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How small businesses survived 2020 (and what they expect from 2021)

Small businesses are the backbone of the US economy, making up 99.9% of US businesses overall and employing almost half (47%) of the country's entire workforce. In a normal year, US small businesses create two-thirds of net new jobs and account for **44% of economic activity in the US**.

But 2020 was not a normal year, and, as COVID-19 shut down the country, small businesses in the US took a major hit. Just how big was the coronavirus impact and how did small businesses respond?

That's what we at [Huckleberry](#) wanted to know, and it's why we commissioned the 2020 Small Business Survey. We wanted to understand exactly how our small business owners were affected, what survival strategies they adopted, and what they expect from 2021.

Here are our findings:

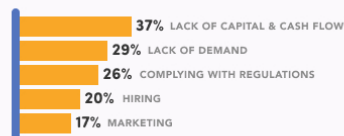
Who were the biggest winners and losers of 2020?

The major business challenges of COVID-19

The pandemic was a surprise for everyone, but not all businesses were equally affected, and the challenges varied by industry. The top overall challenge? A lack of cash. **4 out of 10 small businesses lacked the capital/cashflow** to run their businesses in 2020. Meanwhile, **28% of survey respondents stated that there was a lack of demand** for their product or service, and 26% had a difficult time complying with COVID regulations.

What were the major business challenges of the COVID-19 era?

Huckleberry



The most (and least) resilient industries of COVID-19

Which industries suffered most? Ultimately, any business that required in-person interaction. [Child daycare centers](#) took the biggest hit; Huckleberry data indicates that **active insurance policies declined by 43% in the daycare industry**. Meanwhile, **policies declined by over 20% in both retail and fitness businesses**. [Restaurants](#) and [barbershops](#)—which often faced mandated closures during the pandemic—struggled to stay afloat. Our internal data shows over **10% decline in active insurance policies in both the restaurant and beauty industries**.

Some industries did just fine in 2020, though—especially those connected to home maintenance and improvement. According to internal Huckleberry data, [plumbing](#) and [HVAC business](#) showed a nearly 50% increase active policies, while flooring contractors, [landscaping services](#), and [carpentry businesses](#) did well in 2020, too.

How did small businesses survive COVID-19?

Faced with 2020's unexpected and unprecedented challenges, many small businesses had to find new operating models—quickly. Here are the main strategies, according to our survey.

How businesses pivoted in 2020



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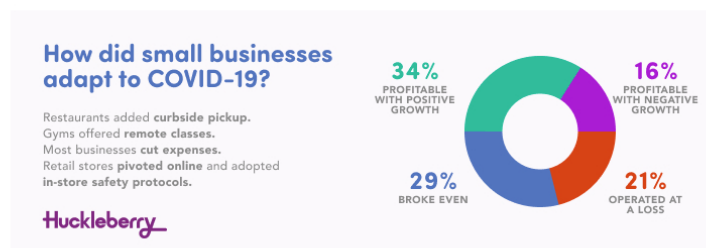
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As mandated closures swept the country, any business that relied on personal interaction went online—if it could. Retail businesses, in particular, pivoted to online sales, and fitness businesses began delivering classes remotely. Meanwhile, restaurants—often unable to welcome dining patrons inside their buildings—instituted curbside pickup for their customers.

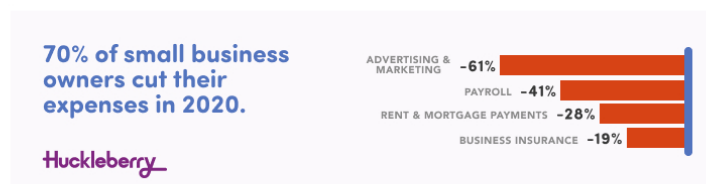
And for those businesses that could remain open? Providing a safe environment for customers was key. Many small businesses mandated masks, and most instituted rigorous sanitizing and cleaning protocols.



How businesses cut expenses

According to our survey, a clear majority of businesses—7 out of 10—cut their budgets during the pandemic.

Where did the budget cuts come from? 61% of the businesses that reduced their budgets cut their marketing and advertising expenses, while 41% cut their payroll, often by laying off employees. 3 out of 10 cut their rent or mortgage expenses, while nearly 20% decided to go without business insurance. (Per our data, 77% of businesses that decided to cut insurance costs dropped their general liability policy, while 62% cut their Business Owner's Policy, and 38% focused on workers' comp and commercial auto insurance.)



