

# Michigan Future Business Index

## COVID-19 IMPACT SURVEY

Q4 2020

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Michigan Business Network

ROI  INSIGHT



# Michigan Future Business Index

## COVID-19 IMPACT SURVEY

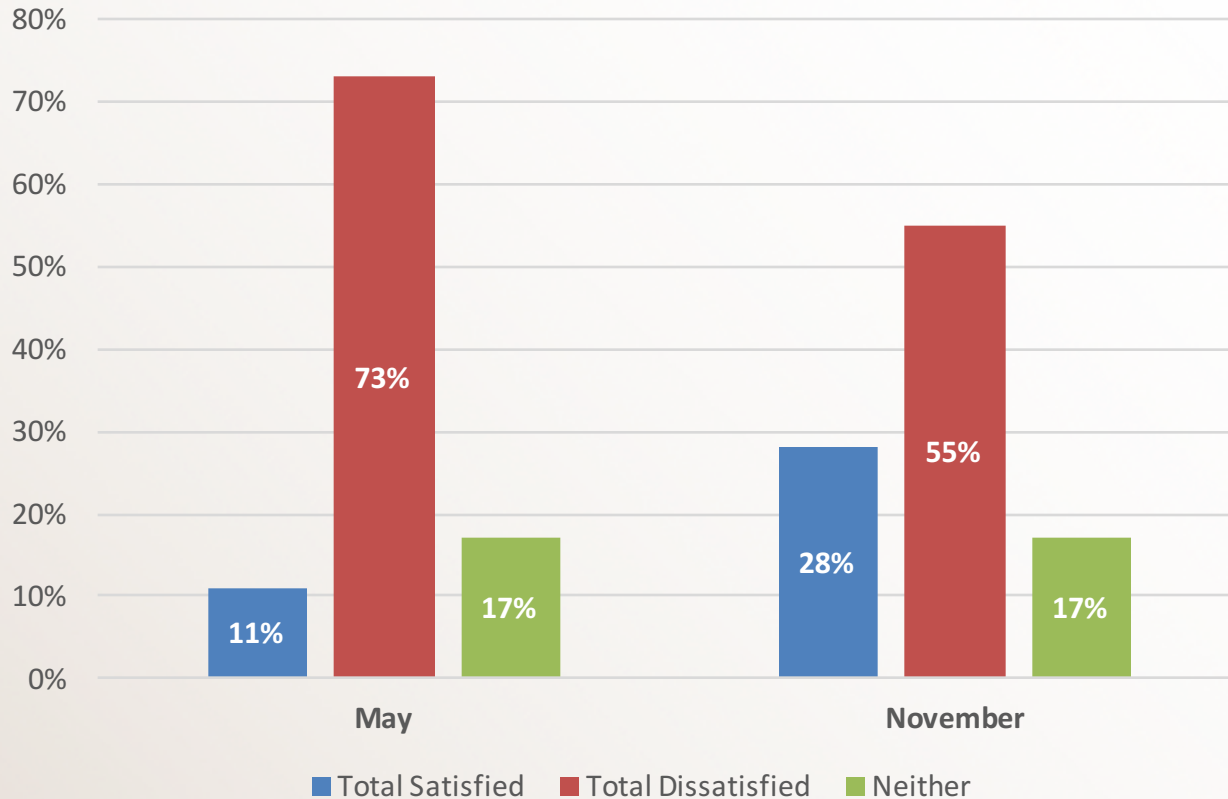
- Statewide survey of 600 small to medium-sized businesses
  - Conducted online to reach essential and non-essential businesses
- Produced by Michigan Business Network
- Underwritten by Accident Fund Insurance Company of America
- Conducted by ROI Insight
  - Field Dates: November 5 through December 2, 2020
- Credibility Interval:  $\pm 4.7\%$  or less
  - 95% Degree of Confidence

# Key Takeaways: Economy & Business Performance

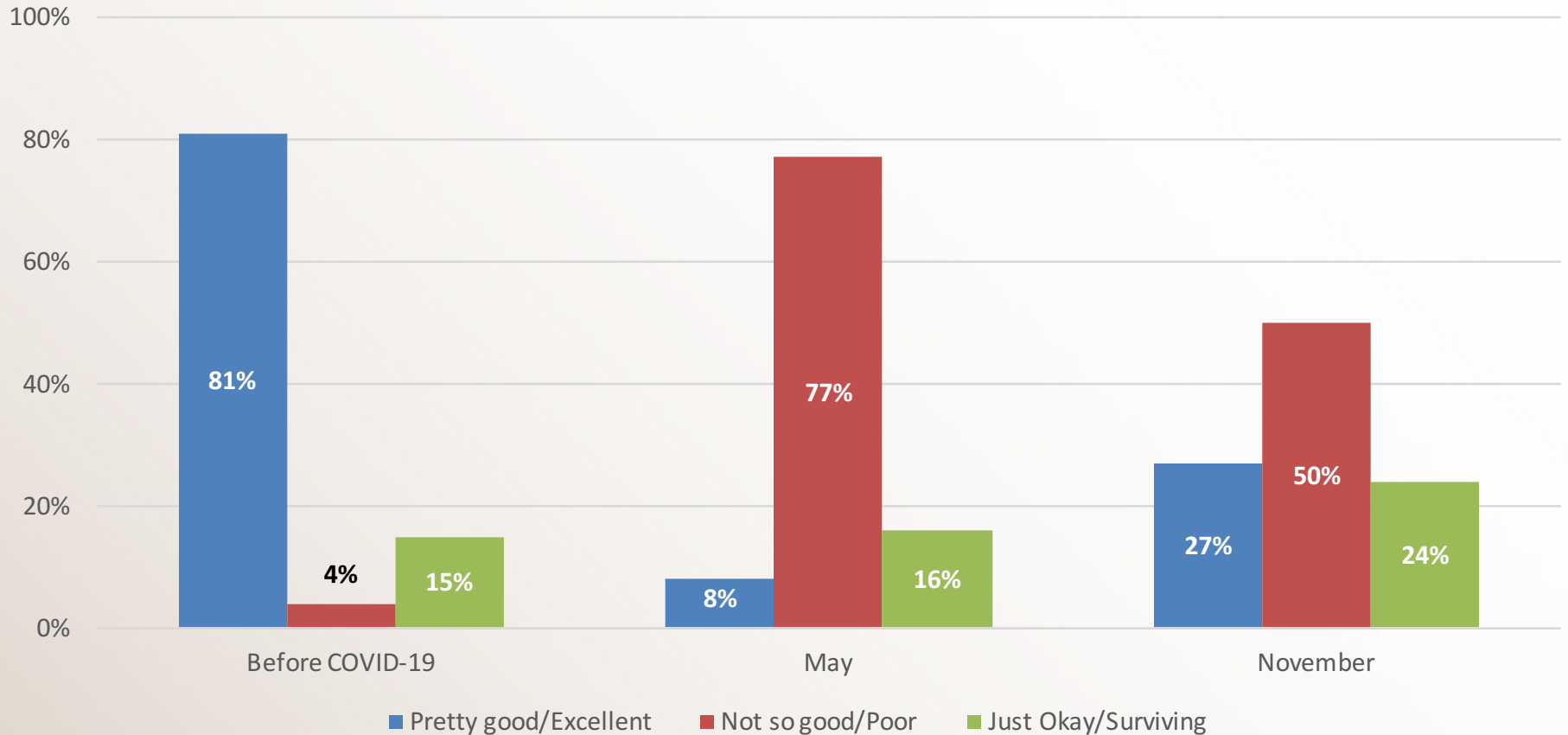
- **Satisfaction With the Economy in Michigan** was at a near record high (82%) one year ago and collapsed to a record low of 11% in May. It has now rebounded to **28%**.
- **Business Performance:** The percentage of businesses describing their performance as pretty good or excellent plummeted from 81% before the pandemic to only 8% in May. It has now ticked back up to **27%**. More than three in four (76%) said they were in not so good or poor shape in May, but that number has dropped to **50%** now.
- Ninety-four percent (**94%**) say their business is open now, which was at only 65% in May.

