

# The Effects of COVID-19 on Your Business

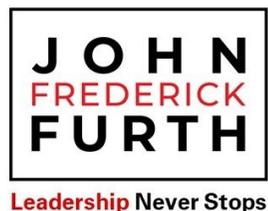
RESULTS FROM A SURVEY OF CEOS IN METRO NYC



# Introduction

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- This online survey began April 5, 2020 and ended April 17, 2020.
- Only CEOs and/or owners of small and medium-size businesses (SMBs\*) in the NYC Metro region were invited to participate. Most of the companies are active in the healthcare, professional services, pharmaceuticals, software/technology, chemicals, transportation and entertainment industries. Some businesses are thriving, but the majority are living on borrowed time and money.
- The results shed some light on how CEOs at the epicenter of the epidemic are handling an ever-changing situation while also preparing for the future. Hopefully, this will help other leaders of SMBs understand the options available to them to survive today and thrive tomorrow.



\*An SMB is a company that has between one employee and several thousand; revenues range from a few thousand dollars to approx. \$500 million.

# Summary of Survey Results

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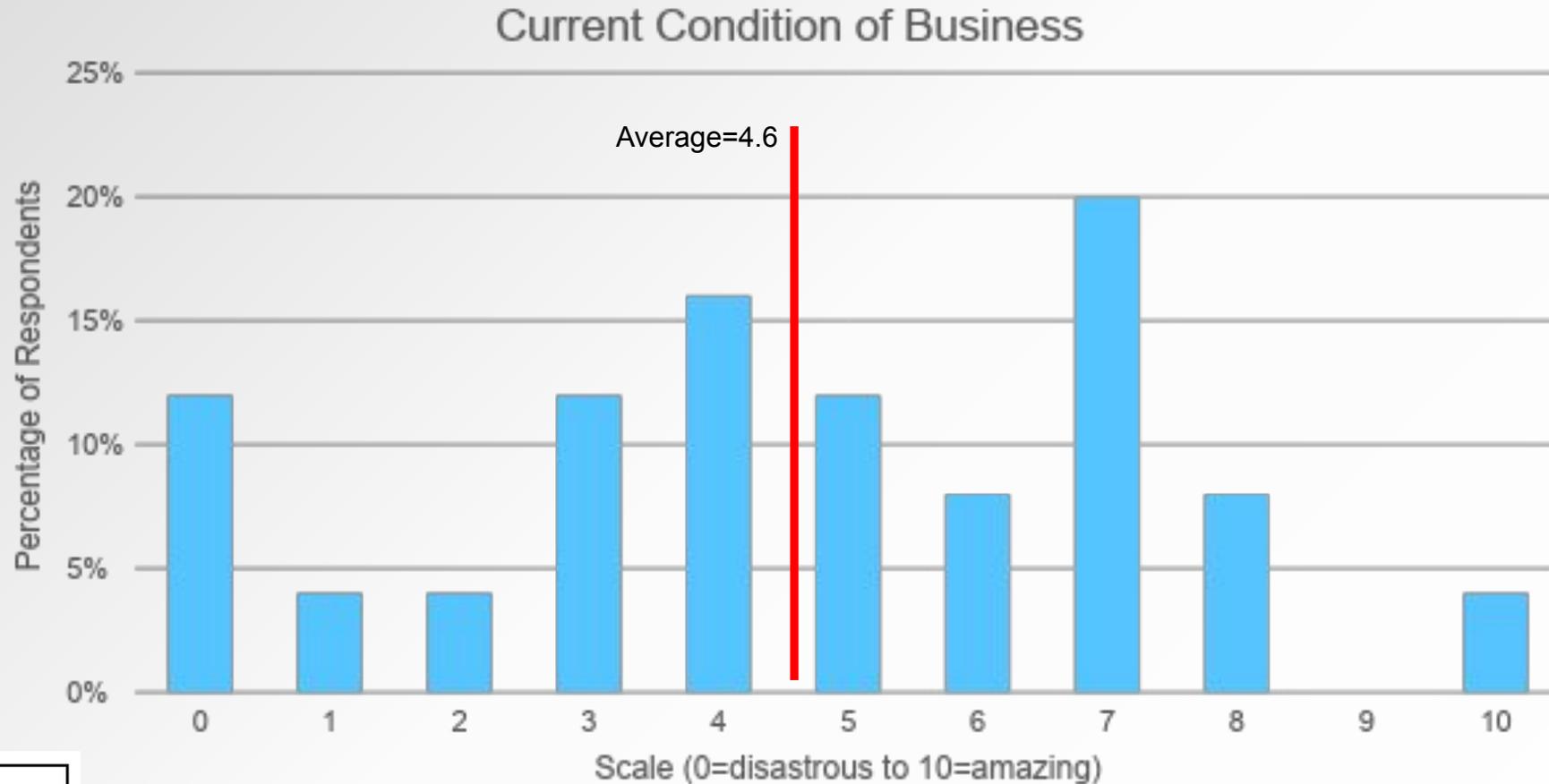
- In aggregate, the companies represented in the survey are currently performing 40% to 50% below plan. No respondents think their businesses are doing better than expected.
- On average 24% of employees of those companies worked virtually before the COVID Crisis. Their CEOs believe that number will increase to 31% a year after the crisis ends.
- As a group, the participating CEOs believe mid-June 2020 is the likeliest date when employees will return to their places of work. They also think the coming recession will be deep (15% think it will even be a depression) and long, with an end date of mid-2021.
- To survive the current crisis, most CEOs are increasing their companies' sales and marketing, cutting costs and seeking funds from government, investors or commercial lenders.
- At the same time many are also focused on the long-term by revisiting their companies' core values and making major pivots to their companies' business model and strategy.
- Reducing their companies' workforce through lay-offs is viewed as a less desirable action.

