SMB Group
Actionable Market Insight

NAVIGATING A PATH FORWARD

Workforce and Workplace Impact and Plans

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The COVID-19 pandemic has disrupted any notion of business as usual. From mid-June to **early July 2020,** SMB Group fielded our SMBs: Navigating a Path Forward study to better understand how small and medium businesses (SMBs) that have managed to sustain their operations are faring amid continuing uncertainty.

We surveyed decision makers and influencers in more than **750 North American** SMBs (1 to 1,000 employees) and midmarket organizations (1,000 to 2,500 employees). (Note: For brevity, we refer to the entire range of businesses surveyed in this study as "SMBs.") At the time of the study, respondents were working for companies that were still in business.

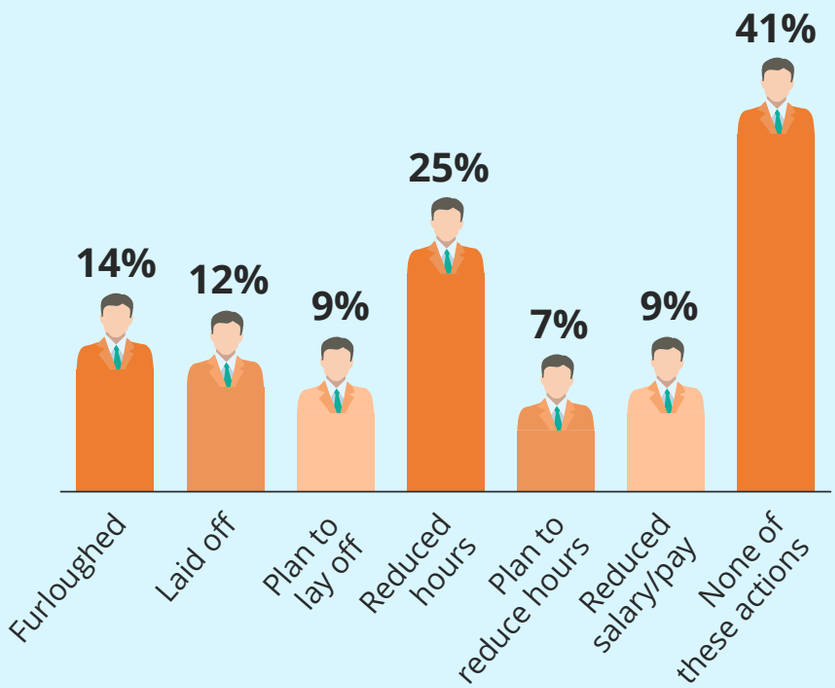
In this infographic, we share key highlights about **COVID-19's continuing impact** on the SMB workforce as well as workplace planning.

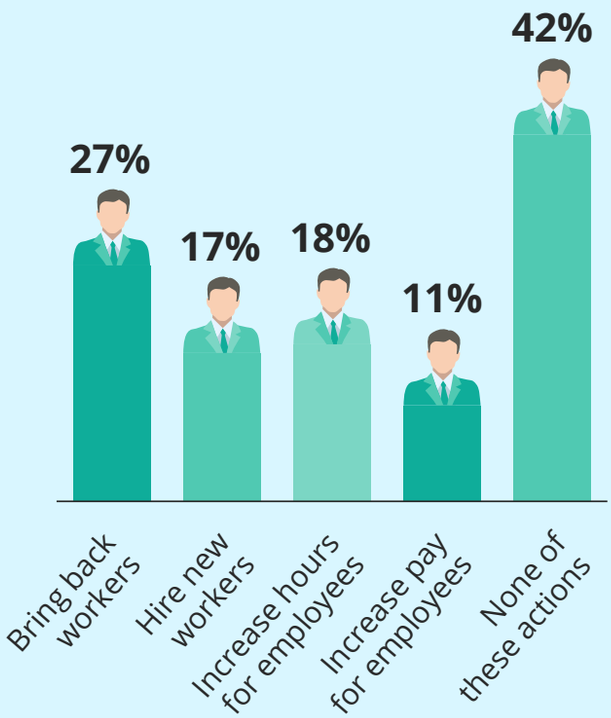
SMBS ARE STRUGGLING WITH **STAFFING VOLATILITY**

17%

Since a declaration of emergency for COVID-19 was issued on **March 13, 2020**, small business (1 to 500 employees) employment has dropped by more than 17%.