# Satisfaction With Economy

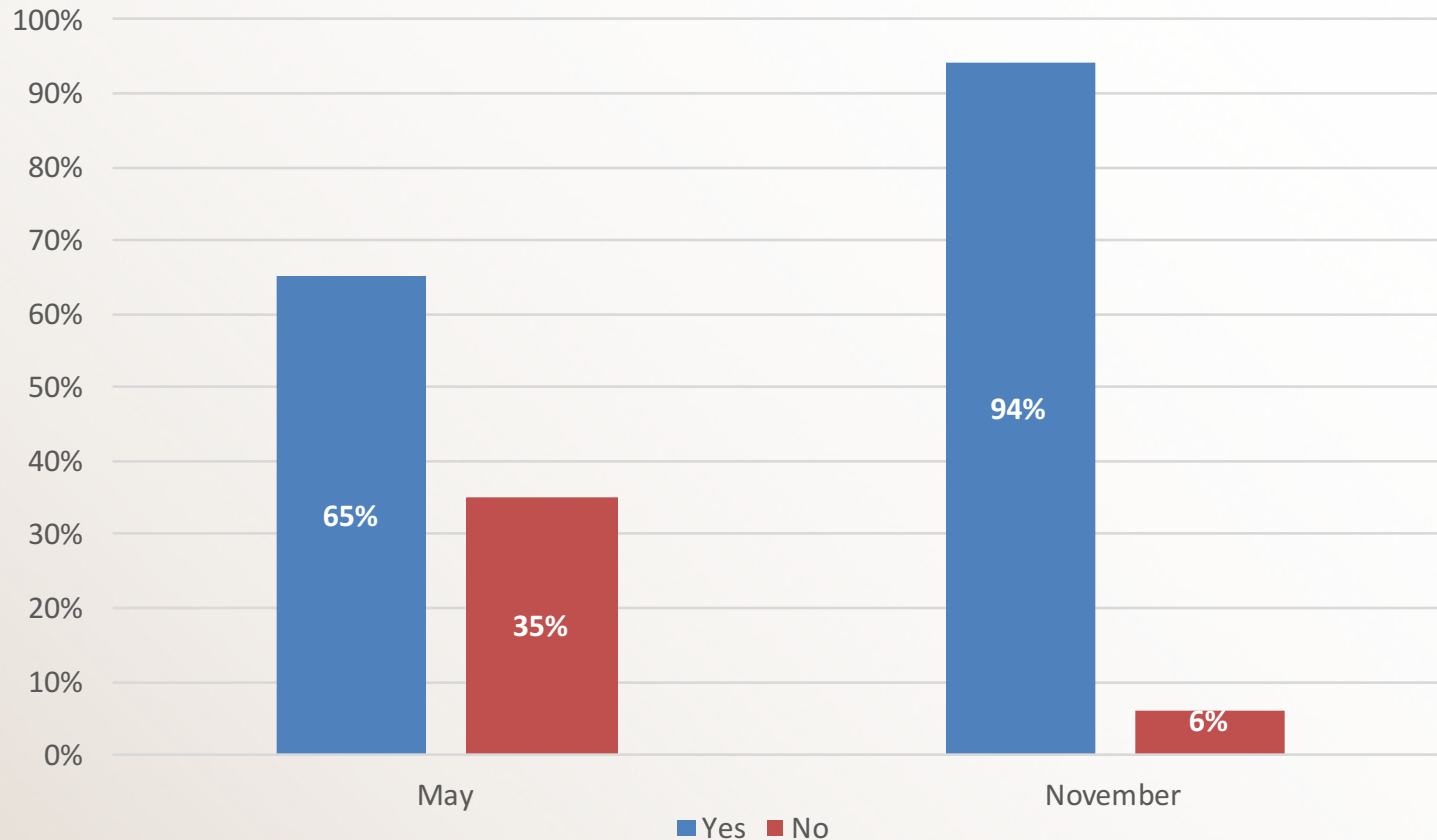
One Year Ago: Satisfaction Was at 82%



# Business Performance



# Is Your Business Open?

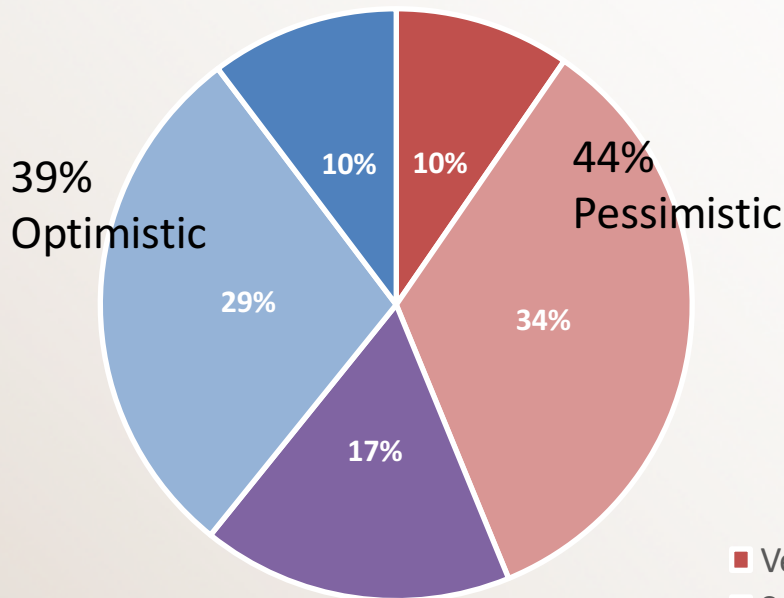


# Key Takeaways: Business After COVID-19

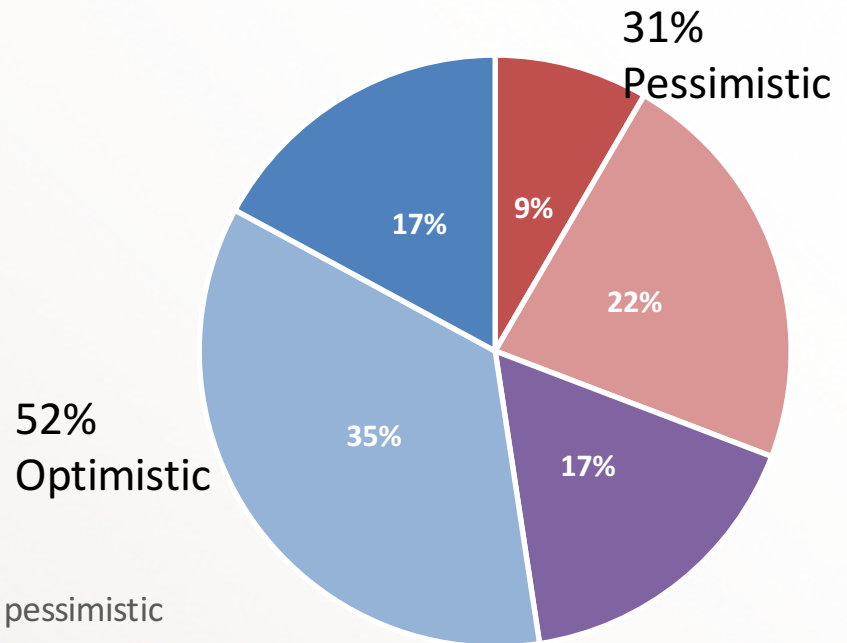
- In May only 39% said they were optimistic about business after COVID. That number has climbed to a majority (**52%**) now.
  - Those who are optimistic pin their hopes on **loyal customers and pent-up demand**, potential opportunities for growth, as well as their great staff staying busy and positive.
- In May, 44% said they were pessimistic about getting back to normal after COVID-19. The percentage of people saying that has shrunk to **31%** now.
  - Those who are pessimistic cite the loss of customers as their top concern, followed by with their concern for government overreach and overregulation. Confirming their top concern, nearly half of the respondents (**42%**) say their **customer retention has decreased** since the start of the pandemic.

# Expectations For Post-COVID-19 Business Normalcy

May



November



- Very pessimistic
- Somewhat pessimistic
- Neither
- Somewhat optimistic
- Very optimistic





# Top Reasons For Pessimism

- Lost of Customers/Clients 20%
- Government Overreach 18%
- Shutdown/Being Closed 15%
- Economy 8%
- Uncertainty About Future 8%

# Top Reasons For Optimism

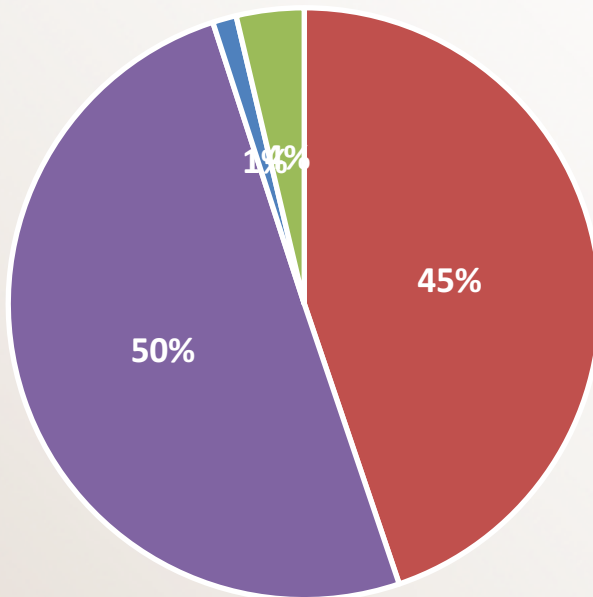
- Loyal Customers/Demand 25%
- New Opportunities 20%
- Great Employees/Staying Positive 14%
- End of COVID-19/Vaccine 9%
- We remained open throughout 6%

