



COVID-19 survey: Small businesses and self-employed

2020

Background

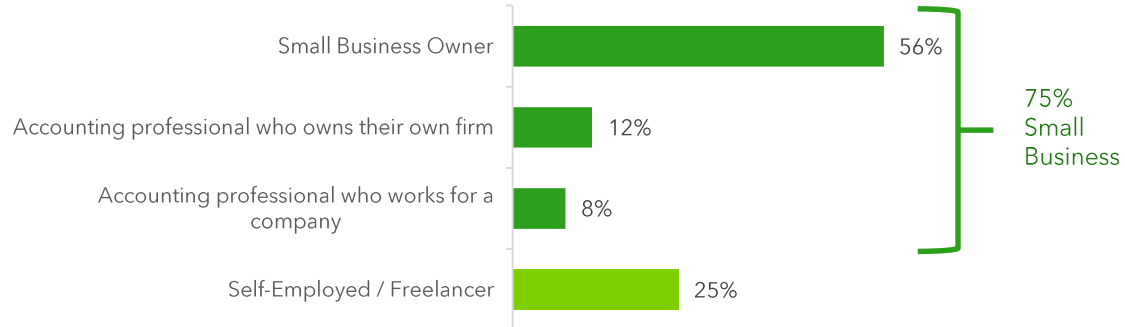
In partnership with the Institute of Professional Bookkeepers of Canada, we conducted a survey to measure the current state and recovery expectations of Canadian small business and self-employed people during COVID-19.

The survey was conducted from June 12 to 23, 2020. In total 2,629 people responded.

Who responded to the survey?

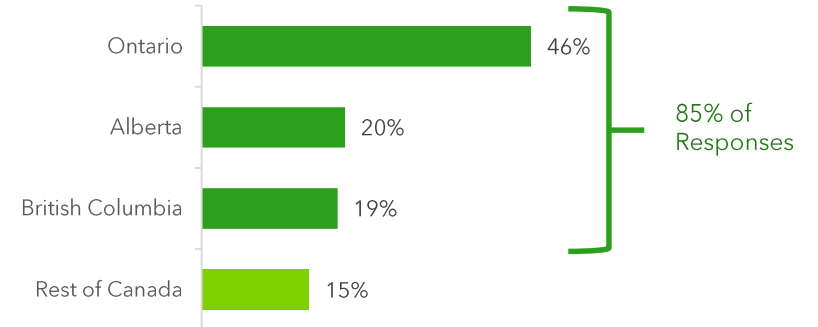
¾ of respondents represent small businesses

Which of the following describes you?



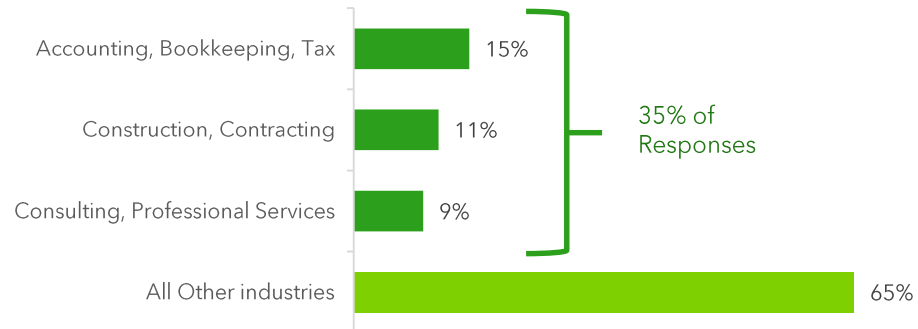
The majority of responses came from 3 provinces

In which Province or Territory do you reside?



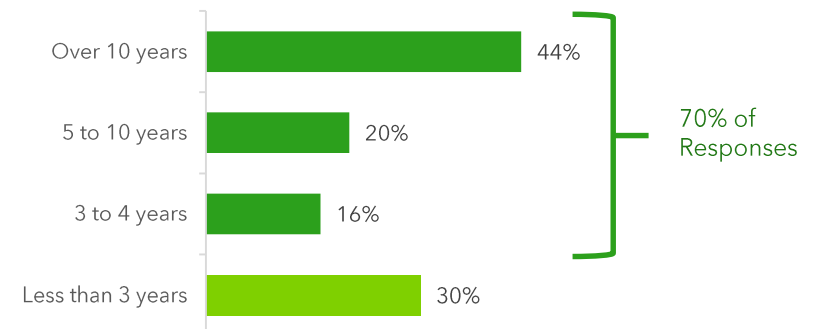
People responded from a variety of industries

What is your business's primary industry?



These are established businesses

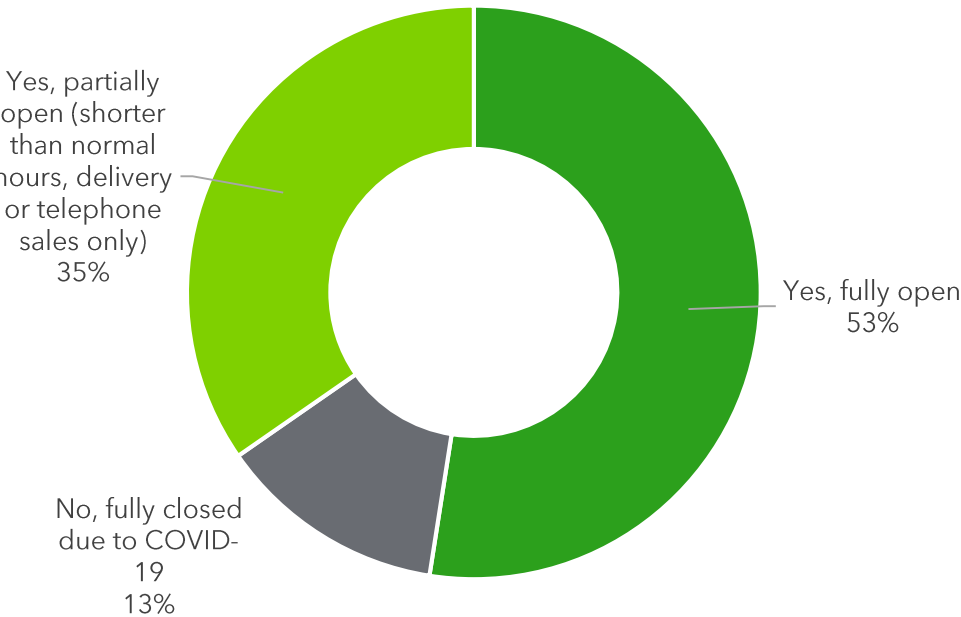
How long has your business been generating revenue?



