 90.2 and 89.5 in the September survey. The Index remained significantly higher than the 74.5 average of the three months from June to August, and well above April's record low of 44.7.

Small business leaders were about evenly divided between those who thought Biden would have a positive impact (30%) and those who expected his policies to have a negative impact on their businesses (33%). Fewer took the position that it was too soon to tell (23%) or that the new administration's policies would have no impact on their businesses (14%).

In comparison, when asked about the impact of Trump's policies on their firms, 51% reported his administration had improved their business prospects, twice the 25% who thought it had worsened their businesses' prospects, and 23% who judged Trump's policies had made no difference to their business.

The combined impact of the COVID-19 resurgence and the presidential election had a very small overall impact on investments and hiring decisions as well as on expected revenues and profits. It is likely that these views did not fully incorporate the rapid spread of the virus, the mounting business closures and stay-at-home orders. Since the survey questions focused on the year ahead, some of the negative impacts expected could be offset by the newly announced COVID-19 vaccines.

Surviving the pandemic

When asked how long their cash reserves would last, 38% of small businesses said they would be depleted in less than six months in the November survey, down from an average of 41% in the prior two months. Nonetheless, a slightly lower proportion of businesses expected the overall economy to begin to improve in the next six months, just 32% in November, down from an average of 39% in the prior two months.

Moreover, the November survey revealed that nearly one-in-five small businesses (19%) reported that the pandemic caused revenue declines greater than 25%, a marginal decrease from prior months. The data also make clear that the pandemic has had an uneven revenue impact, as 37% of all small businesses reported that they had already recovered or had not been hurt by pandemic losses in the November survey, just above the average of 33% recorded in the prior two months. In recognition that the pandemic has had a negative impact on their employees, 59% of small businesses are rewarding employees with year-end financial bonuses, 40% plan to give gifts or gift certificates, 25% planned to give additional time off around the holidays, and 24% planned holiday gatherings. Just 11% of small businesses surveyed had no special holiday recognition plans for their employees.

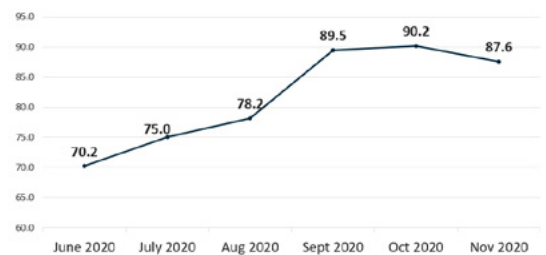
Improved revenues and profits

Increased revenues were anticipated by 64% of all small businesses in November, barely below the 66% in the prior two months, and nearly three times the April low of 22%. The same pattern was recorded for profits in the November survey: 51% reported expecting rising profits in the year ahead, below last month's 54%, but well ahead of the April low of 21%. A surging virus caused the decline in growth expectations, and additional declines are likely before year-end.

Less expansive investment and hiring plans

The proportion of CEOs who plan to increase fixed investments (33%) and hiring (55%) in the coming year fell slightly in the November survey due to expected increases in COVID-19 infections and deaths, and as a consequence, renewed closures and stay-at-home orders. Importantly, news of effective vaccines will temper these reactions as businesses prepare for a post-COVID economy that will still entail a significant number of changes in normal business operations and procedures.

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



The November 2020 WSJ/Vistage Small Business CEO Confidence Index was significantly higher than the 74.5 average of the three months from June to August.

Visit vistageindex.com to see the interactive tool and view results from previous months.

Uncertainty about economic outlook

Uncertainty about the future course of the coronavirus and the future policies of President-elect Biden has meant that businesses have moderately lowered the outlook for economic growth during the year ahead. Once more is known about the distribution of the vaccine and the economic policies and regulations proposed by the Biden administration, small businesses will make more informed decisions about growth prospects for the economy and their own company. Unfortunately, this process always takes longer to complete than initially expected.