# Key Takeaways: Hiring, Wages & Benefits

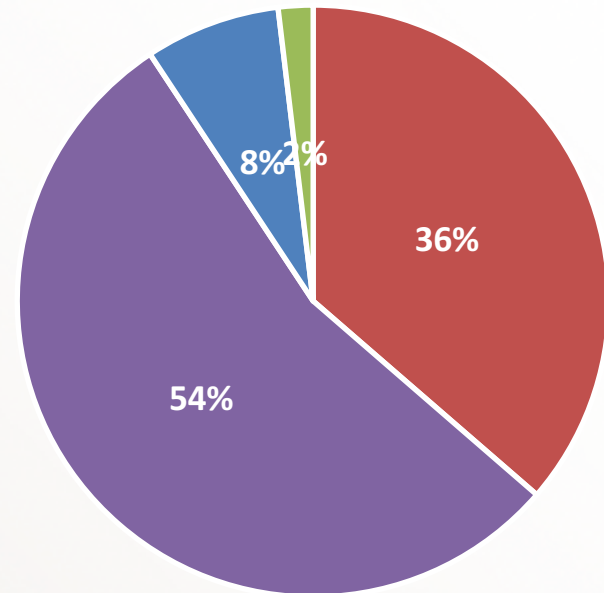
- Nearly two-thirds (**64%**) now say they have not laid off any employees and more than eight in ten (**82%**) now say they have not cut wages.
  - They cite their ability to adapt and significantly increase the number of employees allowed to work remotely.
  - Working remotely is largely meeting or exceeding expectations and the data confirms that small business owners believe it will be a component of the new normal going forward.
- More than eight in ten (**81%**) now say they have either kept benefits the same (76%) or increased them (5%).

# Number of Employees During COVID-19

May



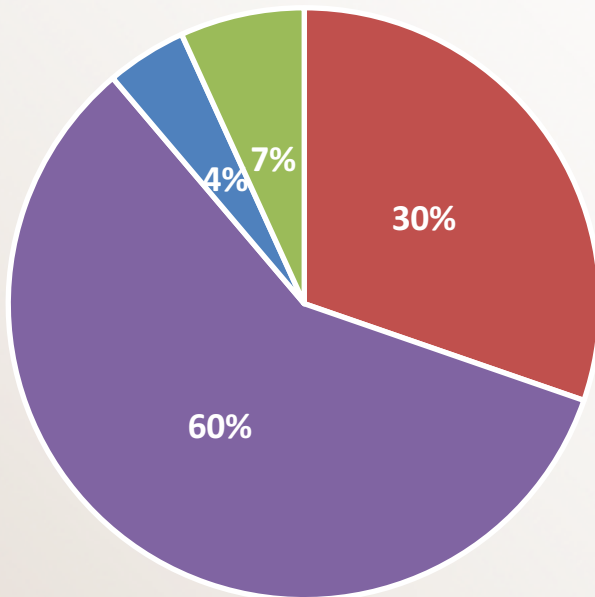
November



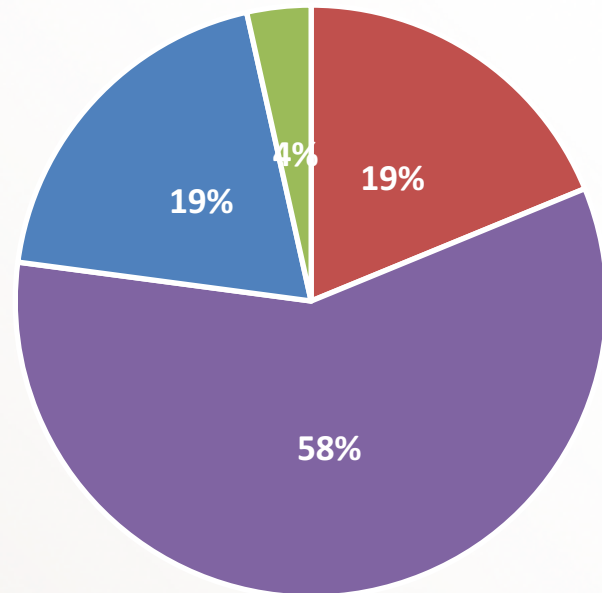
- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Wages During COVID-19

May



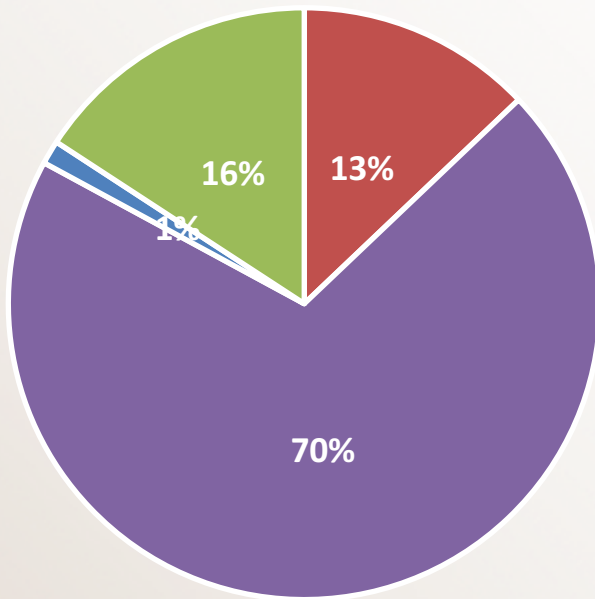
November



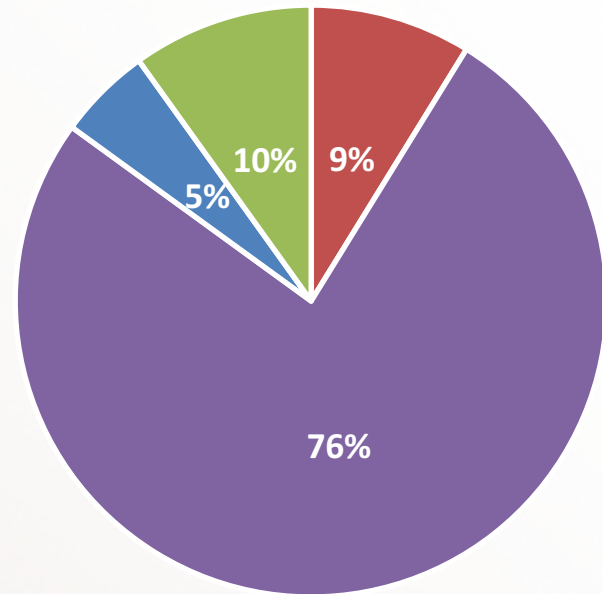
- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Benefits During COVID-19

May

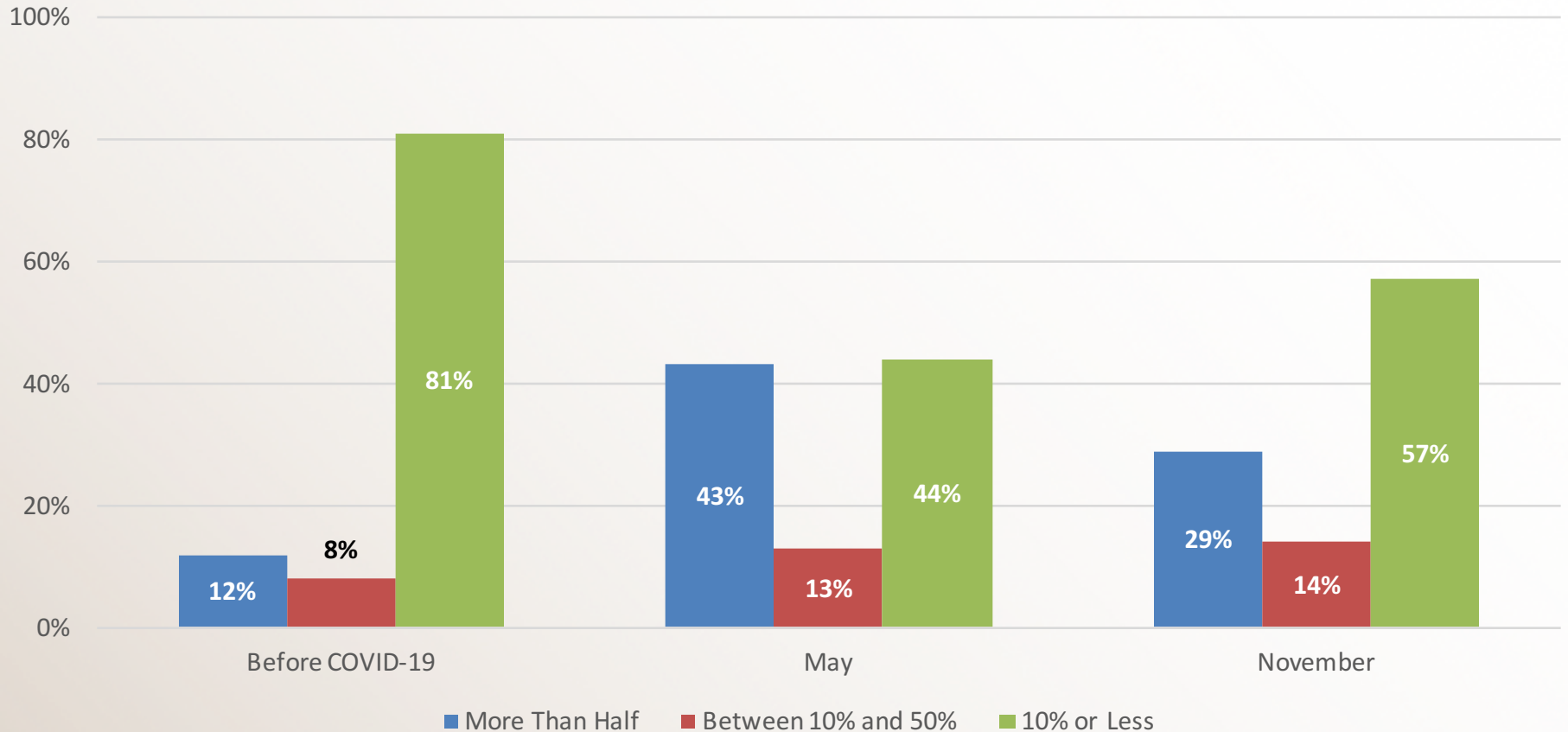


November



- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Percentage of Employees Working Remotely