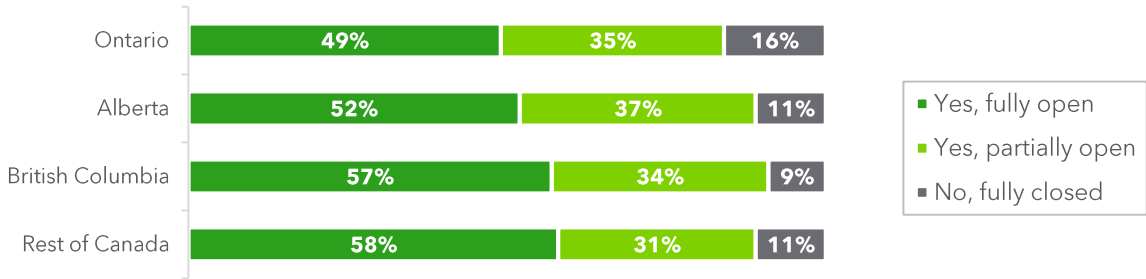
At the time of the survey, most respondents' businesses were fully or partially open

Due to differences in entering phase 2 of re-opening, Ontario had more businesses closed than the rest of Canada.

As of today, is your business still open?

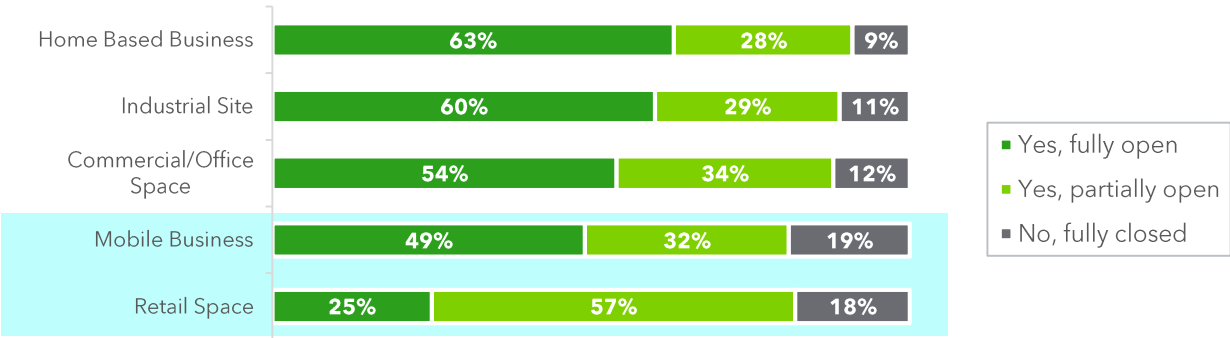


As of today, is your business still open?

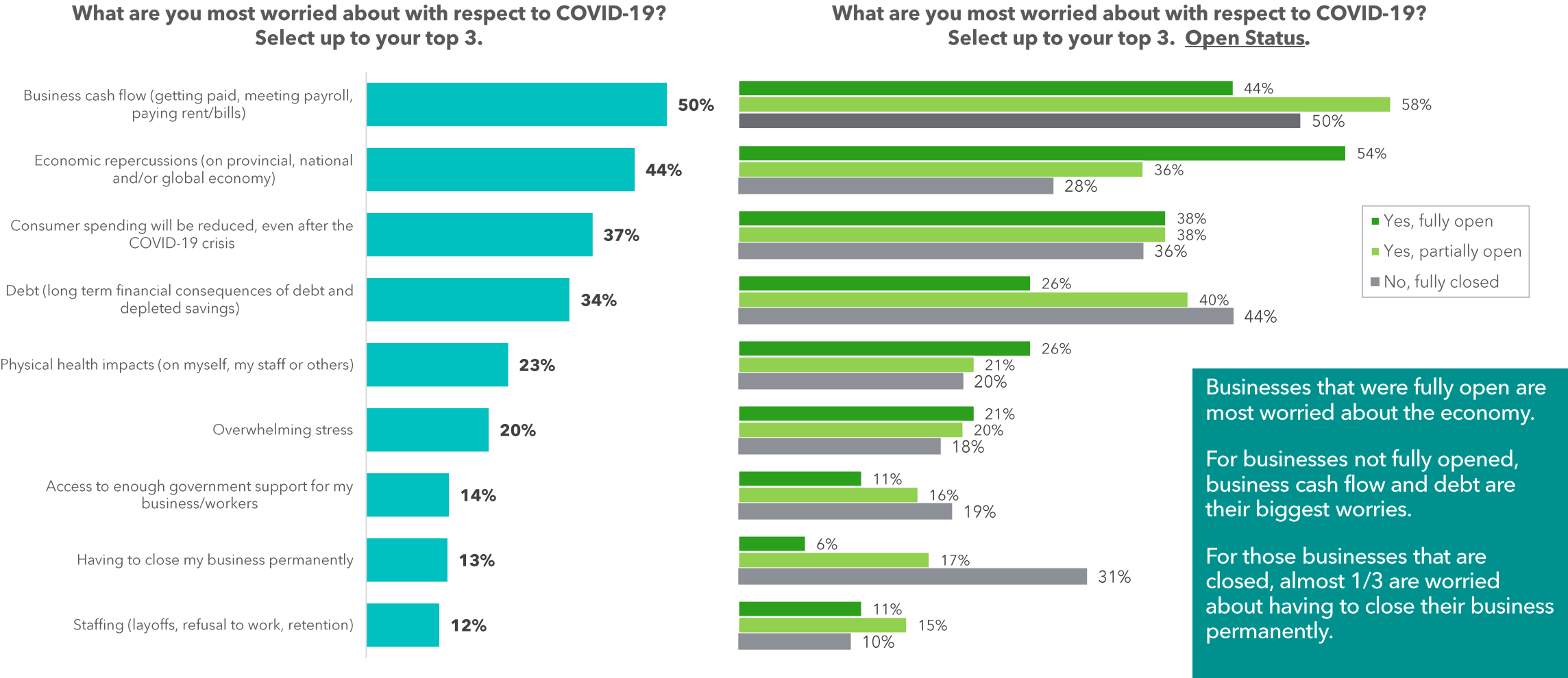


Type of business also impacted open status, with retail and mobile hardest hit

As of today, is your business still open?
Which of the following best describes the work location for your business?



Cash flow, economy, and consumer spending are the top 3 worries, but this changes significantly depending on a business's open status





I feel some of the support from government is reasonable and some support is extending the debt to us as tax payers, whether you're a business owner or everyday tax payer. We cannot expect support from the government forever, they need to cut support sooner than later. I do feel that cost of living, everyday expenses continue to increase on a yearly basis, it will come to a time where we won't be able to afford to live in this country. Hopefully this pandemic will bring things down in price and people/businesses will live within their means and not overspend.

– Fully open business, worried about the economy



As a business that opened 1.5 years before COVID-19 started, it has been tough. We feel left out from a lot of the government aid since we have only recently started paying our employees. We also just barely missed qualifying for CECRA (a reduction of 68% revenue lost) compared to the year before, as opposed to a reduction of the required 70% to qualify for assistance.