# Section I

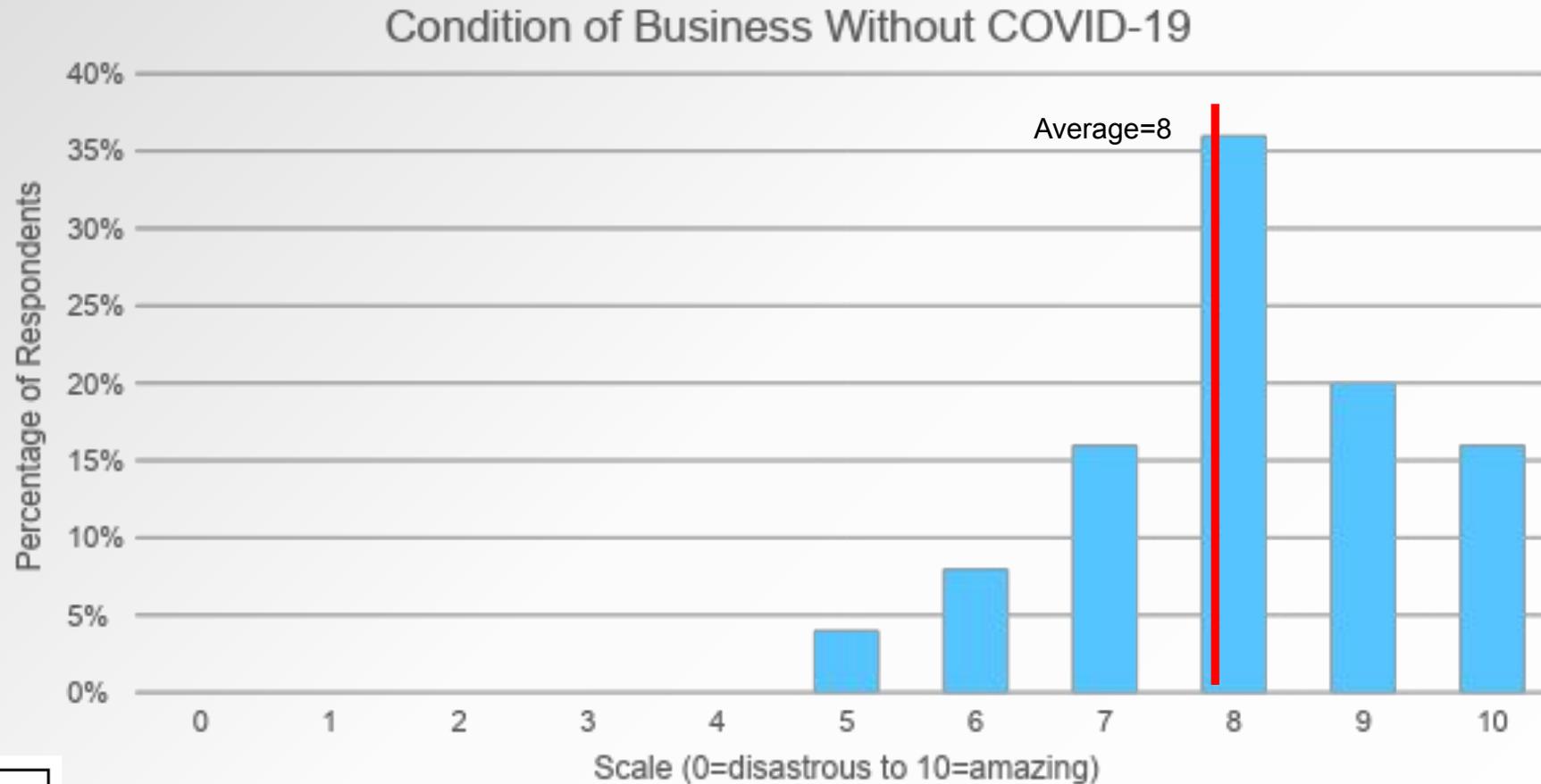
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- Only 12% of the respondents feel their businesses are performing as planned, e.g. as if there were no crisis. These are primarily healthcare and technology companies.
- The majority of the CEOs (e.g. approx. 75%) have seen their companies shrink by 10% to 90%. 12% reported that their businesses – mostly in high-touch industries like restaurants and entertainment - have all but stopped operations since February.
- No one reported their companies are doing better than expected.
- Using data from the survey, we calculated that the companies in aggregate are performing 40% to 50% below expectations.