Source: SBA, Small Business Employment Plummets





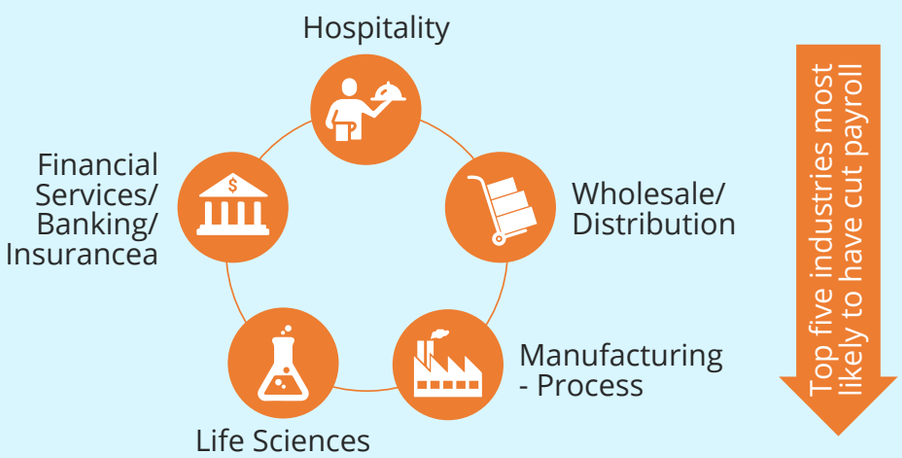
*Have you furloughed, laid off or reduced hours for salaried employees since **March 1, 2020?** (Select all that apply.)*

*Do you plan to bring back workers, add new workers or increase hours for salaried employees in the **next six months?** (Select all that apply.)*

COVID-19 IMPACT
VARIES SIGNIFICANTLY BY INDUSTRY

The larger the SMB in terms of number of employees, the more likely it is to have taken actions to **reduce payroll**, and the more likely it is to plan to **bring workers back**.

However, there are **significant variations by industry.** Industries that have had to shed a lot of jobs—such as hospitality, healthcare/medical/dental, education and nonprofits—are also most likely to plan to increase payroll in the next six months.



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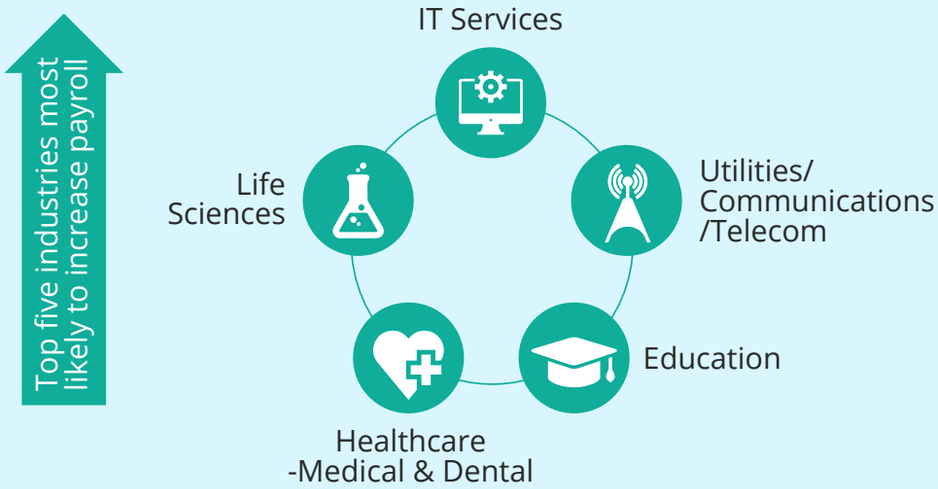
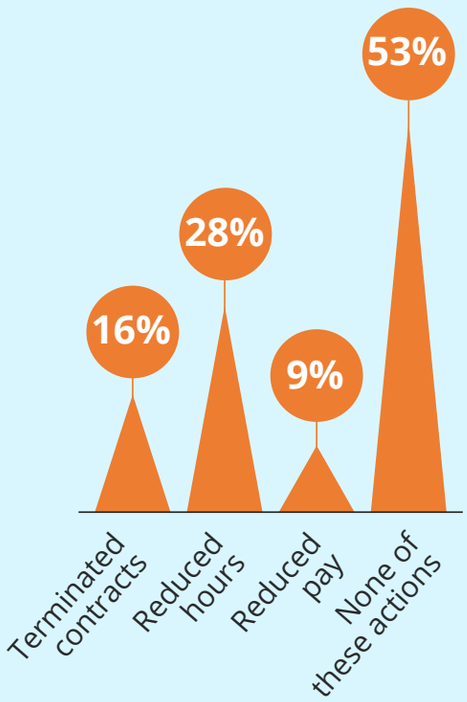