– Partially open business, worried about cash flow

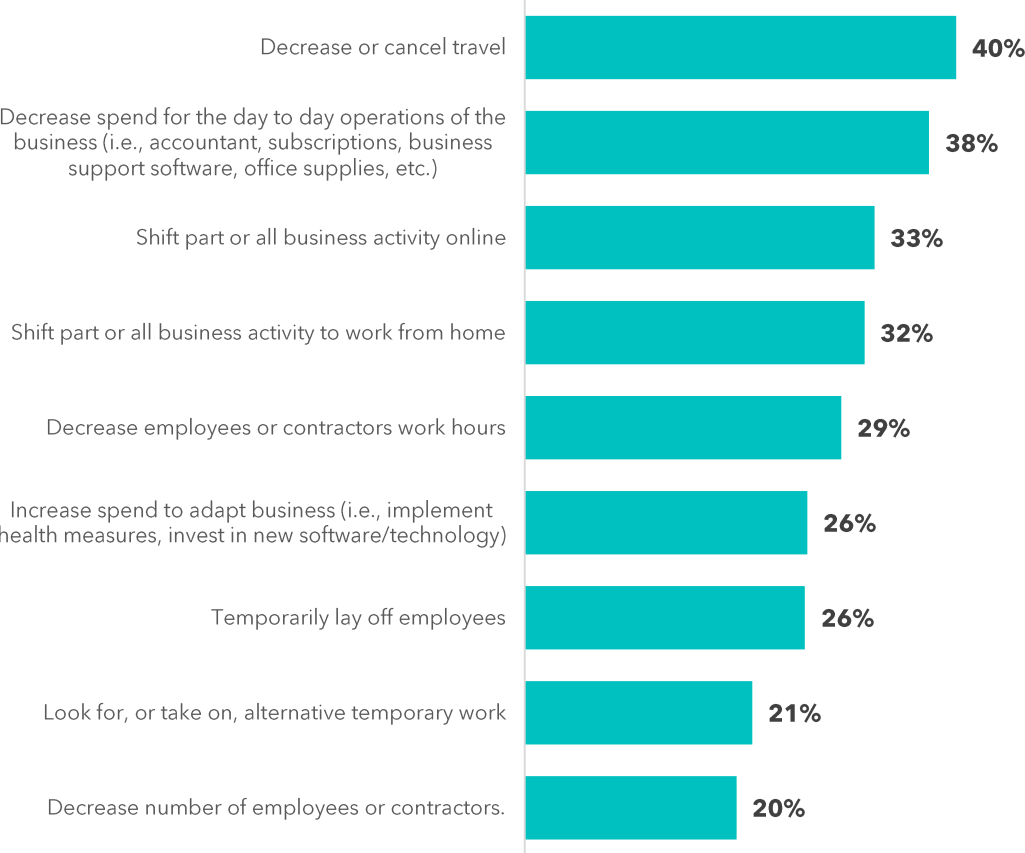


Because of the business we are in, trade show exhibits and promotions, our business is totally dependent on large groups, so we will be the last to open if large groups ever do open. Our family owned business of over 35 years, has been completely devastated by the COVID shut down. Its like going 140 km/hr down a highway and hitting a brick wall. We have no sales, no trade shows, and no idea how to budget because we have zero sales and absolutely no idea when trade shows will return. This situation is beyond devastating.

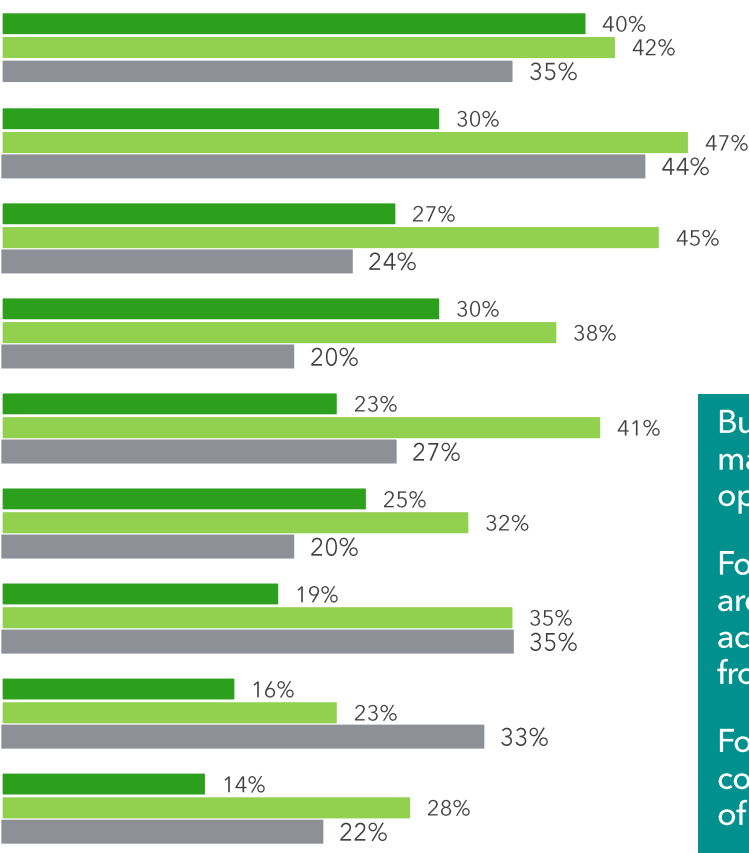
– Fully closed business, worried about having to shut down permanently

Decreasing spending , moving online and working from home are some of the key changes businesses are making in response to COVID-19

Has your business made any of the following changes in response to the COVID-19 situation? Select all that apply.



Has your business made any of the following changes in response to the COVID-19 situation? Select all that apply. Open Status.