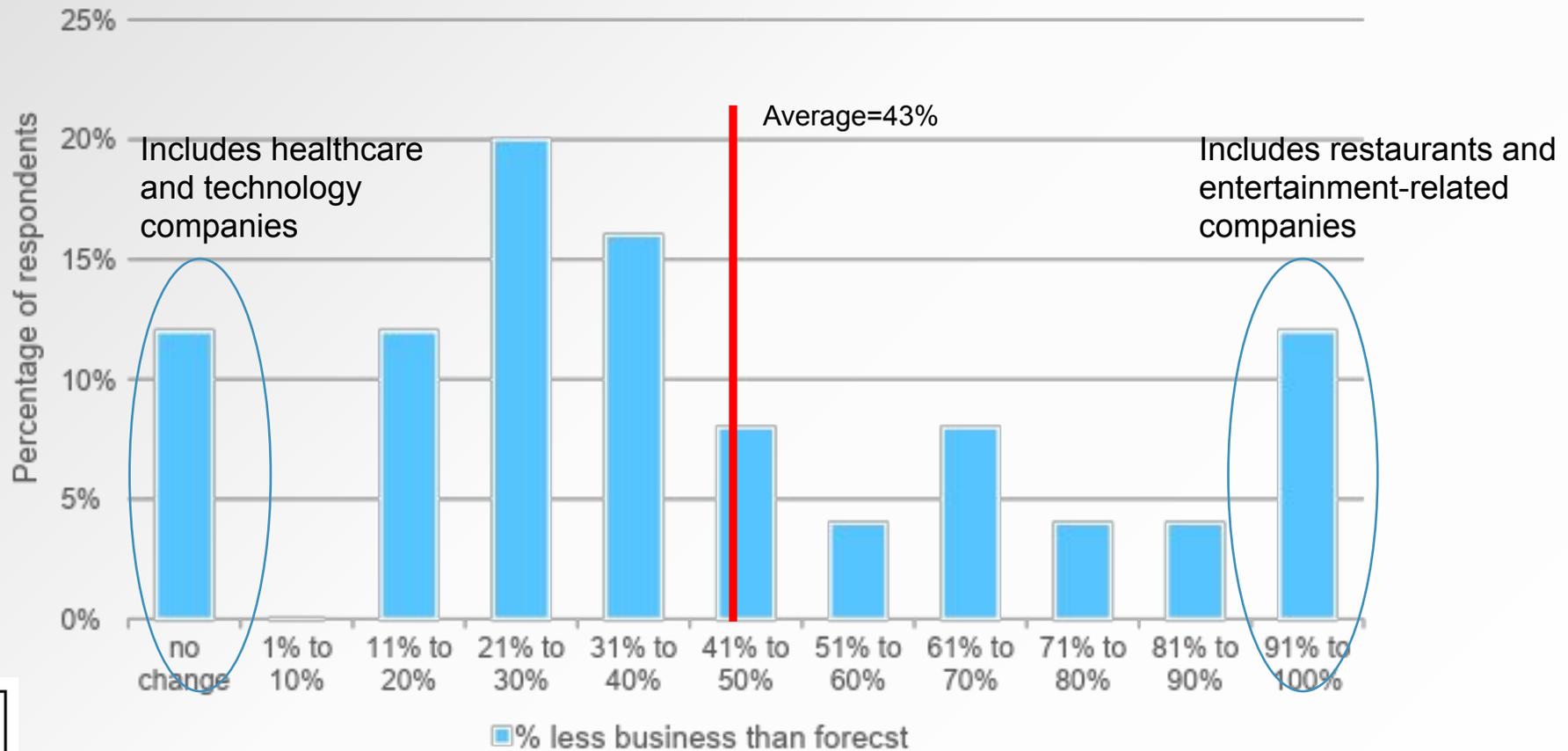
# What is the condition of your business since the out- break of the Coronavirus at the end of January 2020?