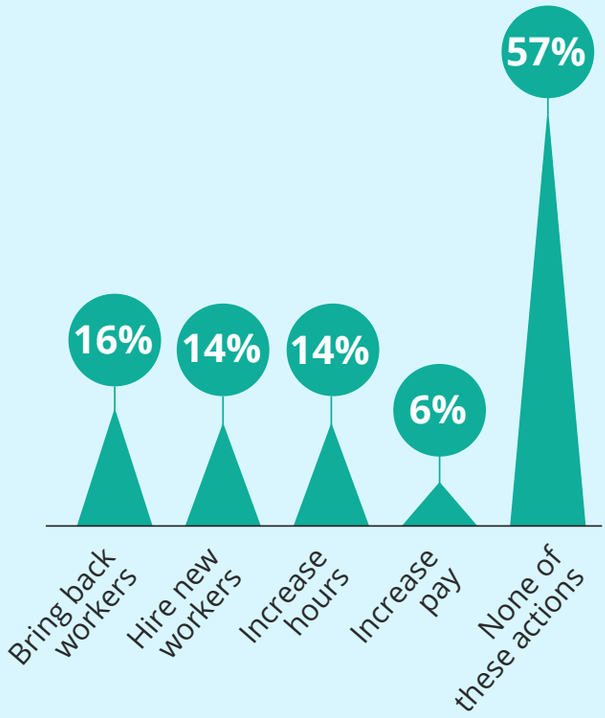
THE CHURN CONTINUES WITH CONTRACTORS

SMBs are also dealing with churn among their **contractors/1099 workers**—albeit somewhat less than with salaried employees. **47%** of SMBs have taken actions to reduce contractor contracts, pay or hours. The resulting roller-coaster ride presents unprecedented workforce management challenges that many SMBs are ill-equipped to handle.