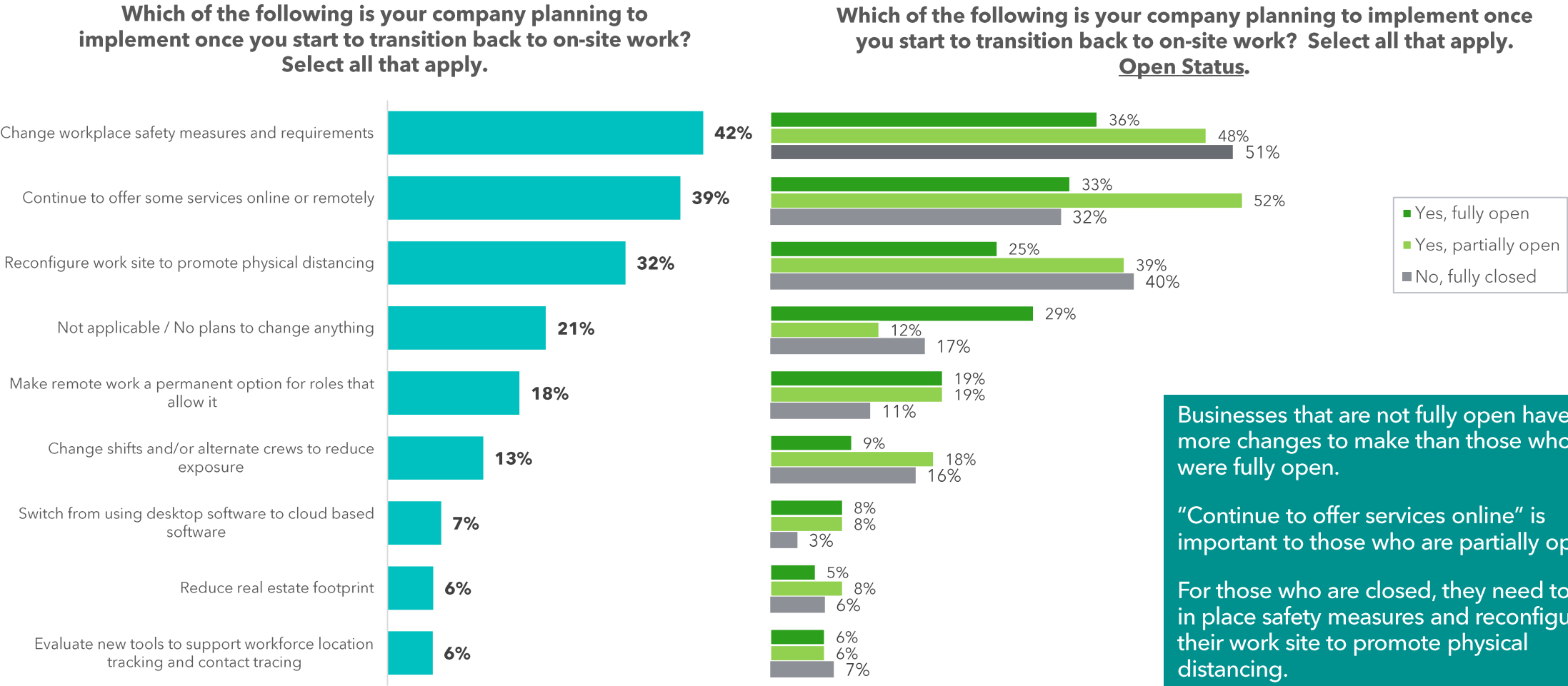
■ Yes, fully open
■ Yes, partially open
■ No, fully closed

Businesses that are fully open have made less changes than those not operating at full capacity.

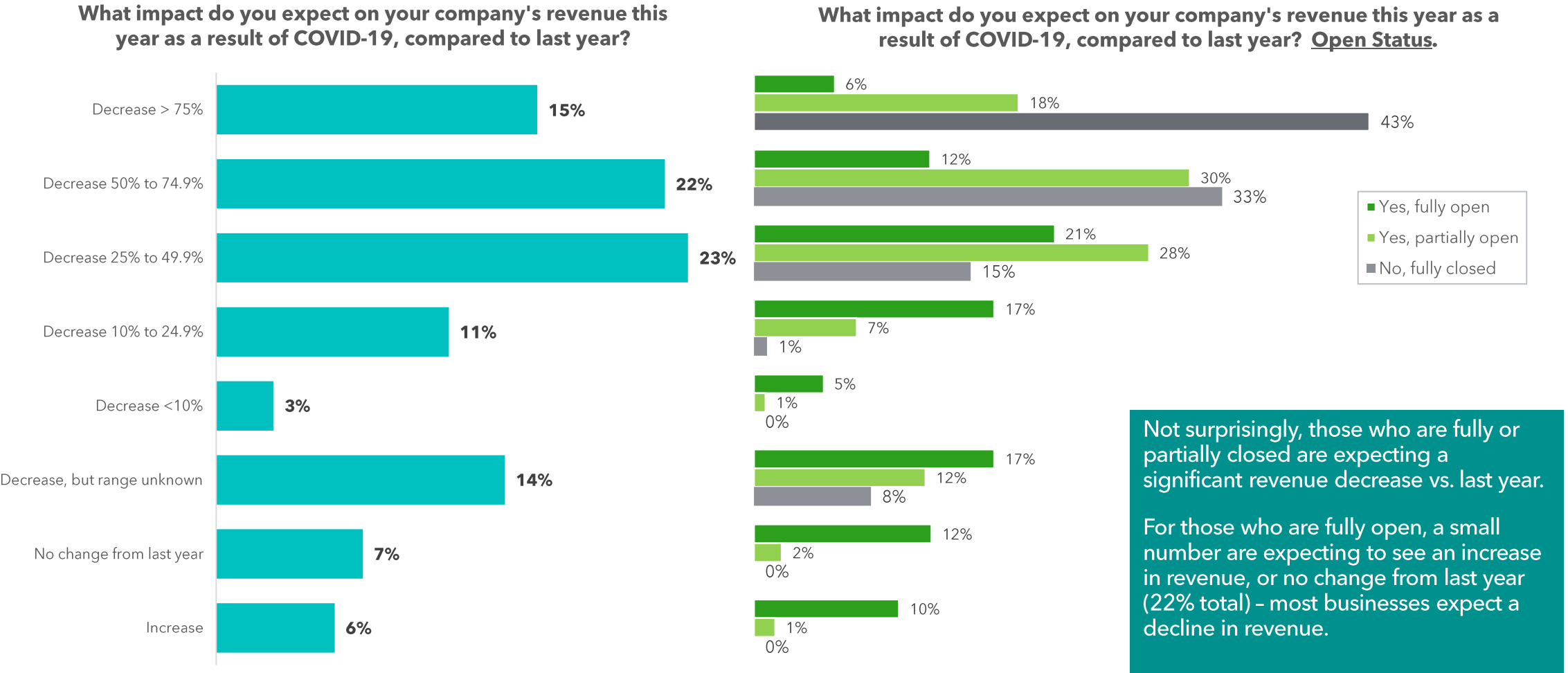
For businesses partially open, they are decreasing spending, moving activity online and starting to work from home.

For those closed, they are cutting costs and looking for new sources of revenue.

As companies get back to work, their priorities are workplace safety, continuing to offer online services, and establishing physical distancing