# If the crisis HADN'T occurred, how do you think your business would be performing?



# By how much is business down compared to what was originally forecasted?



## Comments from respondents

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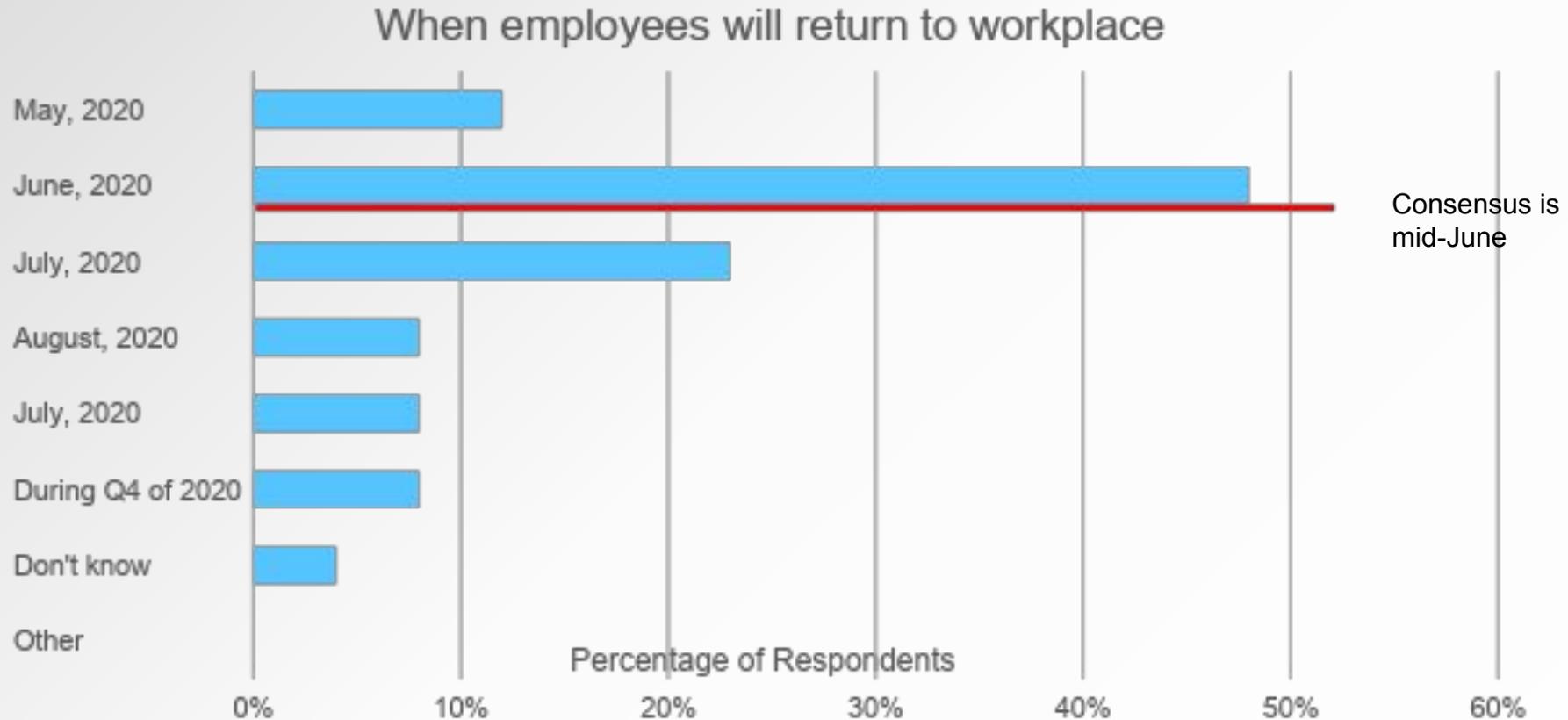
- “Scheduling Zoom calls is just as challenging as scheduling an old school face to face.”
- “We had to suspend a clinical trial which will slow us down but not destroy us.”

