



Economic Recovery Survey

Key findings – 9 October 2020

About the research

The survey was carried out by Opinium on behalf of CIMA. Fieldwork took place online between 25 September and 1 October 2020 to a sample of 500 full-time decision-makers working for SMEs (organisations with 10-249 employees).

Key findings

Decision makers are divided over the Winter Economy Plan

When SME decision makers were asked how confident they are that the UK Government's Winter Economy Plan will continue to drive economic recovery through to spring 2021, nearly half (48%) stated that they were confident, a fifth (20%) were neutral and a third (33%) were less optimistic and stated that they weren't confident.

When considering their own business, over 7 in 10 businesses stated that they are confident that they will still be trading after Christmas 2020. Worryingly, however, 1 in 10 said that they were not confident of this.

A third of SMEs will be looking to make redundancies in the next three months

When asked about their plans around new hires and employee retention in the next three months, a concerning proportion (33%) said that they will be looking to make some employees redundant in three months, while only a quarter (26%) expect to hire new employees. 4 in 10 (40%) do not expect their staffing requirements to change in the coming three months.

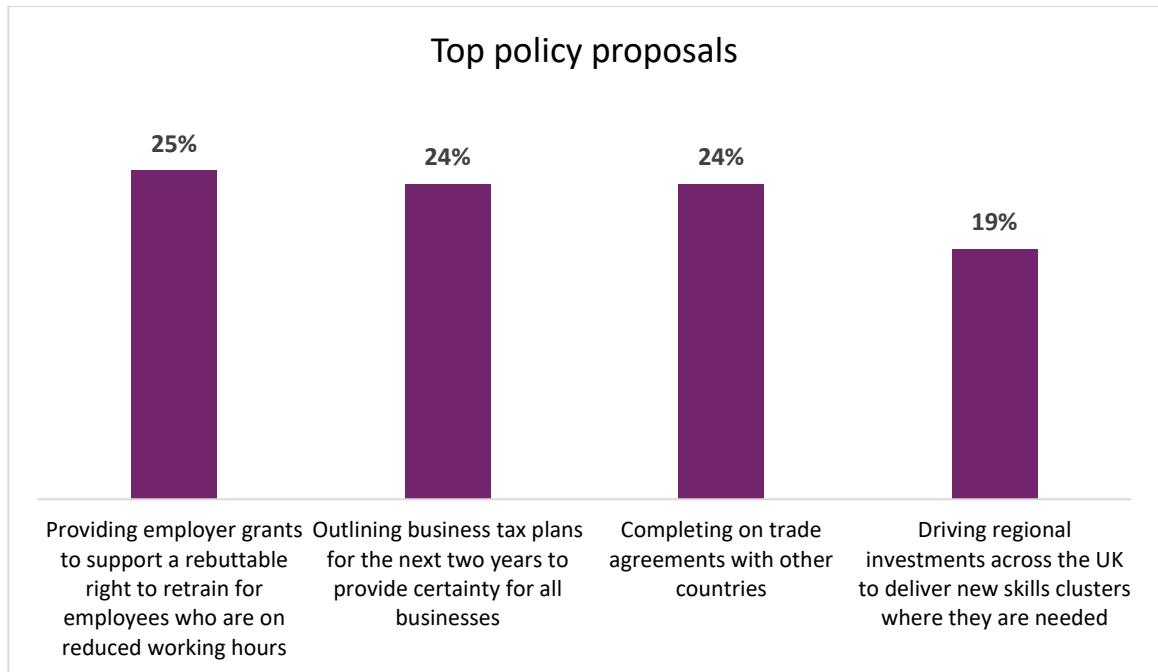
When asked to provide their level of agreement on various Government actions, participants were most likely to agree that the Government needs to provide clear, workable, and consistent rules and communications on social distancing measures for trading and the workplace to help business recovery and planning (81%). The full set is below:

- The Government needs to provide clear, workable, and consistent rules and communications on social distancing measures for trading and the workplace to help business recovery and planning (81%)
- The Government needs to urgently provide access to a quick and efficient track and trace system for employees to help business recovery and planning (75%)
- The Government should avoid another nationwide shutdown and restrictions of businesses and only impose local lockdowns where necessary to keep the economy working (68%)

When thinking about temporary fiscal initiatives to help their business recover from the COVID-19 crisis, extending the Self-Employment Income Support Scheme (SEISS) to limited company freelancers and people in self-employment before 1 April 2020 was deemed to be the most helpful (73%). On the flipside, extending government schemes like "Eat out to help out" through the autumn and winter period was considered to be the least helpful (55%) despite its popularity during August.

Employer grants to support a rebuttable right to retrain is the top policy

The chart below displays the top four policy proposals that would be most beneficial to help businesses and the country recover from the COVID-19 crisis in the long-term:



On average, revenue for SMEs is down 6.6% over the last six months due to COVID-19

When asked about the impact of the pandemic on business turnover over the last six months, SMEs stated that on average revenue is down by 6.6%, with those working for businesses with between 10-19 employees the worst hit (-13.1%).

In line with this reduction in turnover, over two thirds (68%) of SMEs have had to rethink their business model because of the coronavirus pandemic. Of those who have had to rethink their business model, 32% have implemented a reduction in product or service range and 30% have changed their supply chain. The full list of changes is below:

- Reduction in product or service range (32%)
- Change in supply chains (30%)
- Transformation of sales and marketing strategy to directly target customers (28%)
- Deliver new products or services (27%)
- Shift to e-commerce and online trading (27%)
- Merged with another organisation (12%)
- Acquired another organisation (9%)
- Other (3%)

A similar proportion of SMEs (67%) have also had to rethink their operating model because of the pandemic. Of those who have had to rethink their operating model, 40% have implemented a mix of remote and workplace working, 37% have asked staff to take on new responsibilities and expand their skillset and 30% have reduced working hours in a week.

In terms of severity, a drop in demand for products/services would cause the most concern for decision makers (average rank of 3.2), followed by continued lockdown restrictions imposed by the Government (3.5) and difficulty sourcing stock and supplies (4.0).

A third of SMEs who have made changes due to COVID-19 expect to continue remote working / mix of remote and in workplace working patterns after the pandemic

When decision makers were asked which of the changes they expect to keep in the post-pandemic world, a third (33%) expect to continue remote working / mix of remote and in workplace working patterns, while nearly a fifth (19%) expect to continue delivering new products or services and continue asking staff to take on new responsibilities to expand their skillset.

Just under three quarters have the financial and business management information they need

Nearly three quarters (73%) of SME decision makers say that they have the financial and business management information they need to make good business decisions as the country moves through the COVID-19 crisis. Here, a management team (e.g. HR, operations, sales officers) is the most common source of business advice (40%) followed by a bank and an external accountant/accounting firm (both 35%). Unsurprisingly, amongst those with a source of business information, a management team (e.g. HR, operations, sales officers) is seen as the most useful source (24%).