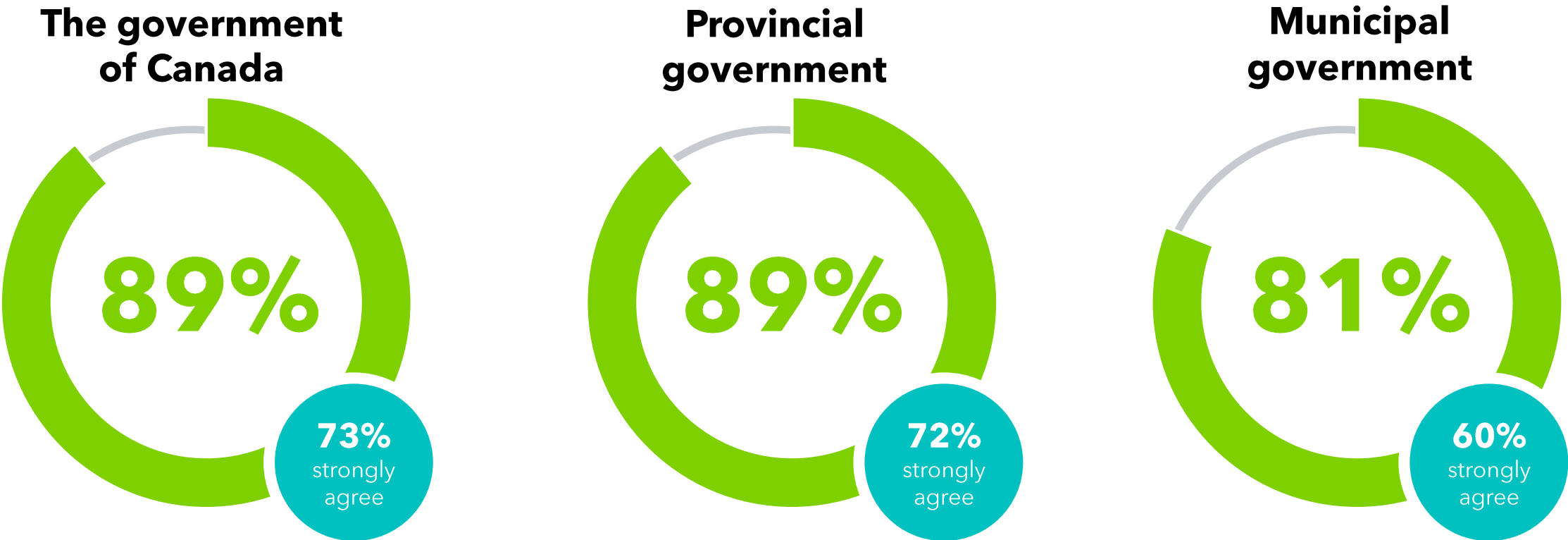


Regardless of company "open" status, most businesses are expecting a decrease in revenue this year vs. last year



Small businesses consider it more important to be heard by federal and provincial governments, and to a lesser extent, by municipal government

As a small business owner, **I agree that** it is important my voice is heard by



Thinking about COVID-19 and your business, to what extent do you agree with the following statements? Those who answered “Strongly agree” or “Agree”.

**Some
businesses are
VERY happy
with the
government's
performance**



I deeply appreciate the programs the federal government has put in place and how comprehensive they have been. It has meant all the difference in maintaining a state of calm, adhering smart lockdown and social distancing practices and being able to look towards how to recover from this... for now I am just deeply grateful. Sincere thanks to Justin Trudeau and the politicians of all parties for putting aside their partisan politics and focusing on the health and wellbeing of not only Canadians but people living in Canada. This is what Canada is all about and why we are so very different than the U.S. Our leaders have come together to put people first above all. I am ever so proud to be Canadian and ever so proud of the leadership that exists in this country. Thank you!!!

**Some
businesses are
NOT happy
with the
government's
performance**



.... I am one of the thousands of small Canadian businesses that have been left to fend for themselves. The loss of our revenue was not because of anything we do or did not do, we were deemed non - essential and told to shut our doors. Get that! As the safety and health of everyone takes precedence overall. Our governments assured all Canadians that everyone would get what they need to get through this, well there are many who are still waiting!



Agree

that they have needed help to interpret the financial support available for small business

- 73% of those in the food & accommodation industry...
- 66% of those in the physical retail store industry...
- 63% of those in the construction/contracting industry...
- 63% of partially opened businesses...
- 62% of those who expect revenue to decrease by more than 50% compared to last year...

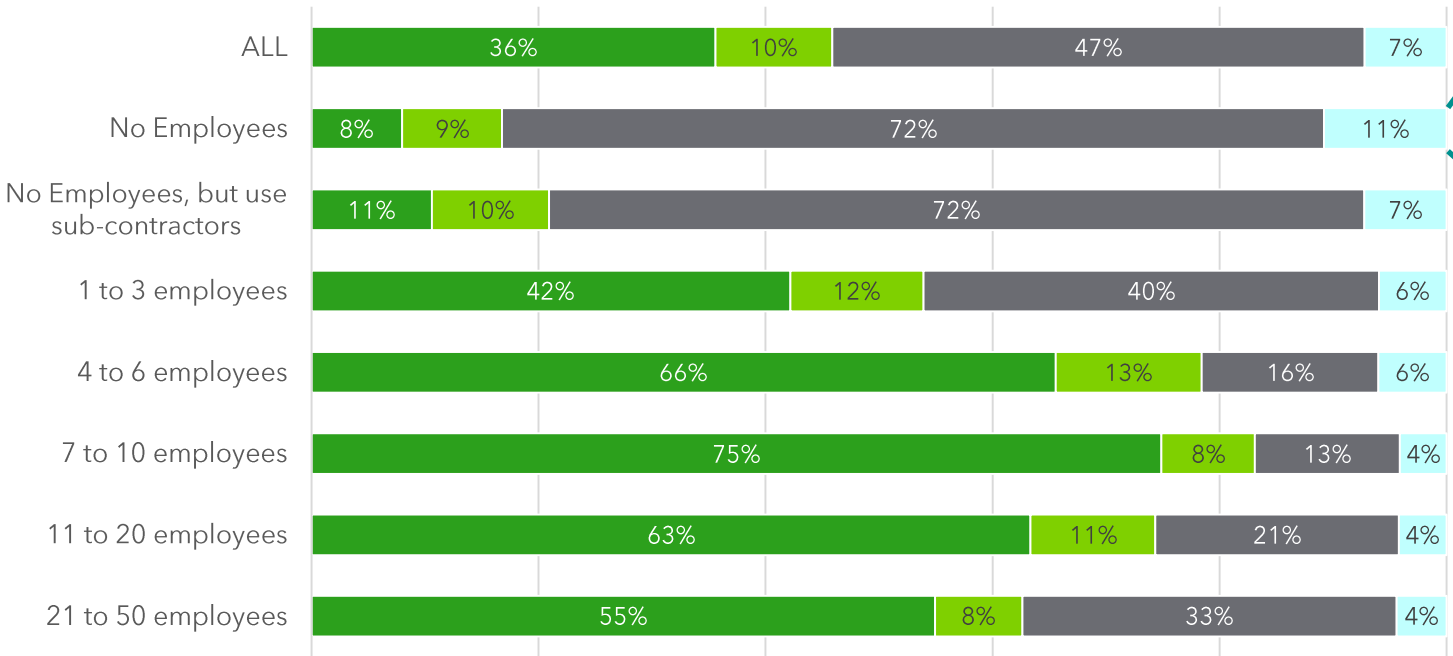
... have needed help

Thinking about COVID-19 and your business, to what extent do you agree with the following statements? Those who answered "Strongly agree" or "Agree".

At the time of the survey*, most self-employed people were not eligible for CEBA, but companies with employees were using it

Have you been able to use any government support programs available to small business and self-employed?