## Section II

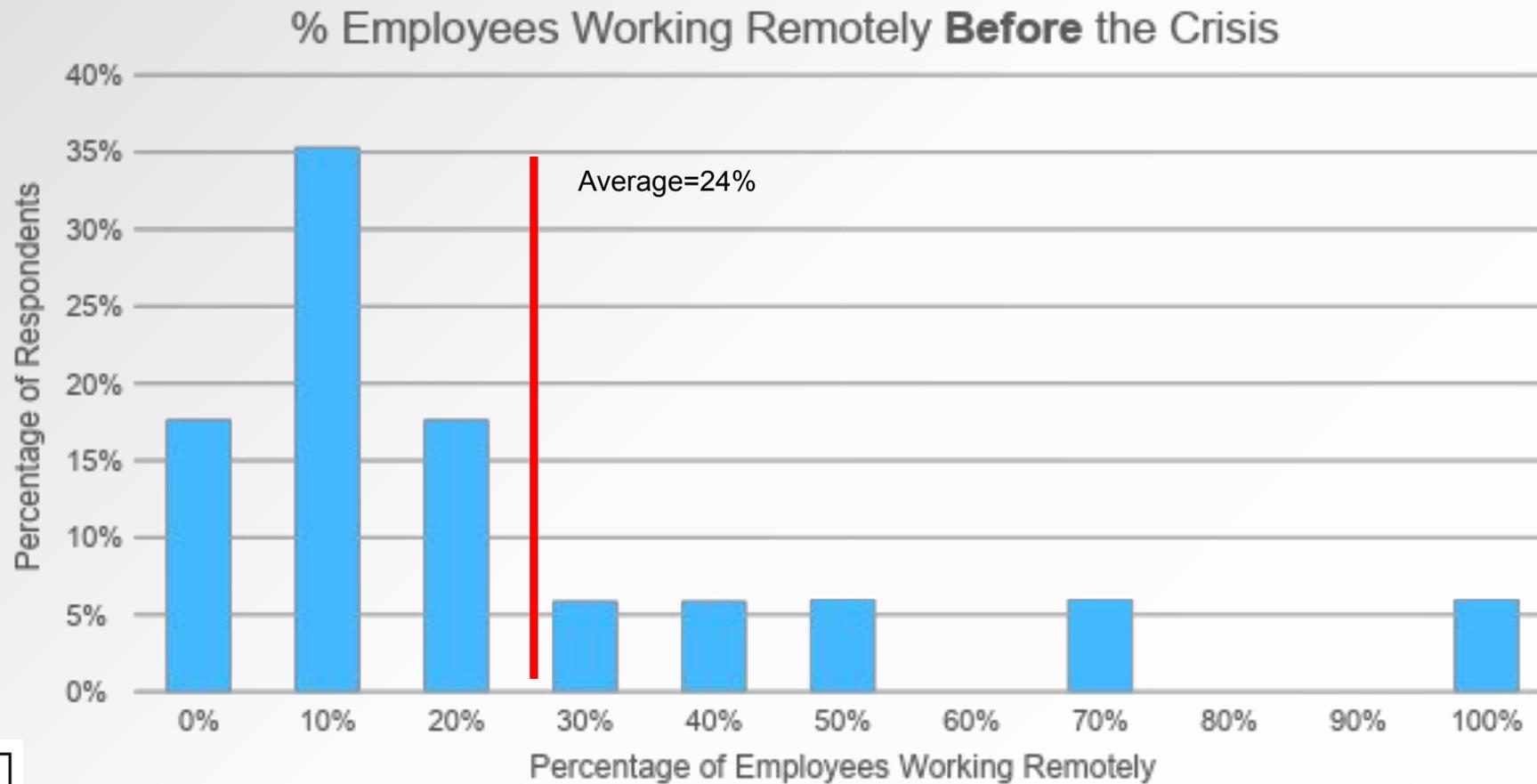
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- The majority of the CEOs believe mid-June 2020 is when their employees will return to their places of work.
- On average, 24% of the employees represented in this study worked virtually before the COVID-19 Crisis. (It is hard to find consistent data about the number of employees who work remotely at any one time in the U.S. Depending on the source, percentages for 2019 ranged from 5% to 39%.)
- As a group, the CEOs estimate 31% of their employees will be working virtually a year after the COVID lockdown ends.