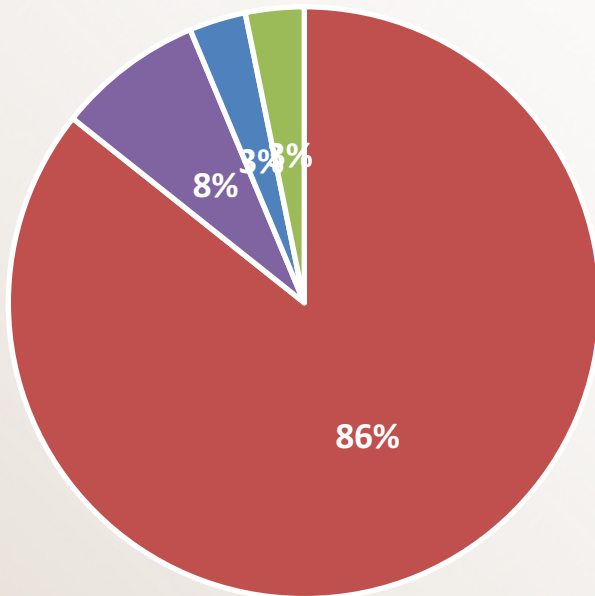
# Key Takeaways: Sales, Profits, Cash Flow & Customer Retention

- Seventy percent (**70%**) now say sales have decreased – which is down from 86% in May.
- Sixty-four percent (**64%**) now say profits have decreased – which is down from 84% in May.
- Sixty-three percent (**63%**) now say cash flow has decreased – which is down from 83% in May.
- Forty-two percent (**42%**) now say customer retention has decreased – which is down from 47% in May. 45% say customer retention has stayed the same.

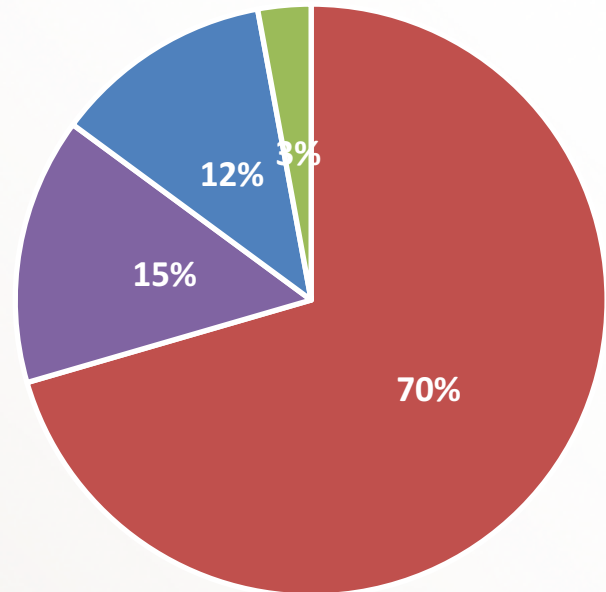


# Sales During COVID-19

May



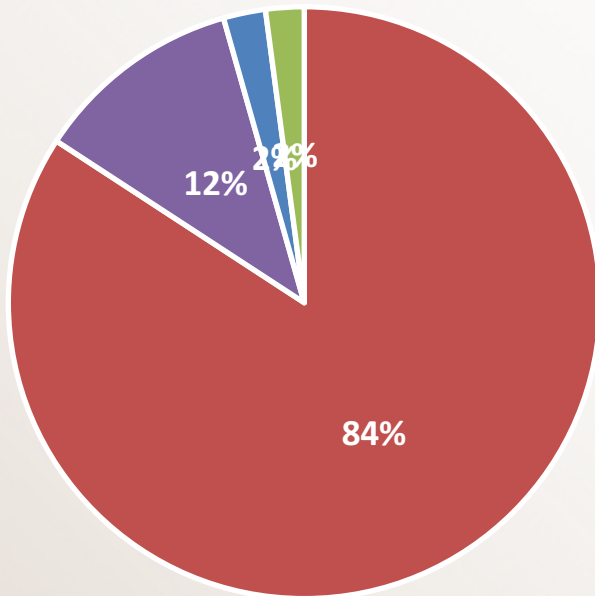
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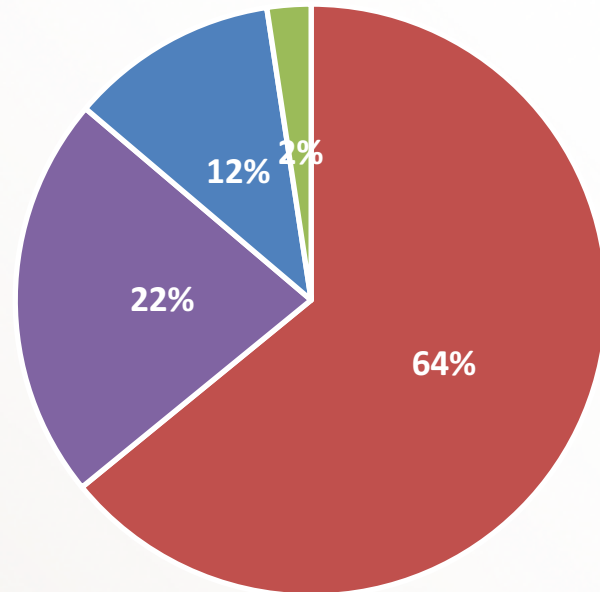
- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Profits During COVID-19

May



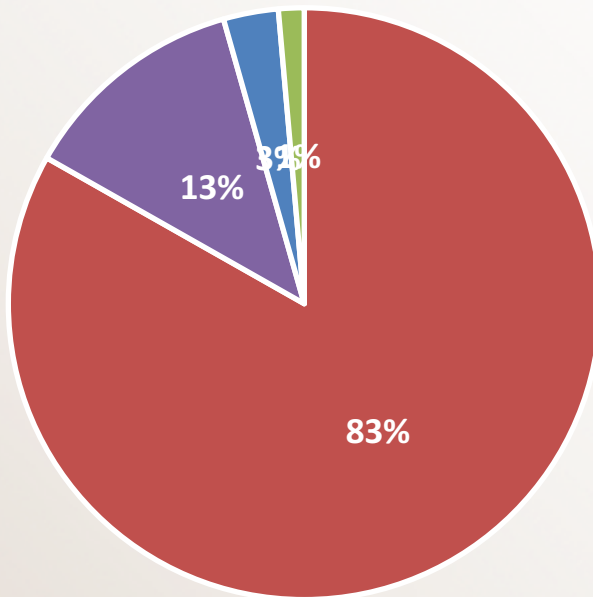
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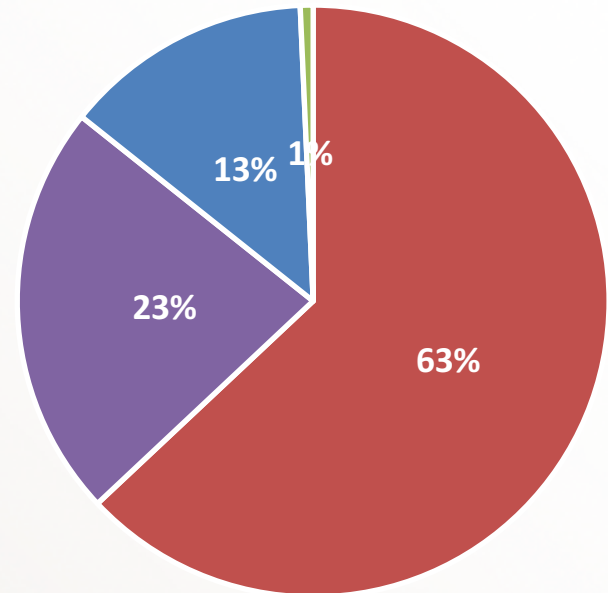
- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Cash Flow During COVID-19