CEBA - The Canada Emergency Business Account



Those with no employees, who have used CEBA, are those who pay themselves a salary. Of those who pay themselves a salary, 36% have accessed CEBA, and another 16% are eligible.

In contrast, for those who are not on payroll, but instead draw money from their bank accounts as needed, only 3% have accessed the program. An additional 6% claim they are eligible, but have not used it.

61% of self-employed do not find this program useful.

75% of small business owners find this program useful; while 43% state that it is "extremely useful".

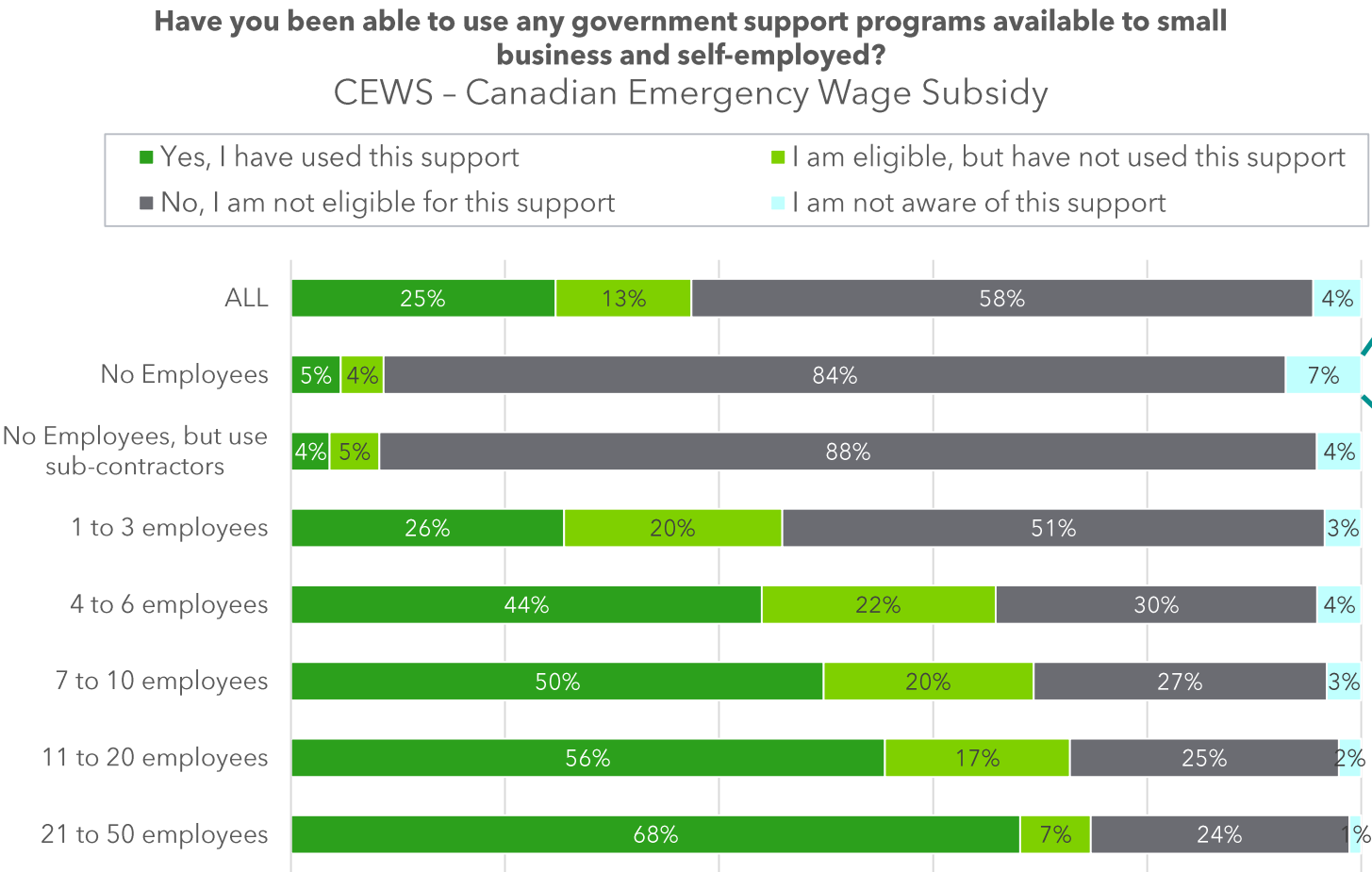
* The survey ended on June 23rd. As of June 26, 2020, businesses eligible for CEBA now include owner-operated small businesses that do not have a payroll, sole proprietors receiving business income directly, as well as family-owned corporations remunerating in the form of dividends rather than payroll. Applicants will have to demonstrate having eligible non-deferrable expenses between Cdn.\$40,000 and Cdn.\$1,500,000 in 2020.

**Small
businesses
have different
needs than
larger
businesses**



The CEBA loan is too restrictive. I don't have a payroll over \$20K and don't have fixed costs over \$40K but still have fixed costs and reduced income due to COVID. A smaller loan program needs to be established for those of us very small businesses in order to survive. We are the ones most at risk now.

Most self-employed are not eligible to access CEWS; while the use of the program increases as the size of the company increases



Those with no employees, who have used CEWS, are those who pay themselves a salary. Of those who pay themselves a salary, 22% have accessed CEWS, and another 14% claim they are eligible.

In contrast, for those who are not on payroll, but instead draw money from their bank accounts as needed, only 2% have accessed the program. An additional 2% are eligible, but have not used it - they are probably incorrect about their eligibility.

82% of self-employed do not find this program useful.

54% of small business owners find this program useful; while 34% state that it is "extremely useful".



Regarding the government support programs. It is totally not fair for sole proprietorship! Without a preexisting CRA payroll account, sole proprietorship's do not qualify for either the CEWS 75% wage subsidy or the \$40K bank loan. Even though revenues have gone down a lot more than 30% due to COVID-19.

