

# Insights on small business operations and employee benefits



Small businesses are critical to our economy. Nearly half of America's workforce is employed by a small business.<sup>1</sup> With the COVID-19 outbreak, companies of all sizes have been responding rapidly to changing market conditions and safety requirements that put their business continuity at risk. And small businesses that often operate on slim margins are more vulnerable. How have they adapted to these new demands? To find out, we commissioned a survey of small companies about their experiences and outlook on business operations and employee benefits. When the survey was conducted, over 2 million Americans were infected with COVID-19, 21 million were collecting unemployment benefits, and coronavirus cases were surging in 31 states.

## During the onset of the outbreak, many small companies were challenged with keeping their businesses running

**48.6%** operated at reduced capacity

**60%** experienced impacted supply chains

**40%** maintained workforce levels

**46%** reduced workforce levels by less than 25%

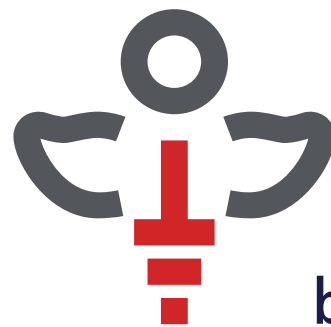


**74 percent lost revenue and incurred unplanned pandemic expenses, but won't target employee benefits to recoup losses.**

Instead, they plan to reduce staff (22.8%), increase prices (18.3%) or adjust profit margins (17.3%). Fewer than 1% may tap into benefits.

### Benefits decisions are put on hold

Over the next six months, half say they are putting benefits decisions on hold to focus on business continuity.



**Paid sick leave is essential to business continuity**

Paid sick leave protects not only the health and safety of employees and customers—it's also critical to business continuity because it encourages sick workers to stay home. Small business report that:

**68%** offer paid sick leave

**47.4%** plan to enhance their policy

### Most are protecting basic benefits, including retirement plans

**67.3%** offer a retirement plan

**70%** have no plans to terminate the benefit in the next year

**53%** have not made changes to employer contributions

**Just 13 percent** may reduce benefits in the next six months, including paid time off (57.7%) and vision (38.5%) benefits.

**Over 30 percent are optimistic about a return to pre-pandemic operations by the end of 2020,** but 65 percent think new health safety protocols, remote work arrangements—or both—are here to stay.

## Financial Wellness

With Americans facing unprecedented economic uncertainty and financial challenges, financial wellness programs are more important than ever for preparing them by providing information and strategies they can use to make better financial decisions. In turn small business owners want their financial advisor to help their workers better their financial outlook and reduce costs. The data find top of list items for advisors include improving:

**25.8%** participant savings rates

**16.5%** plan health

**16.5%** investment platform performance and fees

## Staying focused on running your business is your priority.

Now more than ever, workplace benefits are even more critical to protecting workers from new threats to their health and financial security. Let ADP help you remove the obstacles that can prevent you and your employees from doing your best work. So everyone can achieve what they're working for. For more information, contact:

<sup>1</sup> Small Business Statistics, March 2020. <https://smallbiztrends.com/small-business-statistics>

Source: COVID-19 and Small Businesses Survey. ADP, Inc. and Retirement Insights LLC, June 2020.

METHODOLOGY: ADP Retirement Services commissioned Retirement Insights, LLC to conduct an online survey of 200 C-Suite executives of firms with under 100 employees across U.S. regions and industry verticals who are responsible for business operation and employee benefit decisions for their firms. The survey was conducted from June 18 - 23, 2020.

ADP, Inc and its affiliates do not offer investment, tax or legal advice to individuals. Nothing contained in this communication is intended to be, nor should be construed as, particularized advice or a recommendation or suggestion that you take or not take a particular action. Questions about how laws, regulations, guidance, your plan's provisions or services available to participants may apply to you should be directed to your plan administrator or legal, tax or financial advisor. Only registered representatives of ADP Broker Dealer, Inc. (ADP BD), Member FINRA, an affiliate of ADP, Inc. One ADP Blvd, Roseland, NJ 07068 or, in the case of certain products, a broker-dealer firm that has executed a marketing agreement with ADP, Inc., may offer and sell ADP retirement products or speak to retirement plan features and/or investment options available in such ADP retirement products.

ADP RETIREMENT SERVICES 71 Hanover Road, Florham Park, NJ 07932

ADP, the ADP logo and Always Designing for People are trademarks of ADP, Inc. All other trademarks and service marks are the property of their respective owners. 99-6002-PS-0820 ADPRS-20200819-1235 Copyright © 2020 ADP, Inc. All Rights Reserved.