May



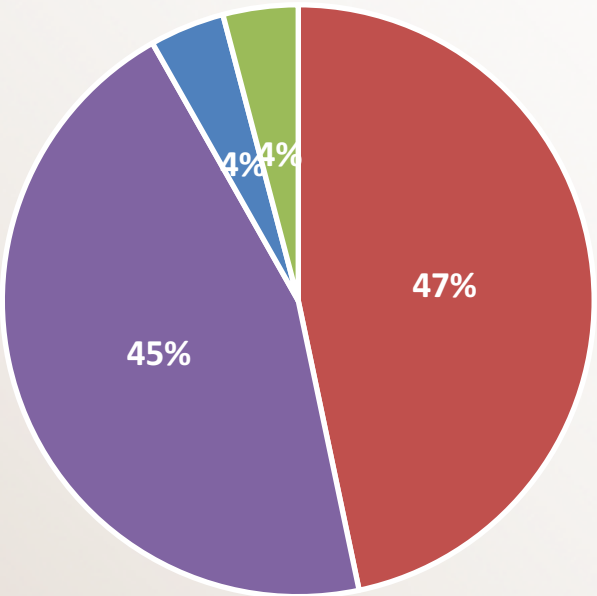
November



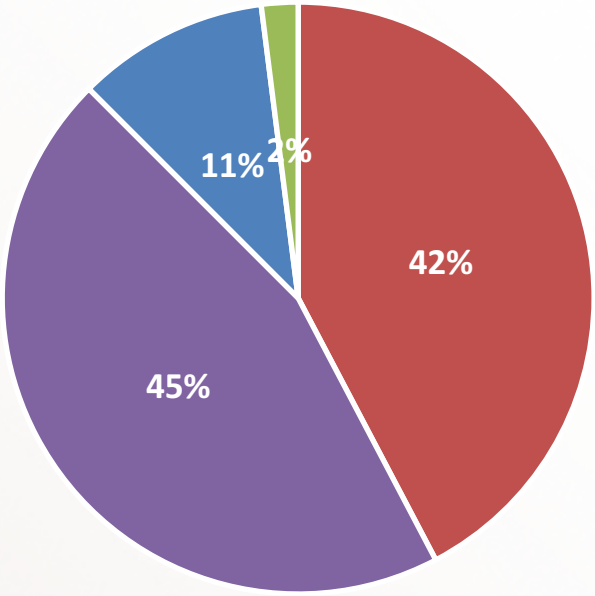
- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Customer Retention During COVID-19

May



November

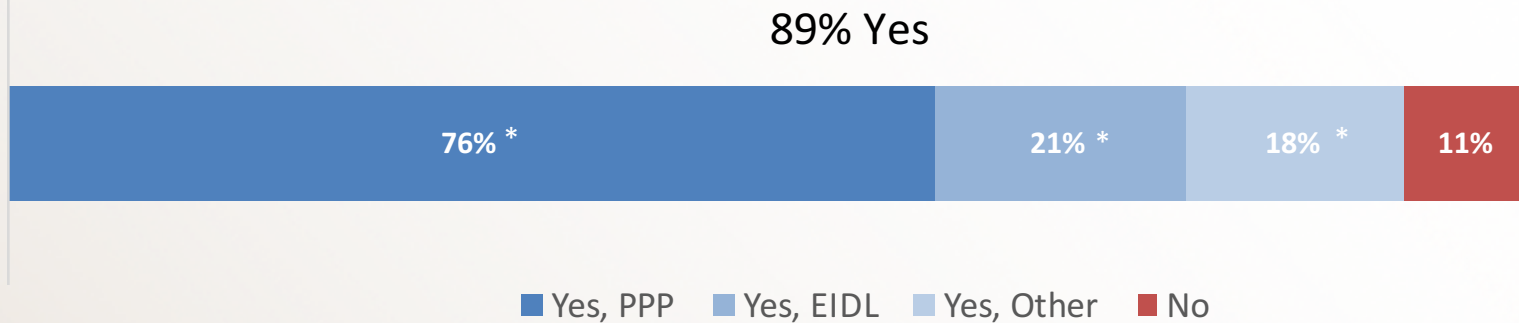


- Decreased
- Remained the same
- Increased
- Does not apply to my business

# Key Takeaways: Financially Surviving COVID-19 and Preparing To Thrive After

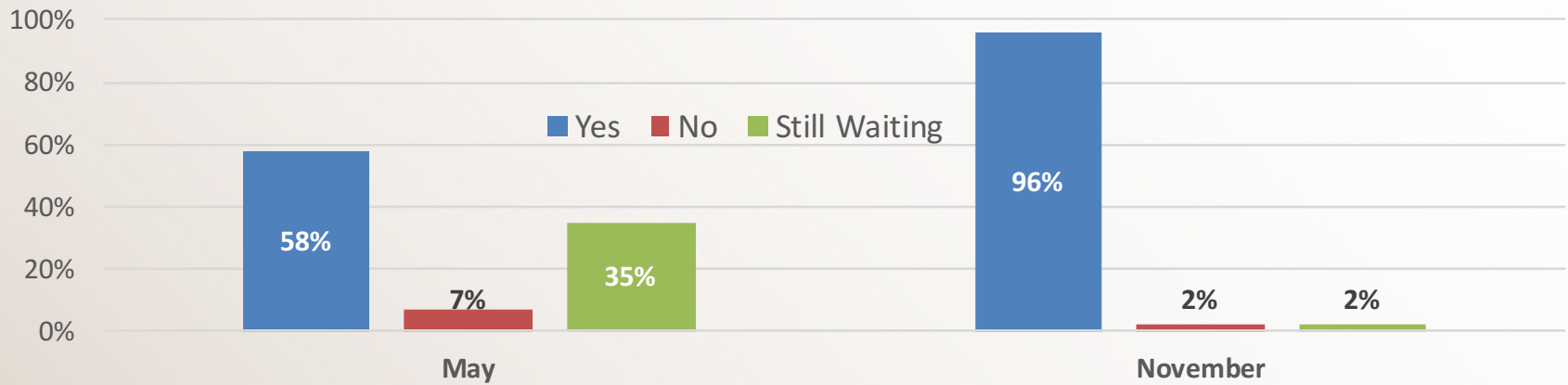
- Nearly nine in ten (**89%**) have now applied for financial assistance (PPP, EIDL, etc) during the pandemic, up from 79% in May. Nearly all (96%) have now been approved and most (59%) are happy with the loan process.
- More than seven in ten (**76%**) say they are either very well (31%) or somewhat (45%) prepared for a post-COVID business world.
- Nearly two-thirds (**65%**) say they are enthusiastic about remaining in business after it's over.
- Nearly two-thirds (**65%**) expect to fully recover sometime next year.
  - Twenty-six percent (26%) say recovery will not happen until 2022.
  - Seventeen percent (17%) are uncertain they'll ever recover.

# Have You Applied For Assistance?



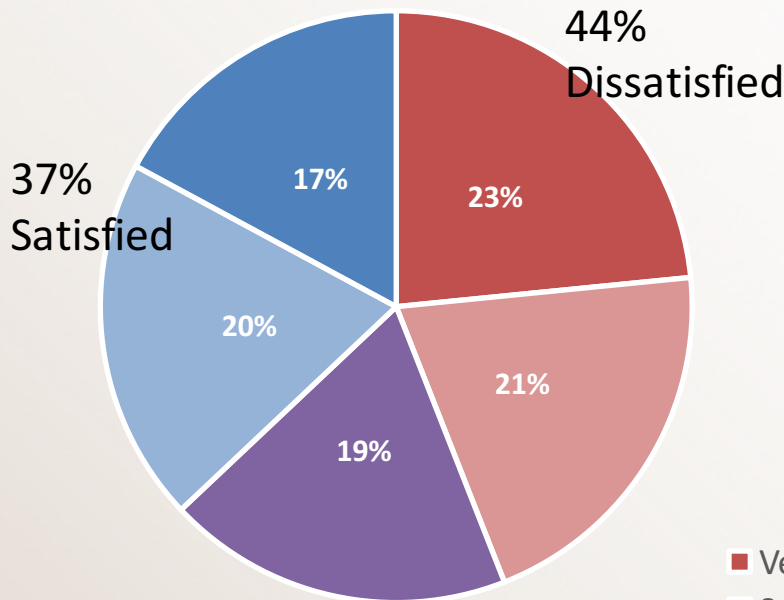
\* Percentages add up to more than 100% because this question allowed for multiple responses.