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

Source: November 2020 WSJ/Vistage Small Business CEO Confidence Index survey, n= 642

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	55	9%
	Remained about the same	106	17%
	Worsened	480	75%
	Don't know/No opinion	1	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	312	49%
	About the same	167	26%
	Worse	140	22%
	Don't know/No opinion	23	4%
3. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	409	64%
	Remain the same	146	23%
	Decrease	80	12%
	Don't know/No opinion	7	1%
4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	328	51%
	Remain the same	194	30%
	Worsen	113	18%
	Don't know/No opinion	7	1%

Question	Answer	Respondents	
		#	%
5. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	213	33%
	Remain the same	307	48%
	Decrease	110	17%
	Don't know/No opinion	12	2%
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	350	55%
	Remain the same	229	36%
	Decrease	59	9%
	Don't know/No opinion	4	1%
7. How do you expect your firm's total number of employees will change during the next 3 months?	Increase	244	38%
	Remain the same	335	52%
	Decrease	55	9%
	Don't know/No opinion	5	1%
8. To what degree have your revenues been impacted by the coronavirus pandemic?	Increased	147	23%
	Decreased less than 10%	118	18%
	Decreased 10-24%	170	26%
	Decreased 25-49%	86	13%
	Decreased 50-74%	23	4%
	Decreased more than 75%	10	2%
	No change in revenues	88	14%
9. How long will your cash reserves support your business during the current economic conditions?	Less than 1 month	9	1%
	1 – 2 months	68	11%
	3 – 5 months	168	26%
	6 – 12 months	184	29%
	More than one year	200	31%
	Other	11	2%

Question	Answer	Respondents	
		#	%
10. When do you expect economic conditions in the U.S. will begin to improve?	Less than 1 month	22	3%
	1 – 2 months	35	5%
	3 – 5 months	155	24%
	6 – 12 months	259	40%
	More than one year	130	20%
	Other	39	6%

11. Which government policies are most critical for the health of your business or industry? Rank according to importance	1	2	3	4	5	6	7	8
	11.1 Economic stimulus	34%	25%	17%	7%	6%	5%	4%
11.2 Healthcare	9%	13%	19%	16%	16%	14%	12%	1%
11.3 Public health	30%	20%	13%	11%	8%	7%	8%	2%
11.4 Taxes	26%	27%	17%	11%	7%	5%	5%	1%
11.5 Tariff/Trade	9%	15%	15%	11%	15%	12%	21%	3%
11.6 Infrastructure	9%	10%	14%	21%	15%	19%	11%	1%
11.7 Technology	5%	10%	15%	15%	18%	20%	17%	1%

Question	Answer	Respondents	
		#	%
12. What impact do you believe the outcome of the election will have on your business?	Positive impact	195	30%
	No impact	91	14%
	Negative impact	210	33%
	Too soon to tell	146	23%
13. How has the recent rise in COVID-19 cases impacted your business? Select all that apply	Impacted employees	374	58%
	Impacted customers	400	62%
	Impacted supply chain	231	36%
	No impact	132	21%
	Other	23	4%
14. What is your top priority in a stimulus bill from the U.S. government?	Forgivable loans	226	36%
	Grants	19	3%
	Aid targeted to specific industries	62	10%
	Long-term low interest loans, even if they aren't forgivable	57	9%
	Liability protection	46	7%
	Blanket forgiveness for Paycheck Protection Program loans of less than \$150,000	52	8%
	Favorable tax treatment	139	22%
	Other	33	5%
15. How are you rewarding employees at year-end? Select all that apply	Financial year-end bonus	375	59%
	Additional Personal Time Off around the holidays	158	25%
	Early release during the work week	99	16%
	Gifts/gift certificates	256	40%
	Holiday gathering	152	24%
	I won't be doing any recognition for end of year	67	11%
	Other	40	6%

Question	Answer	Respondents	
		#	%
16. What best describes your financial year-end bonus?	Based on individual performance	111	30%
	Based on company performance	200	53%
	Flat bonus for all employees	37	10%
	Other	26	7%
17. Has the Trump administration changed prospects for your business?	It has improved prospects for my firm	329	51%
	It has worsened prospects for my firm	162	25%
	It has had no impact on prospects for my firm	148	23%
18. During your company's last fiscal year, what was its total employment?*	1-9 employees	57	9%
	10-19 employees	113	18%
	20-49 employees	280	44%
	50-99 employees	128	20%
	100-499 employees	62	10%
	500-999 employees	2	0%

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.