– Self-employed who pays themselves through bank withdrawals



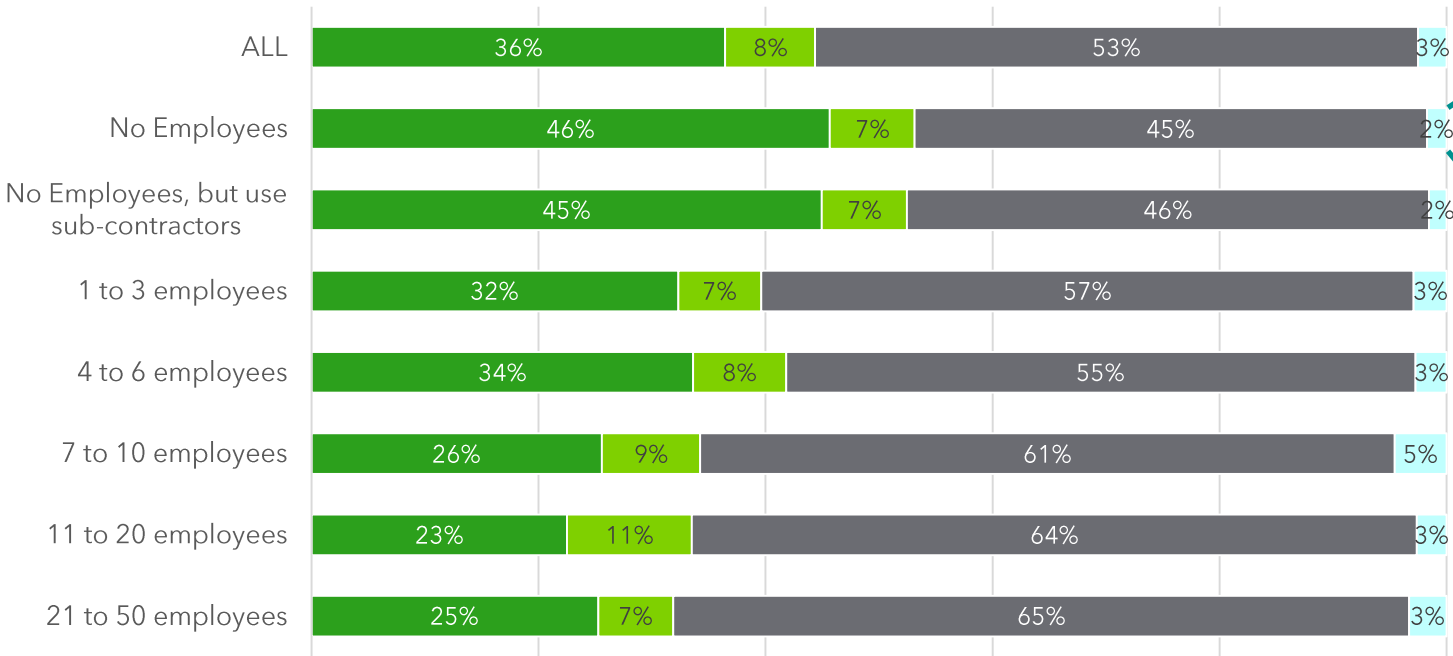
I am concerned for my business that the effects will have a longer tail than the financial support lasts. I'm hoping there will be program extensions to help me until I am back on my feet. So much of my business depends on small to medium size businesses having money to spend to invest in their own development that I'm concerned their fear and uncertainty will have them clinging to what they have rather than investing it in consulting to develop themselves another business. Fear is a powerful thing.

– Self-employed who is on payroll

CERB is most used by businesses with no employees – especially those who are not paid through payroll, but instead draw funds from their bank

Have you been able to use any government support programs available to small business and self-employed?

CERB – Canada Emergency Response Benefit



Those with no employees who have used CERB are those who are not on payroll, but instead draw money from their bank accounts as needed. 50% have used this program, and another 7% are eligible.

In contrast, for those who are on payroll, 27% have accessed the program. An additional 13% are eligible, but have not used it.

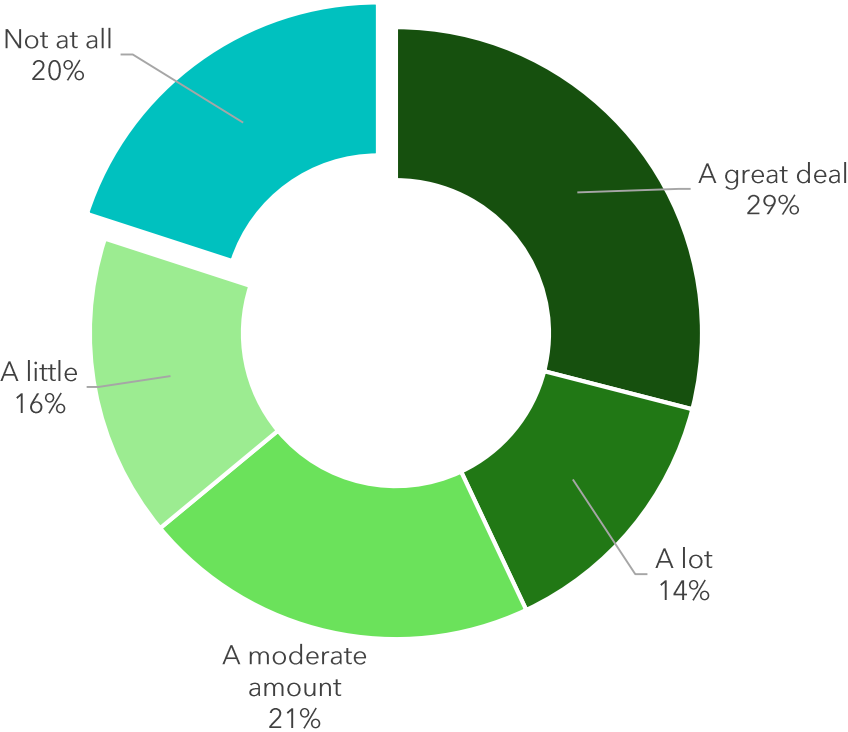


As a self-employed person, with no employees, I found government assistance was useless for me because I am too small. A forgivable loan of even \$5000.00 would have made the world of difference for the future of my business and surviving COVID-19. Now I will go back to struggling to overcome debt. Thank goodness for the financial institutions I deal with for deferring payments, though that will hurt my business and personal debt getting paid off.

– Self-employed who pays themselves through bank withdrawals

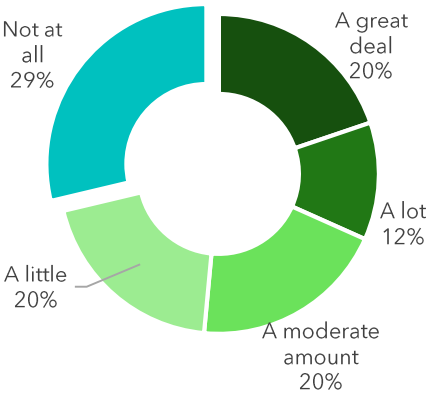
80% of small businesses are concerned about the debt they incur during COVID - this is especially pronounced for those who are not fully open

To what degree are you concerned about the amount of debt your business will have incurred by the time COVID-19 containment measures are over?



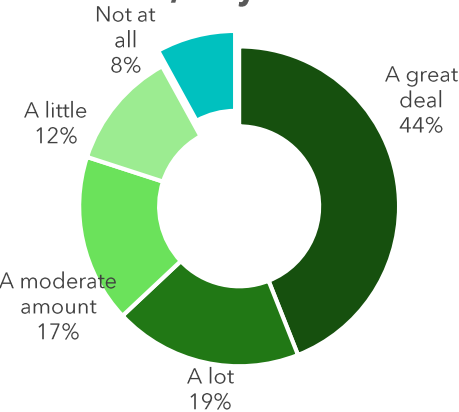
Worry about debt, based on "open" status

Yes, fully open

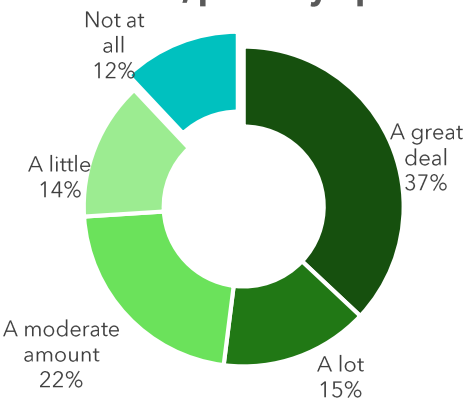


Even for those who are fully open - 71% are concerned about debt.