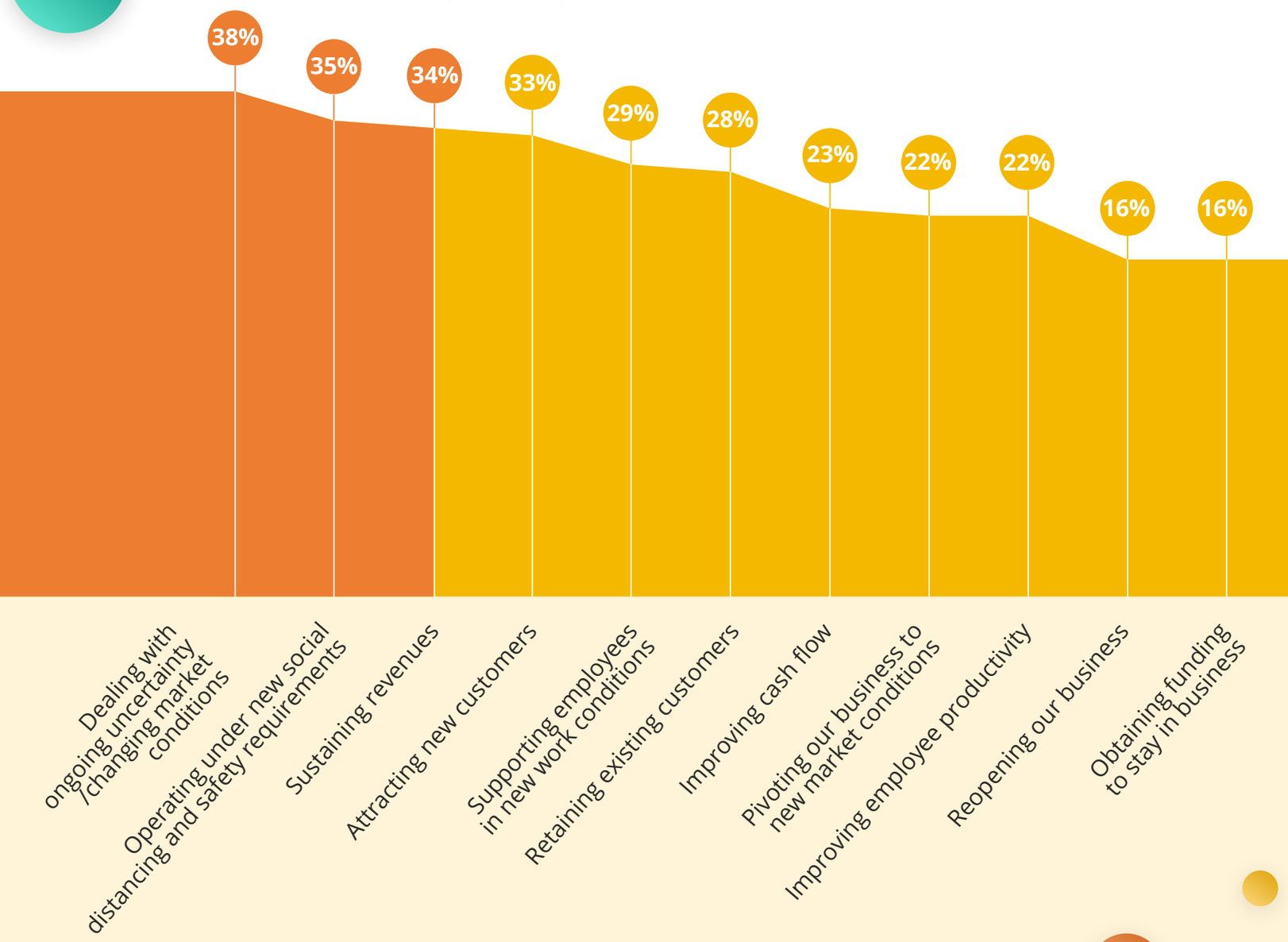
*Have you terminated contracts, reduced hours or reduced pay for 1099 workers/contractors since **March 1, 2020?** (Select all that apply.)*

*Do you plan to contract with, increase hours for or increase pay for **1099 workers/contractors** in the next six months? (Select all that apply.)*



UNCERTAINTY IS THE #1 CHALLENGE FACING SMBS

As a whole, SMBs rank dealing with uncertainty as their top challenge in the current environment.



WORKFORCE-RELATED CHALLENGES LOOM LARGER AS BUSINESS SIZE INCREASES

Employee-related issues dominate the list of the top three concerns of medium and midmarket businesses. This is not surprising, as these companies have more employees and more complex staffing decisions to make.

Midmarket business
(**1,000 to 2,500** employees)

1: Dealing with ongoing uncertainty /changing market conditions

2: Sustaining revenues

3: Attracting new customers

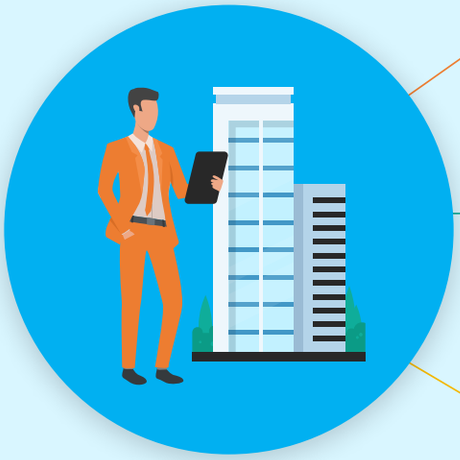
1: Operating under new social distancing and safety requirement

2: Supporting employees in new work conditions

3: Dealing with ongoing uncertainty /changing market conditions

Medium business
(**100 to 999** employees)

Small business
(**1 to 99** employees)