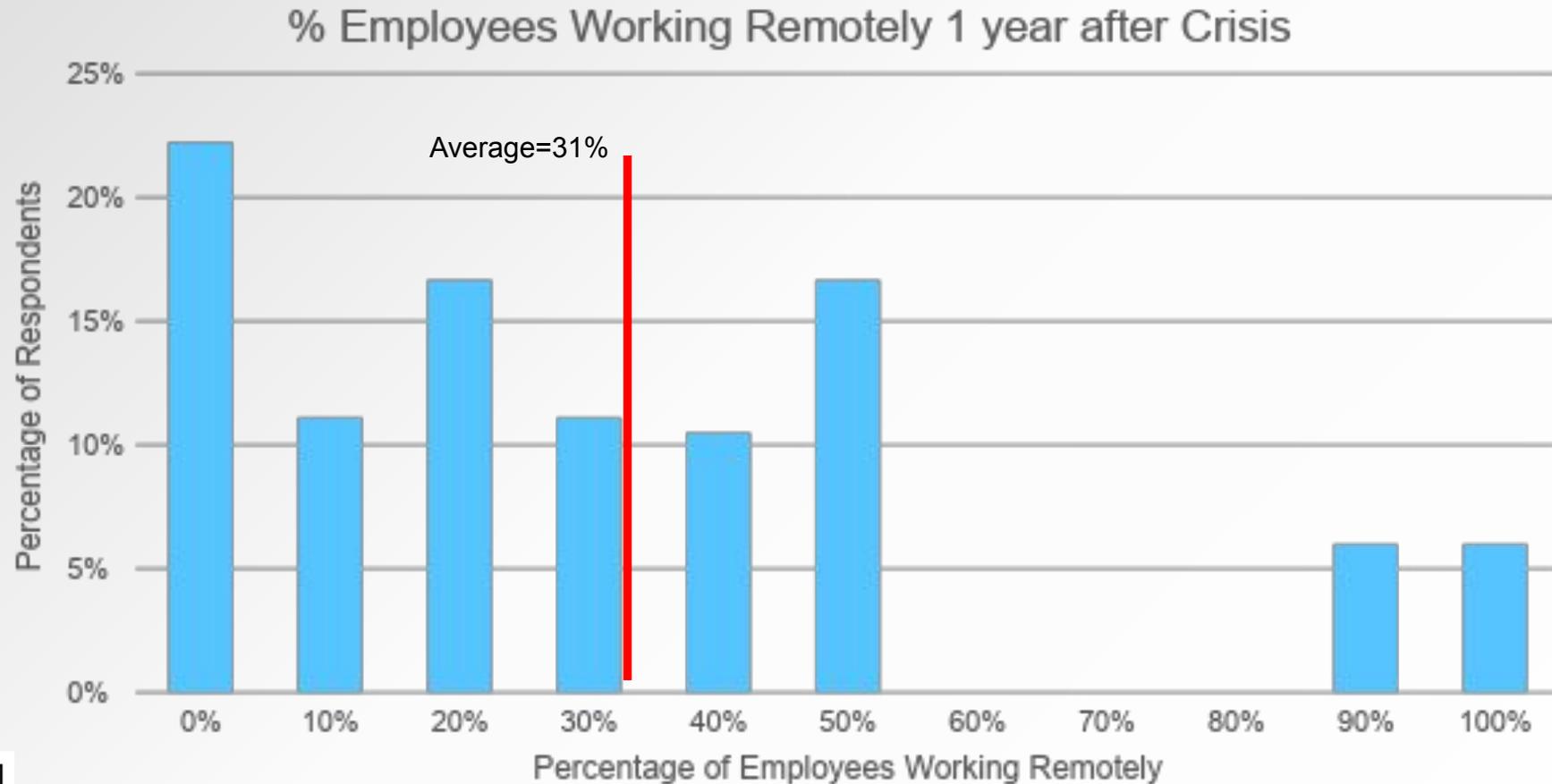
# When do you think social distancing will end and employees will return to their places of work?



