



Survey of Impact of COVID-19 on Small Businesses

by

Small Business Investor Alliance

with data analysis by



UNC Kenan Institute of Private Enterprise

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Executive Summary

The Small Business Investor Alliance surveyed the small business portfolios of Small Business Investment Companies to measure the impact the pandemic is having on their operations and employment. Small businesses are facing extreme cash flow concerns. Small businesses are already laying off a substantial number of employees and without a significant change in trajectory, layoffs are anticipated to increase tremendously.

Key Findings:

- Over 80% of small business have cash flow concerns:
 - 100% in the entertainment and hospitality industry
 - Over 95% for small businesses in general industries
 - Over 83% for manufacturers
 - Over 86% of healthcare
- Cash flow concerns are national and not localized.
- Over 40% of small businesses do not have cash reserves or access to capital to sustain the business for the next 60 days.
- Over 66% of small businesses do not have adequate reserves and/or access to funds to remain operating beyond the next 60 days.
- 21% of small business have already initiated layoffs, with average layoffs already at 26% of their employee base.
- 64% of small businesses that have not yet begun layoffs anticipate they will layoff employees:
 - Anticipated layoffs represent over 30% of their employee base.
 - For small businesses in the entertainment and hospitality sectors, anticipated layoffs represent over 60% of their employee base.
- A lack of revenues was cited as the most common reason for cash flow concerns.
- The survey was initiated Thursday, March 19 and these preliminary results are from responses through Friday, March 20. A total of 726 companies provided sufficient data to be included in the analysis. We believe this is a representative sample both across industry sector and geography. The survey results will be updated periodically to include additional responses.

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The Small Business Investor Alliance is the association of senior investment professionals focused on the lower middle market whose members represent the entire private capital ecosystem. It is an alliance for professional fellowship, business opportunities, innovation, regulatory expertise, and market data.

Table 1: Survey Sample Information

Total Number of Companies***	726
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*** With sufficient data. Not all companies answered all questions

By Industry Sector	Number	Percent
Basic Industries	22	3.0%
Construction	30	4.1%
Manufacturing	246	33.9%
Wholesale & Retail Trade	104	14.3%
Transportation and Warehousing	28	3.9%
Finance, Insurance, and Real Estate	16	2.2%
Professional (etc.) Services & IT	113	15.6%
Management and Educational Services	54	7.4%
Health Care	46	6.3%
Entertainment and Hospitality	22	3.0%
Other	45	6.2%

By Geographic Region	Number	Percent
Northeast	158	21.8%
Midwest	184	25.3%
South	246	33.9%
West	138	19.0%

Full-time Employees per Company	
Average	183
5th percentile	13
25th percentile	50
Median	100
75th percentile	189
95th percentile	591

Table 2: Do you anticipate cashflow concerns?

By Industry Sector	Percent Yes
Basic Industries	95.4%
Construction	76.8%
Manufacturing	83.7%
Wholesale & Retail Trade	80.8%
Transportation and Warehousing	85.8%
Finance, Insurance, and Real Estate	75.0%
Professional (etc.) Services & IT	66.4%
Management and Educational Services	83.3%
Health Care	86.9%
Entertainment and Hospitality	100.0%
Other	84.5%
Total	81.3%
By Geographic Region	Percent Yes
Northeast	73.4%
Midwest	86.9%
South	85.4%
West	75.4%

*** 726 companies responding

Table 3: Does the company have adequate reserves and/or access to funds to remain operating for the next 60 days?

By Industry Sector	Percent No
Basic Industries	47.6%
Construction	26.7%
Manufacturing	38.4%
Wholesale & Retail Trade	40.8%
Transportation and Warehousing	39.3%
Finance, Insurance, and Real Estate	50.0%
Professional (etc.) Services & IT	40.2%
Management and Educational Services	38.9%
Health Care	48.9%
Entertainment and Hospitality	45.6%
Other	48.9%
Total	40.6%
By Geographic Region	Percent No
Northeast	41.7%
Midwest	42.9%
South	38.7%
West	39.9%

*** 721 companies responding

Table 4: Does the company have adequate reserves and/or access to funds to remain operating beyond the next 60 days?