## Were you approved?

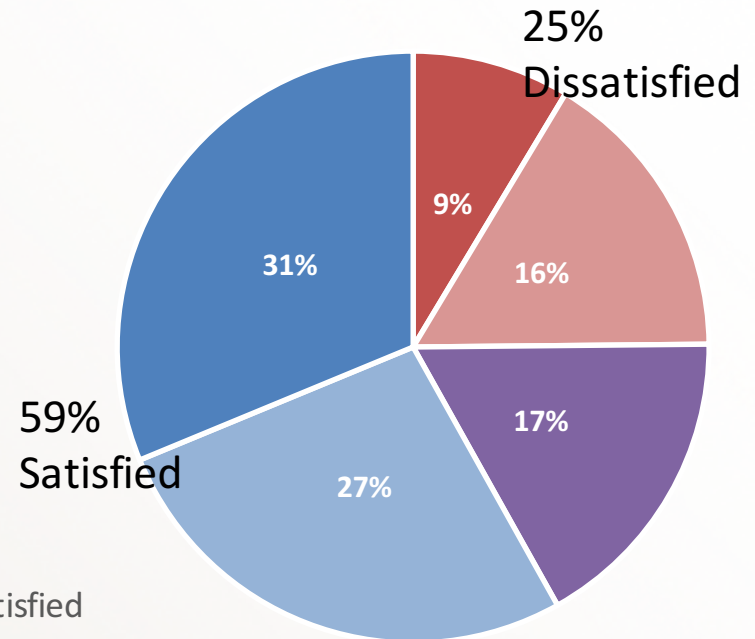


# Satisfaction With Loan Process

May

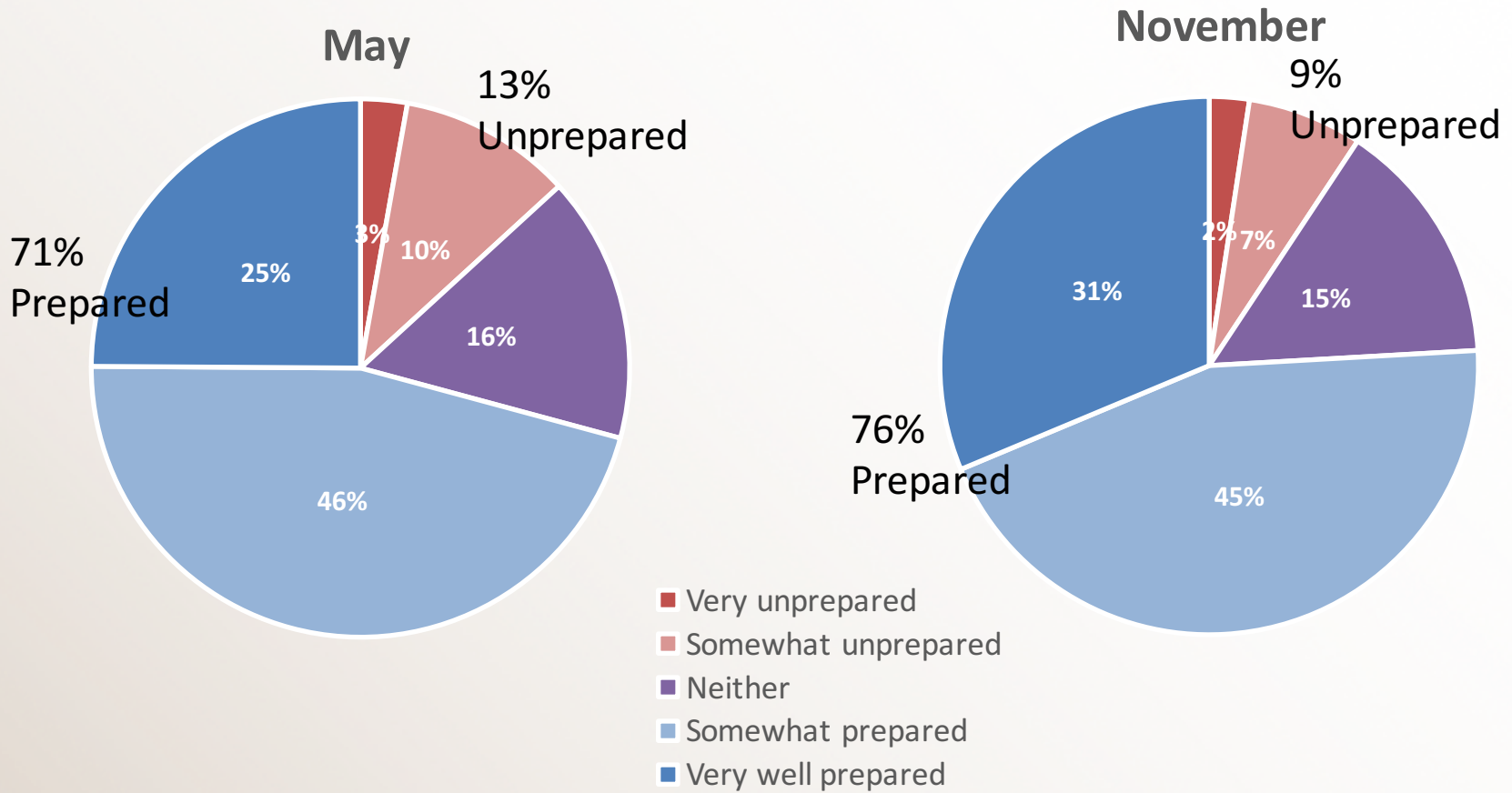


November



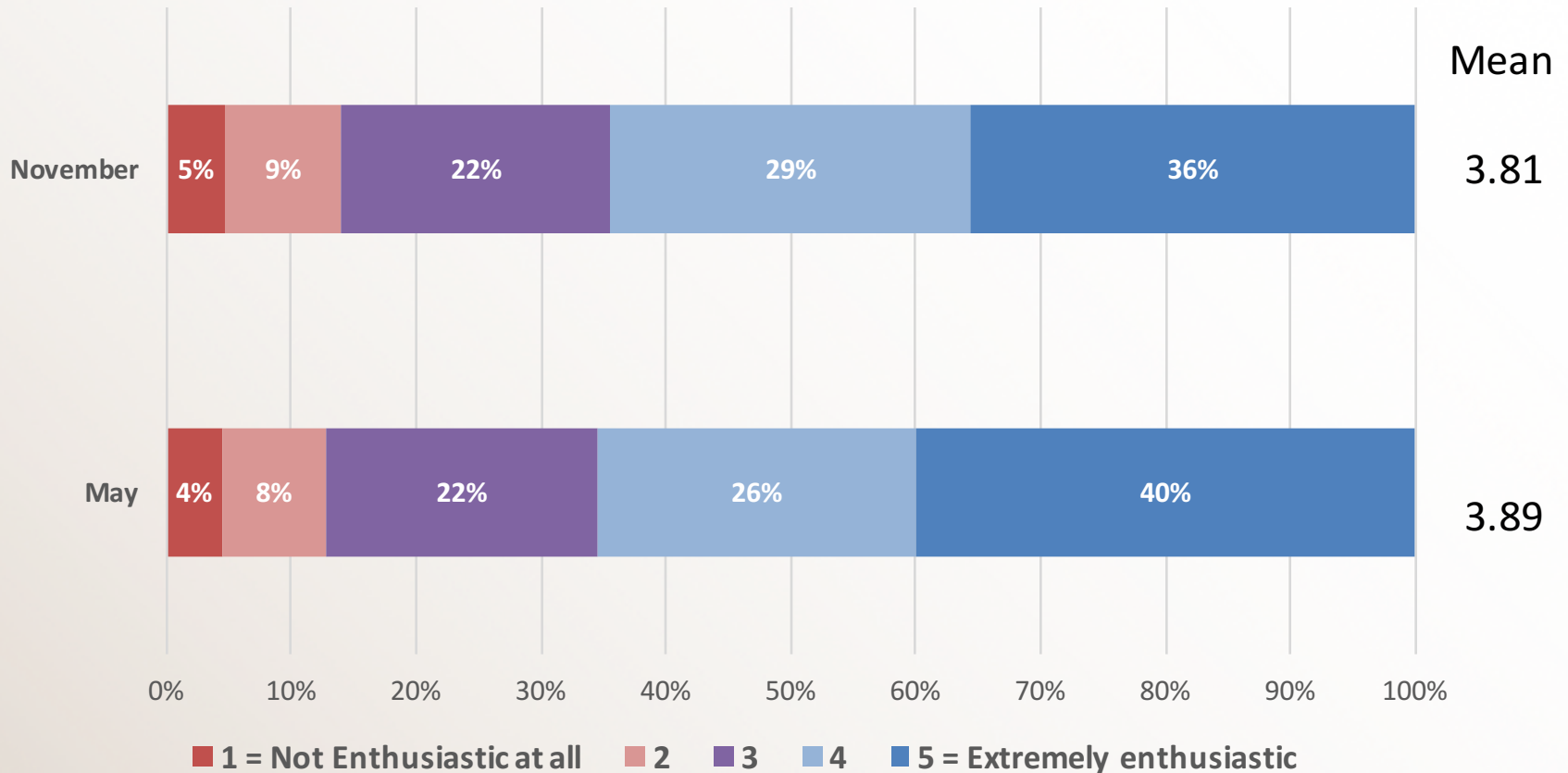
- Very dissatisfied
- Somewhat dissatisfied
- Neither
- Somewhat satisfied
- Very satisfied