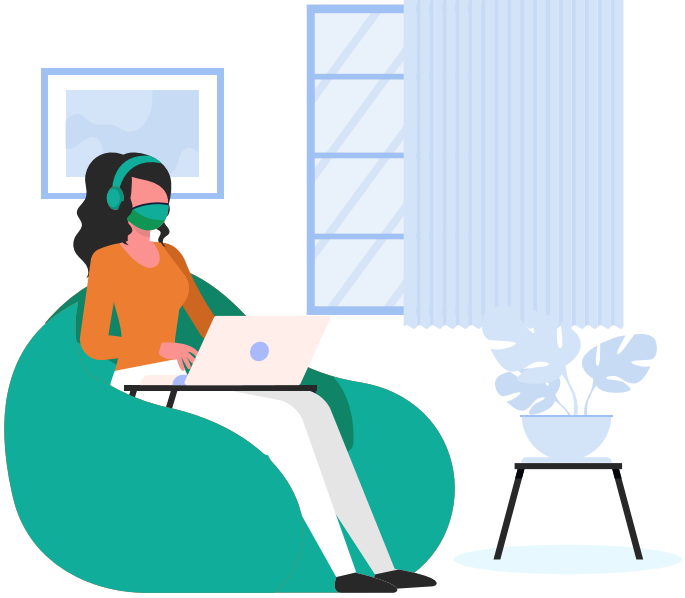


1: Dealing with ongoing uncertainty /changing market conditions

2: Sustaining revenues

3: Attracting new customers

WORK FROM HOME (WFH) IS WORKING FOR MOST SMBS



Two-thirds of SMBs have instituted WFH programs. **52%** said that WFH is having a positive impact on employee productivity, while **31%** said the impact is neutral. More than half plan to increase spending in this area.

However, many SMBs are **challenged by new security threats** posed as company information travels over more home networks and is living on more personal unmanaged devices. It remains to be seen how security, WFH burn-out, juggling childcare and virtual education schedules, and other variables will evolve. But we believe that SMB support for a more **flexible, hybrid work environment is here to stay.**

67%

of SMBs have established (for the first time) or expanded (an existing) WFH program due to the COVID-19 pandemic.

52%

of SMBs said WFH has significantly or somewhat improved employee productivity.

57%

of SMBs plan to increase budgets to equip WFH employees over the next 12 months.

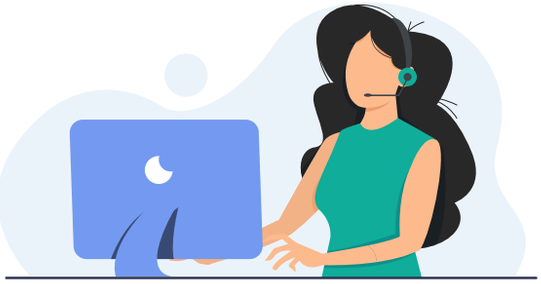
Top three security challenges SMBs face in managing a remote workforce:

- Home/public network Wi-Fi security
- Employees accessing apps from personal, unmanaged devices
- Lack of visibility and control