# What percentage of your employees worked virtually/ remotely before the crisis?



# What percentage of your employees do you expect will be working virtually a year after the end of the crisis?

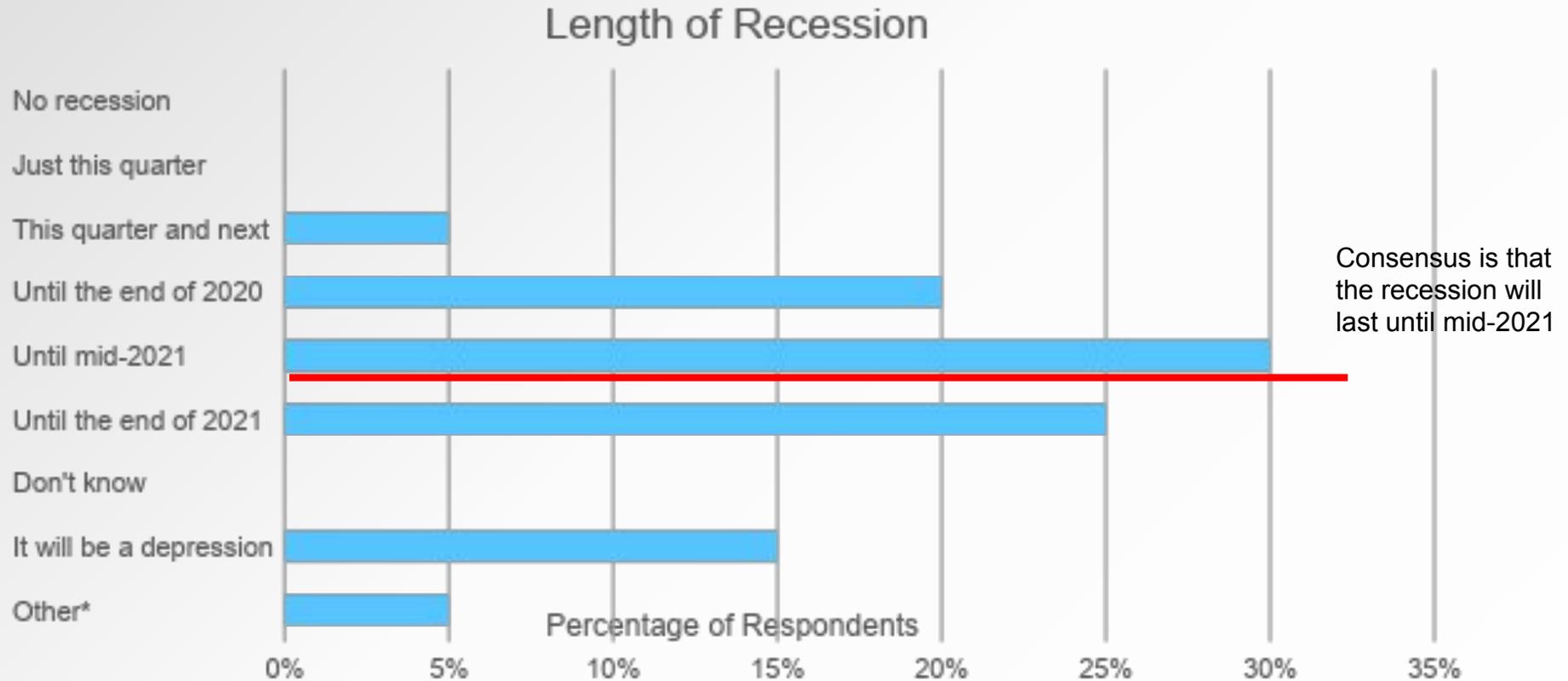


# Summary of Section III

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- The consensus is that the coming recession won't end until mid-2021. 15% of the CEOs think it will be a depression and not just a recession.
- The CEOs are working hard. In addition to running (what's left of) their companies, the average respondent has almost five major change initiatives currently underway.
- Because of the fast deterioration of their top-lines, most of the CEOs are intensifying their companies' sales and marketing efforts - including the use of social media. Many are seeking funds from the government, investors or commercial lenders.
- But they are also focused on the long-term and are revisiting their companies' core values and making major pivots to their companies' business models and strategies.
- For the most part, these CEOs prefer to cut operating expenses, furlough staff and/or reduce hours and salaries than lay off employees.

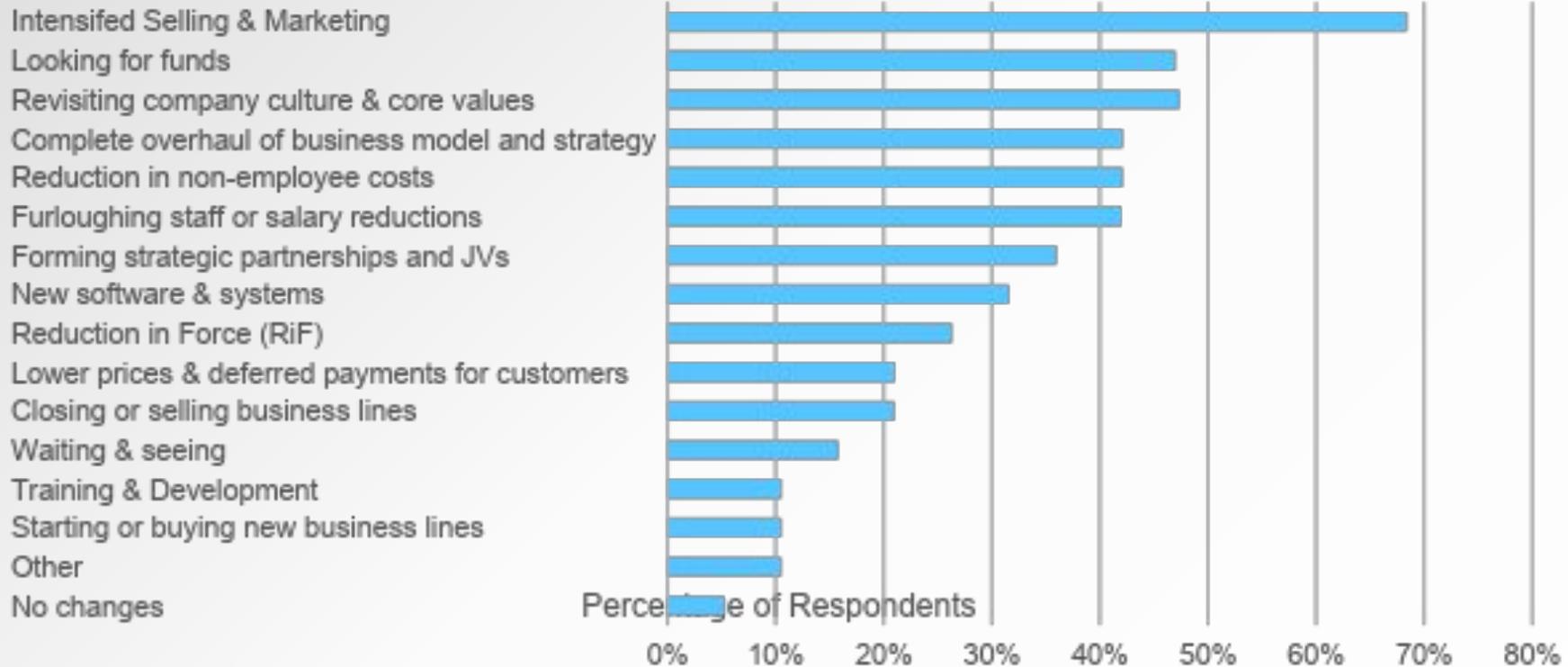
# If there is a recession, how long do you think it will last?