# How prepared are you for what comes after COVID-19?

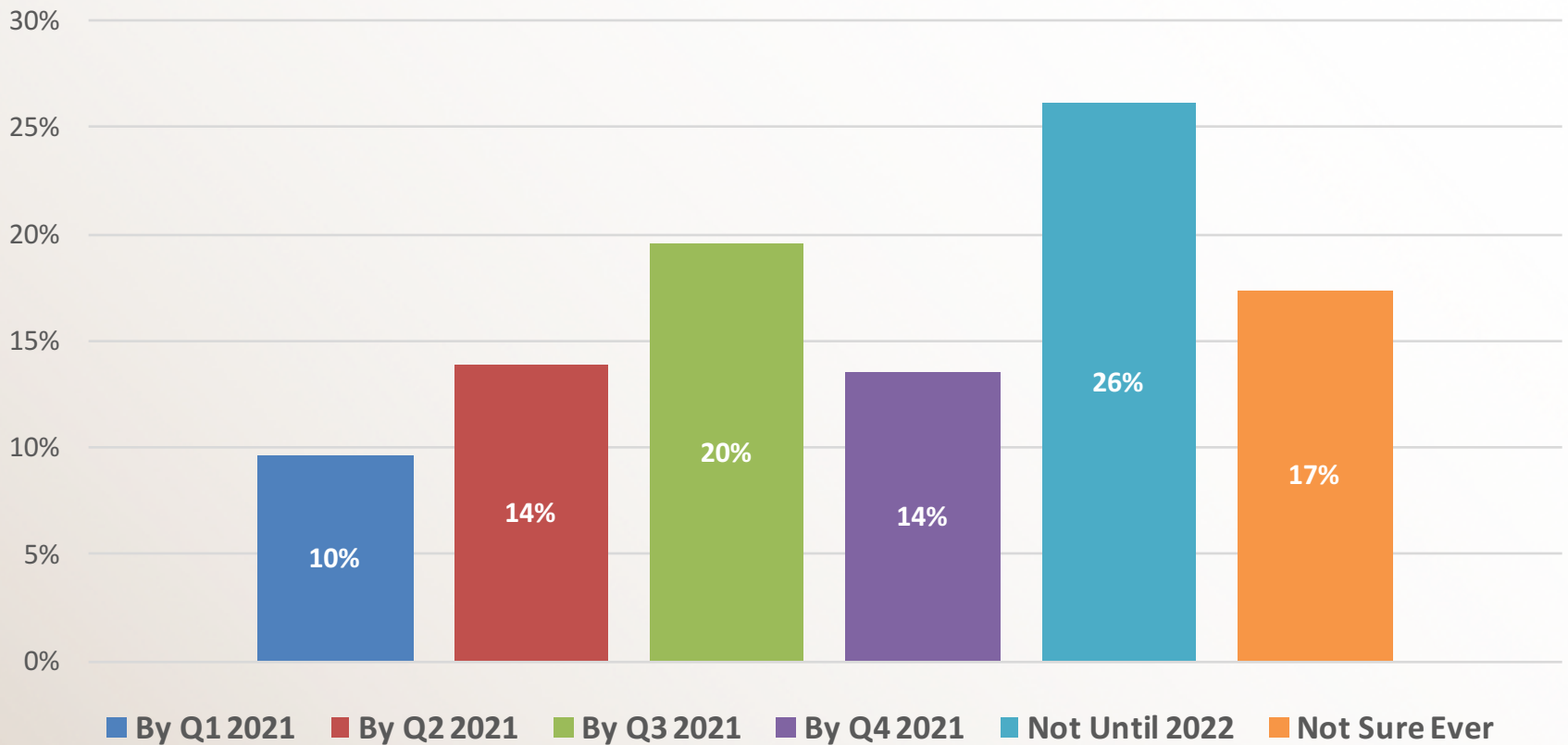




# Enthusiasm For Staying In Business After COVID-19



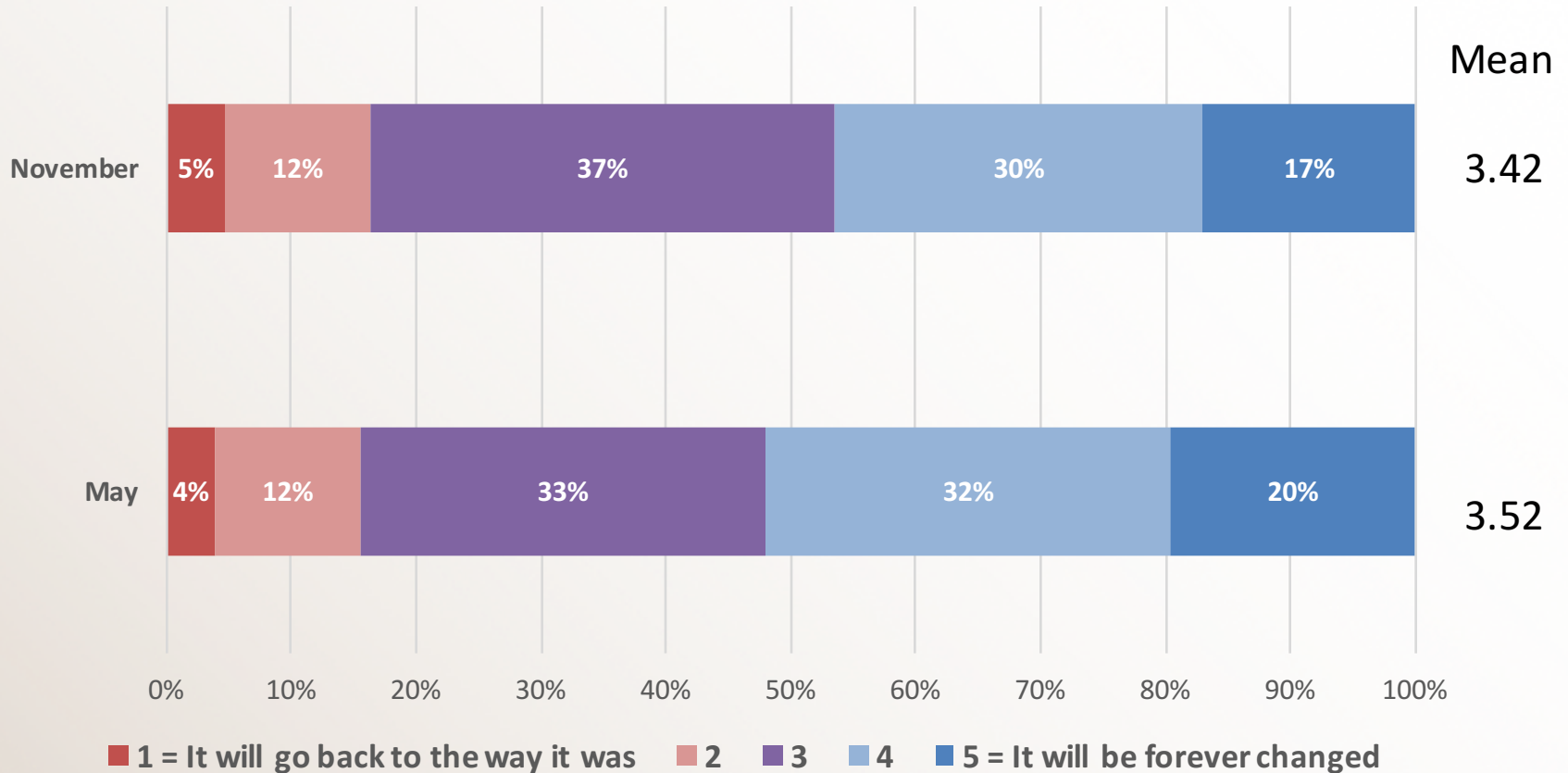
# Expected Timeframe For Full Recovery After COVID-19