By Industry Sector	Percent No
Basic Industries	76.2%
Construction	63.3%
Manufacturing	65.7%
Wholesale & Retail Trade	70.6%
Transportation and Warehousing	67.9%
Finance, Insurance, and Real Estate	87.5%
Professional (etc.) Services & IT	62.5%
Management and Educational Services	63.5%
Health Care	75.6%
Entertainment and Hospitality	77.3%
Other	55.6%
Total	66.9%

By Geographic Region	Percent No
Northeast	62.1%
Midwest	69.8%
South	69.0%
West	64.5%

*** 715 companies responding

Table 5: Has the portfolio company laid off or furloughed any of its employees?

By Industry Sector	Percent Yes
Basic Industries	45.1%
Construction	20.7%
Manufacturing	20.3%
Wholesale & Retail Trade	14.7%
Transportation and Warehousing	18.0%
Finance, Insurance, and Real Estate	24.9%
Professional (etc.) Services & IT	14.4%
Management and Educational Services	15.9%
Health Care	28.0%
Entertainment and Hospitality	50.0%
Other	35.8%
Total	21.3%

By Geographic Region	Percent Yes
Northeast	24.7%
Midwest	18.0%
South	21.0%
West	22.5%

*** 699 companies responding

Table 6: For those with layoffs, what percentage of workers?

By Industry Sector	Percent Laid Off
Basic Industries	19.7%
Construction	13.2%
Manufacturing	22.3%
Wholesale & Retail Trade	18.0%
Transportation and Warehousing	25.7%
Finance, Insurance, and Real Estate	20.1%
Professional (etc.) Services & IT	13.7%
Management and Educational Services	27.1%
Health Care	32.3%
Entertainment and Hospitality	85.6%
Other	26.7%
Total	26.7%
By Geographic Region	Percent Laid Off
Northeast	33.6%
Midwest	16.4%
South	30.3%
West	23.6%

*** 148 companies responding

Table 7: Does the portfolio company anticipate laying off or furloughing any of its employees if they have not done so already?

By Industry Sector	Percent Yes
Basic Industries	89.9%
Construction	58.7%
Manufacturing	64.4%
Wholesale & Retail Trade	65.3%
Transportation and Warehousing	71.4%
Finance, Insurance, and Real Estate	60.0%
Professional (etc.) Services & IT	51.3%
Management and Educational Services	52.0%
Health Care	81.4%
Entertainment and Hospitality	77.2%
Other	70.8%
Total	64.1%
By Geographic Region	Percent Yes
Northeast	56.4%
Midwest	71.2%
South	65.5%
West	60.6%

*** 696 companies responding, including those not already with lay offs.

Table 8: If anticipating future layoffs, what percentage of workers?

By Industry Sector	Percent of Workers
Basic Industries	41.7%
Construction	28.6%
Manufacturing	26.5%
Wholesale & Retail Trade	30.1%
Transportation and Warehousing	34.5%
Finance, Insurance, and Real Estate	20.7%
Professional (etc.) Services & IT	29.9%
Management and Educational Services	34.3%
Health Care	33.6%
Entertainment and Hospitality	60.6%
Other	27.0%
Total	30.9%
By Geographic Region	Percent of Workers
Northeast	35.7%
Midwest	26.5%
South	32.0%
West	30.3%

*** 376 companies responding

Table 9: If the portfolio company has either cashflow problems or needs to lay off or furlough employees, to the extent possible identify the underlying cause.

By Industry Sector	Loss of Customer	Lack of Revenues	Supply Chain	Other
Basic Industries	5.5%	66.8%	5.5%	22.1%
Construction	7.1%	57.1%	7.1%	28.7%
Manufacturing	2.6%	37.2%	31.2%	29.0%
Wholesale & Retail Trade	2.1%	32.3%	43.7%	21.9%
Transportation and Warehousing	7.4%	52.0%	18.5%	22.2%
Finance, Insurance, and Real Estate	0.0%	73.5%	6.6%	19.9%
Professional (etc.) Services & IT	10.1%	54.1%	7.4%	28.4%
Management and Educational Services	8.5%	40.5%	15.0%	36.1%
Health Care	5.0%	55.1%	0.0%	40.0%
Entertainment and Hospitality	4.5%	68.3%	9.1%	18.1%
Other	0.0%	63.5%	16.6%	19.9%
Total	4.7%	45.9%	21.9%	27.6%
By Geographic Region	Loss of Customer	Lack of Revenues	Supply Chain	Other
Northeast	5.0%	45.0%	20.0%	30.0%
Midwest	3.0%	48.2%	29.2%	19.7%
South	5.8%	44.2%	18.1%	31.9%
West	4.6%	46.5%	20.9%	27.9%

*** 663 companies responding