\* "It could be 2-3 years or more and may also result in a major depression which has more to do with the 'band of brothers' in Washington."

# What are doing right now to strengthen/prepare your company for a more "normalized" business environment?

Preparing for Business Post-Covid-19

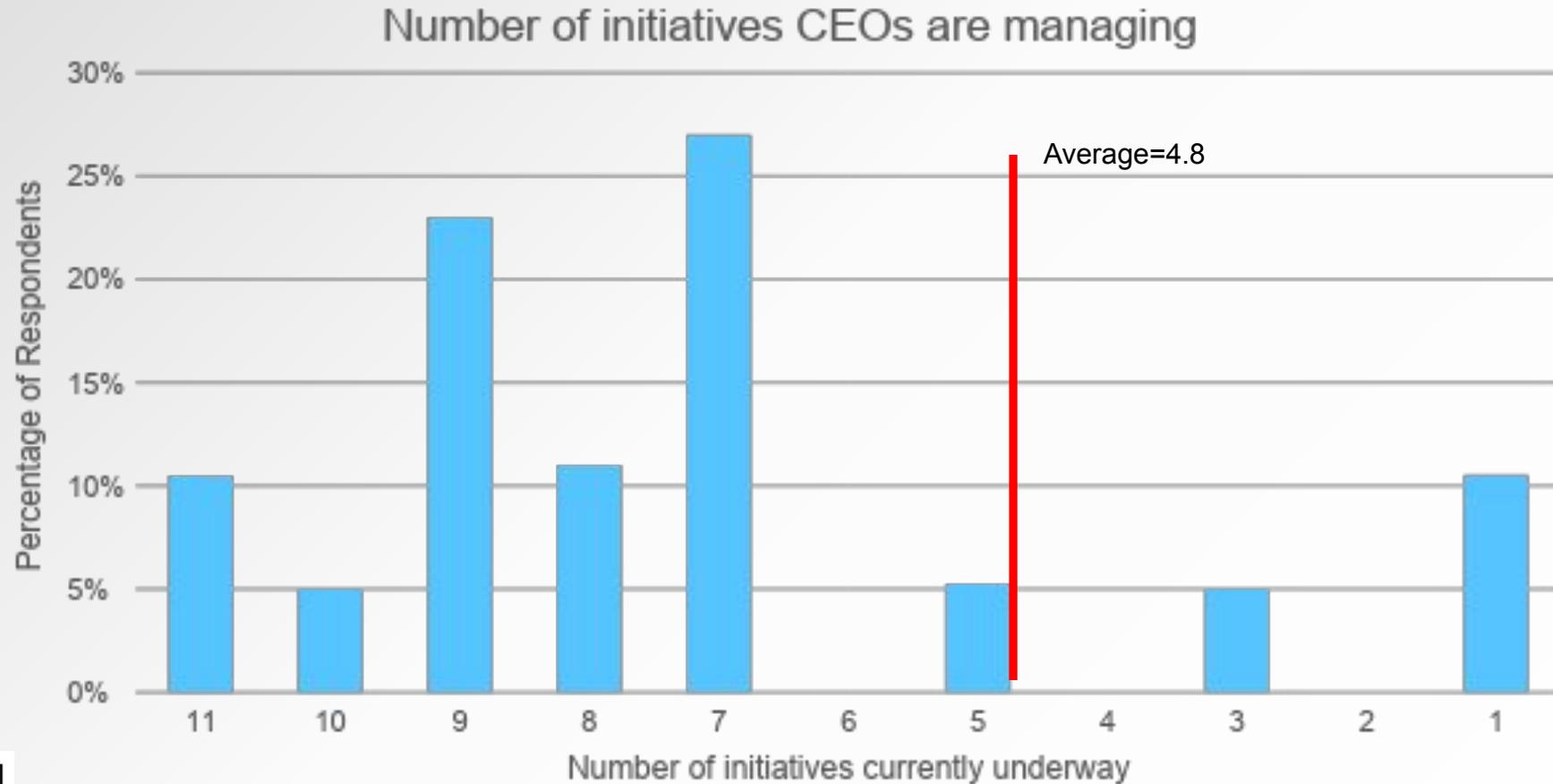


## Comments about “Other”

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- “Working on a new website and upgraded our social media. Taking on short-term projects.”
- “Using social media to increase my authority.”

# How many initiatives can the leader of an SMB undertake during the lock-down?



# Final Comments from Respondents

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- “Keeping engaged with my team is of utmost importance right now.”
- “Preparing for the major adjustment in the way we all do business.”

# Want to discuss this study in more depth? Concerned about the future of your business?

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Don't hesitate to write, email or call me...



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