No, fully closed



Yes, partially open



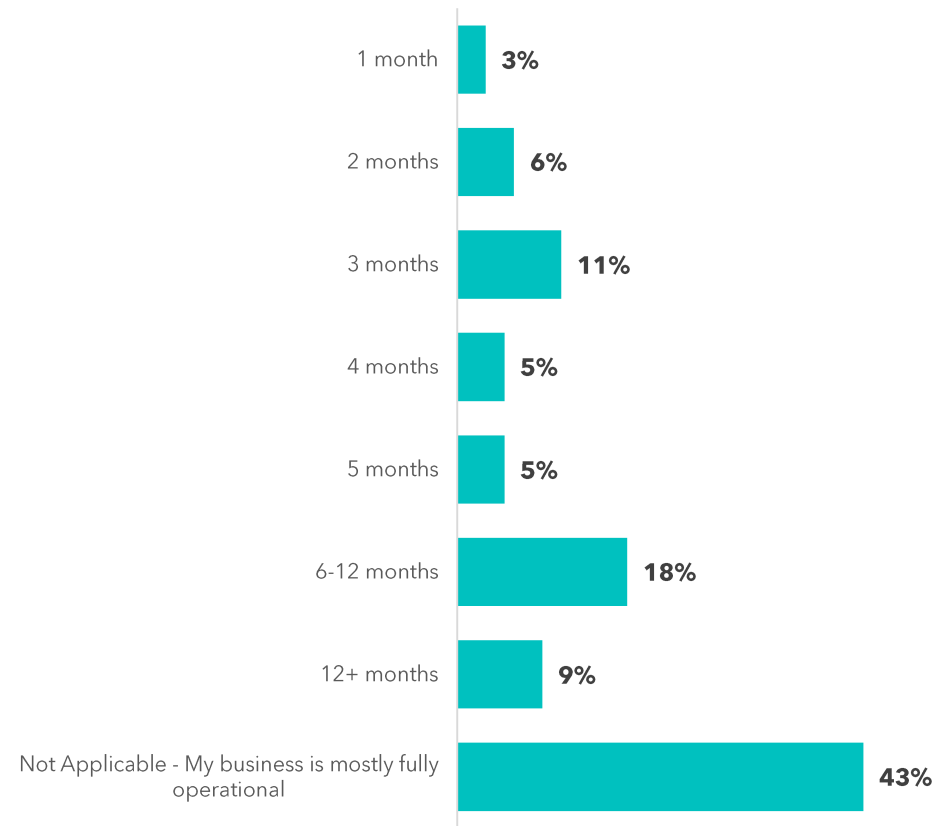


Start up businesses may have fallen through the cracks

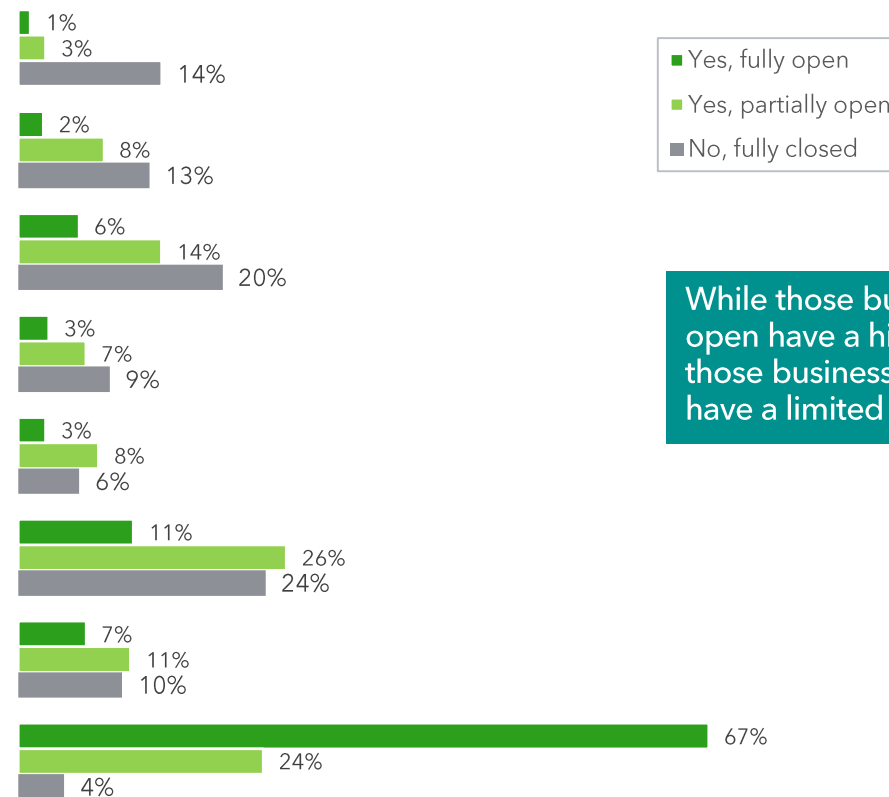
I feel lost between the cracks because I have just completed my first year in business during the pandemic and did not have the history of wages etc. to claim most types of assistance. It was unclear if I was could claim CERB because technically I was working to try to keep my business from closing, however I did not have much client work to do and was not paying myself because I have not started paying myself at all. I was planning to start paying myself soon, but then everything changed.

Many businesses will be able to make it through COVID-19, but those that are not fully open are at risk of shutting down in the next few months

At your current/expected revenue during COVID-19, how many more months can you go before you will need to close your business for good?



At your current/expected revenue during COVID-19, how many more months can you go before you will need to close your business for good?
Open Status.



While those businesses that are fully open have a higher likely survival rate, those businesses that are fully closed have a limited potential future.

It was important for the respondents to this survey to have a voice

At the end of the survey there was an optional question:

Is there anything more you would like to share with us about your current situation, or reaction to how government has been handling the COVID situation?

315 respondents took the time to write very detailed elucidations of what they and their business are going through during COVID.



I have been in this business for about 45 years. I thought a couple of recessions, the one in the late 80's early 90's almost did me in. Ice storms, blizzards, no power for almost a week, and lock in with the drifts until a big machine dug us out. Three other flu outbreaks and AIDS. So this is for the records the big one. My goal is to be in this business for 50 years...

Thank you

Contact:

AnnA Harhay

Senior Market Research Manager

QuickBooks Canada

CanadaQBResearch@Intuit.com