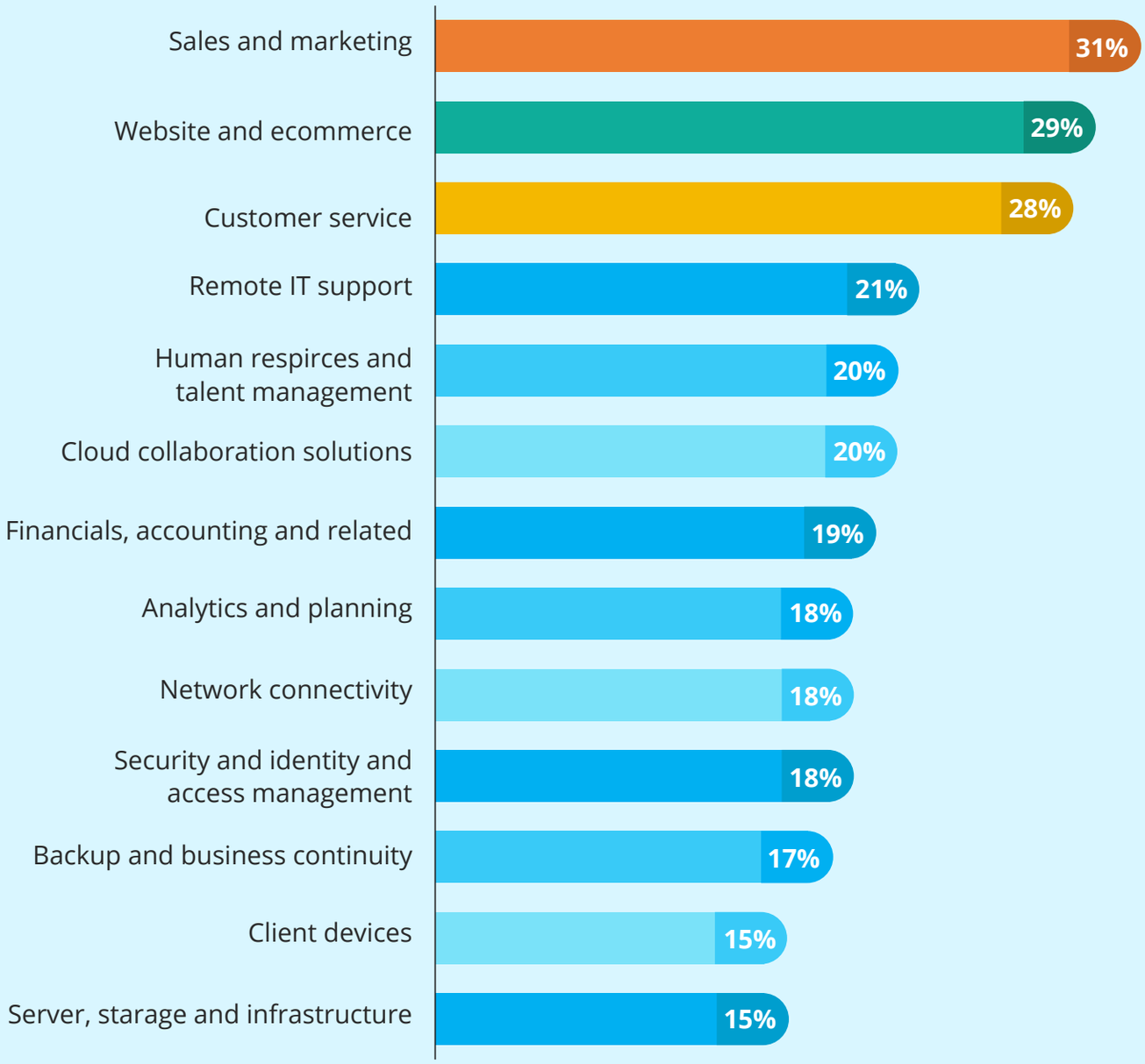
SMBS PLAN TO INVEST TO BETTER SUPPORT EMPLOYEES

SMB investment priorities start with customer-facing areas, such as **sales and marketing, website and ecommerce, and customer service.**

But about **20%** of SMBs plan to invest in solutions to support employees, such as **remote IT support, HR and talent management, and cloud collaboration** solutions, network connectivity and client devices.



Plans to beef up infrastructure are also part of the mix, as SMBs strive to provide employees with secure, higher performance devices and solutions to further address **productivity and security challenges.**



Over the next 12 months, what are the top three technology areas that your business needs to invest in to recover and prepare for growth? (Select the top three only.)

PERSPECTIVE

Most SMBs that have been able to weather the COVID-19 crisis to date have already made significant adjustments to their workforces and workspaces.

From trimming payroll to adding headcount, and from establishing and expanding WFH programs to reconfiguring physical spaces to conform to social distancing and safety protocols,

SMBs have reacted quickly to survive and address the new realities that the pandemic has forced upon all businesses.

No one has a crystal ball to predict how much longer the health crisis will last or when we'll come out of the economic tailspin. Therefore, SMBs will need to continue to adapt to the ups and downs on a tactical basis.

However, SMBs should also seize the moment to identify potential opportunities to reshape the workforce and workplace for the future. From mitigating location-based work recruitment barriers with WFH programs to upskilling and reskilling employees, now is the time to put technology, data, people and processes to work for the next "normal."

ABOUT THIS INFOGRAPHIC

This is the first of two infographics providing insights from SMB Group's SMBs: Navigating a Path Forward study.

Click here for:

Second infographic: ***SMBs: Navigating a Path Forward--Business and Technology Impact and Outlook***

eBook: ***SMBs: Navigating a Path Forward—How Will SMBs Get to the Next "Normal"?***

SMB Group is a research, analysis and consulting firm focused on technology adoption and trends in the small and medium business (SMB) market. SMB Group helps clients to understand and segment the SMB market, identify and act on trends and opportunities, develop more compelling messaging, and more effectively serve SMB customers.

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