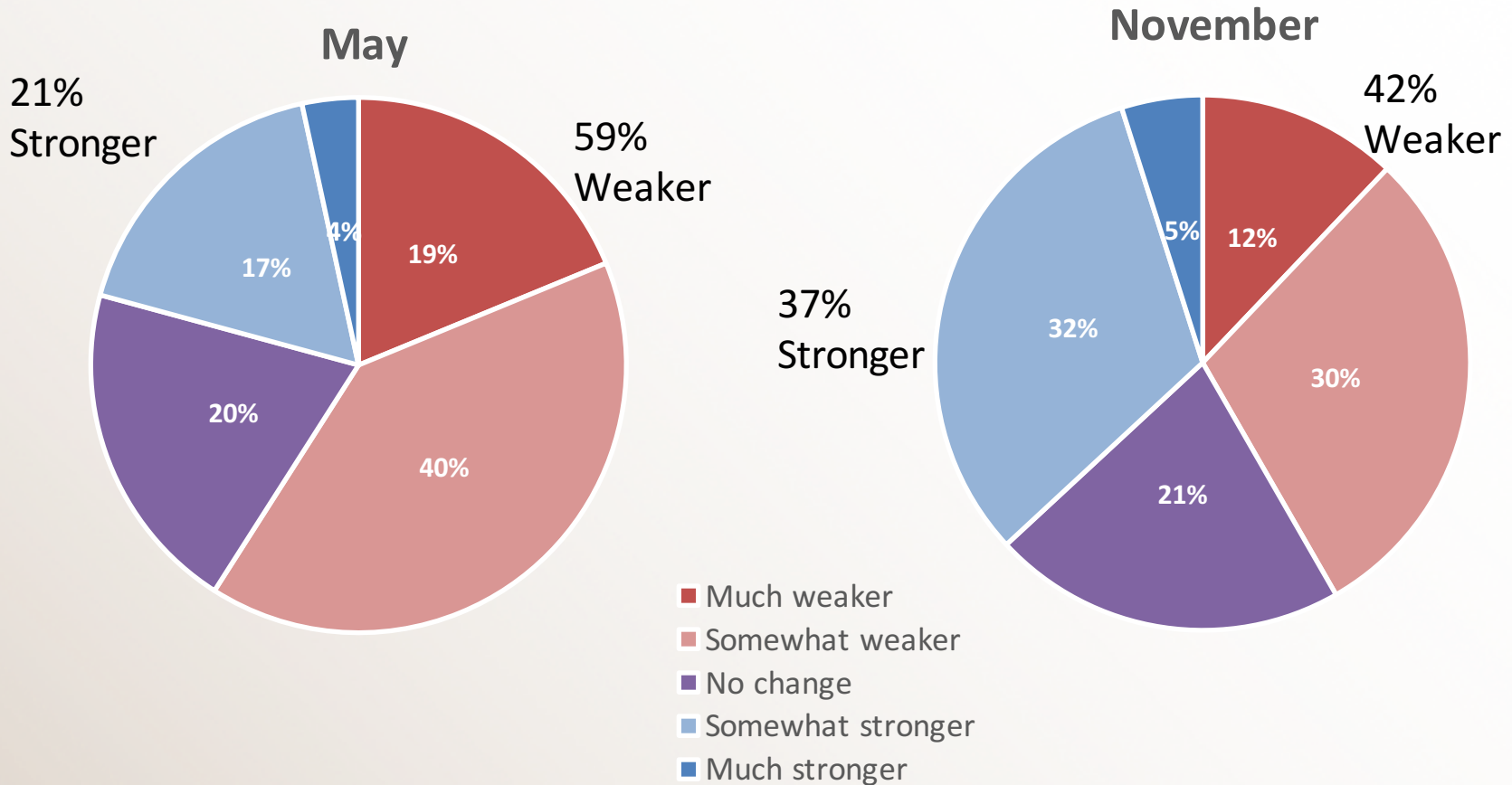
# Key Takeaways: Uncertainty Is Lessening

- In May (52%) believed doing business in Michigan would never be the same after COVID-19. That number has dropped to **47%** now.
- In May (59%) believed their business would emerge at least somewhat weaker after COVID-19. That number has dropped to **42%** now.
  - Thirty-seven percent (37%) now say they'll emerge stronger, which is up from 21% in May.

# How Will Business Change After COVID-19



# Will Your Business Emerge From COVID-19 Weaker or Stronger?

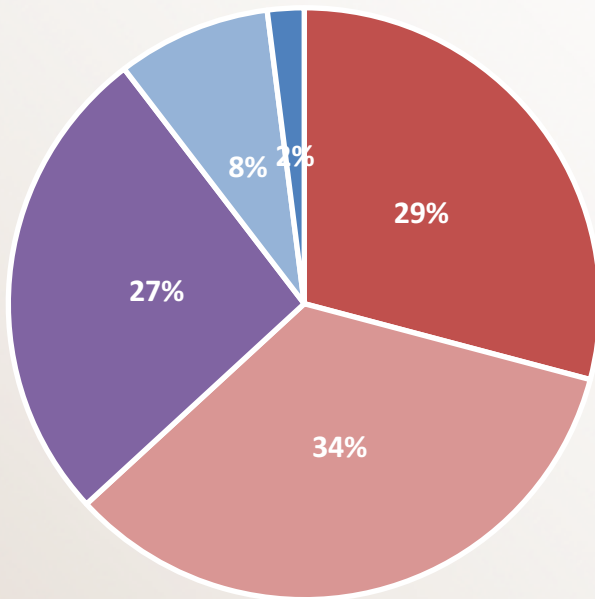


# Key Takeaways: Government Responsiveness

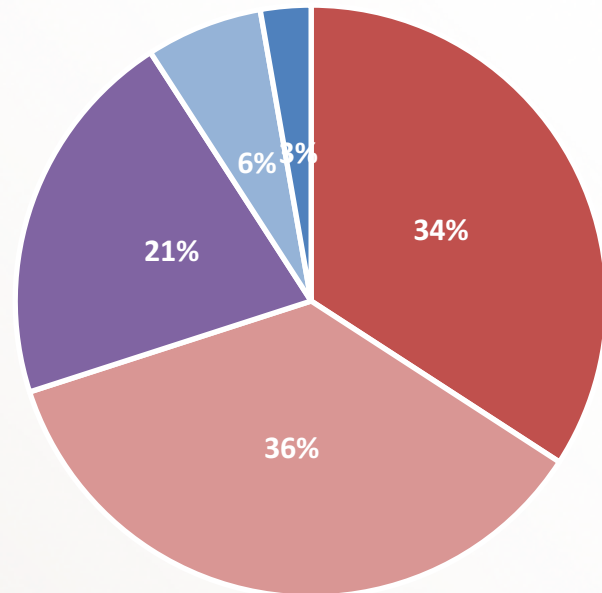
- They tend to blame the government response for making a recovery more challenging.
  - Seven in ten (**70%**) fear small business voices are largely not being heard by lawmakers, which is up from 63% in May.
  - Nearly six in ten (**57%**) say the states response to COVID-19 has been too strong, while 43% say it has been either about right (33%) or not strong enough (11%).

# Are The Voices of Small Business Owners Being Heard by Lawmakers?

May

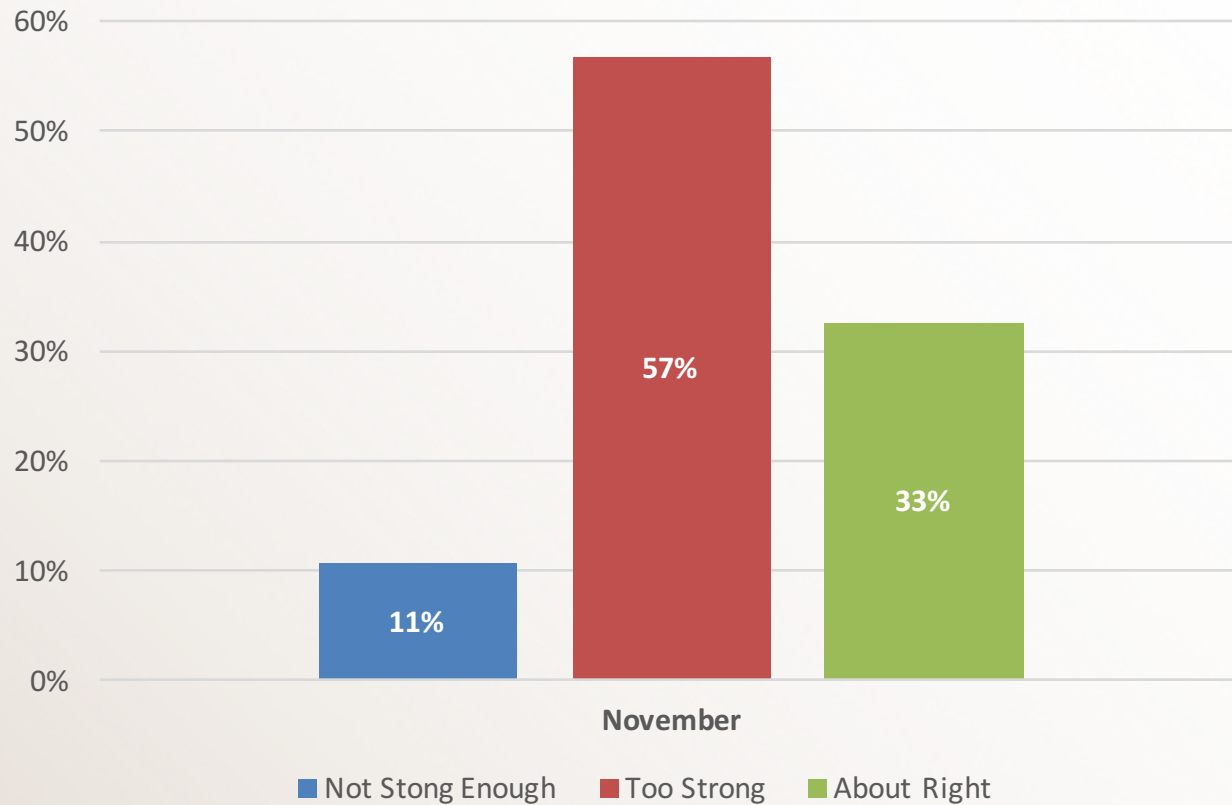


November



- Not at all
- A little
- A moderate amount
- A lot
- A great deal

# State's Response To COVID-19





# Thank you!

We appreciate your interest in the MFBI. For more information or detailed findings, please contact Michigan Business Network.

<http://www.michiganbusinessnetwork.com>

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