Interestingly, despite widespread cash flow issues and expense cuts, only 34% of small businesses were able to take advantage of government funds or loans, such as the Paycheck Protection Program. (This isn't necessarily surprising, as many outlets have reported problems surrounding the allocation and distribution of PPP funds.)



How well did these strategies work? We won't know the whole picture until after the pandemic ends—and probably well after that. But, according to our survey, 50% of our survey respondents were still profitable at the end of the year, 29% broke even, while 21% operated their business at a loss in 2020.

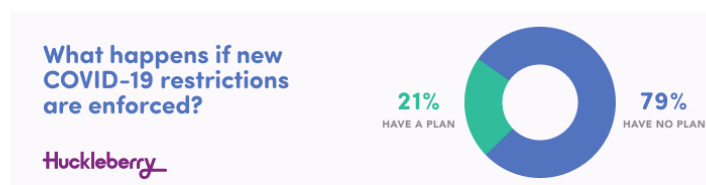
How do business owners feel about their 2021 prospects?

The business community is feeling somewhat optimistic about 2021—but opinions are mixed and no one is planning too far ahead.

Half of those surveyed (50%) stated that they were optimistic about operating their business in 2021, while 29% stated they were pessimistic. (The other 21% said that they felt neutral about their prospects.)



Alarming, over 3 out of 4 small business owners surveyed stated that they don't have a plan to survive any new COVID-19 restrictions.



Will businesses require their employees to get a COVID-19 vaccine?

Finally, one of the most interesting findings of the survey: Plenty of small businesses plan to require their employees to get a COVID shot.

In fact, nearly 1 out of 3 small business owners stated that they'd require their employees to get vaccinated against COVID-19. Meanwhile, over half of small business owners state that they will not require the vaccine at all.

And the other 20%? Our survey shows that they're still undecided—they're waiting to see how 2021 unfolds.



About Huckleberry and the methodology for this survey

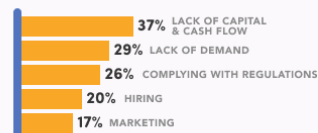
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This survey was conducted February 2-4, 2021, on behalf of Huckleberry, using survey technology and infrastructure from Zoho. For the survey, a sample of 100 small businesses over from the continental U.S., Alaska and Hawaii were interviewed online in English. Full findings available upon request.

How COVID-19 hit SMALL BUSINESSES and what BUSINESS OWNERS expect from 2021

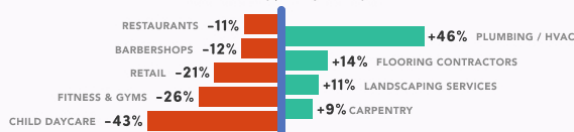
What were the major business challenges of the COVID-19 era?

Not all businesses were affected equally in 2020. Here are the big challenges small businesses faced—and the winning and losing industries of the COVID-19 era.



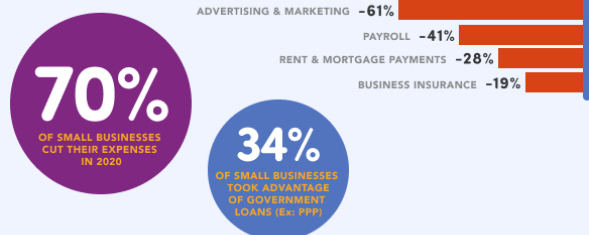
The winning and losing industries

Active Huckleberry policies year over year



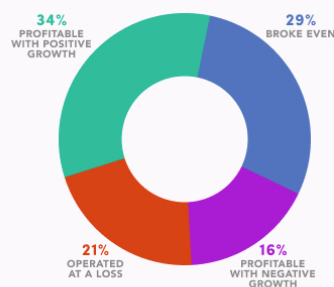
How small businesses adapted to COVID-19

Retail stores pivoted online and adopted in-store safety protocols.
Restaurants added curbside pickup.
Gyms offered remote classes.
Most businesses cut expenses.



How did COVID-19 affect the bottom line?

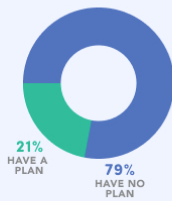
No one knew how pandemic restrictions would affect business results in 2020, but 79% reported being profitable or breaking even.



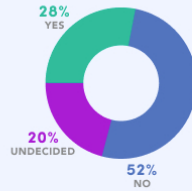
prospects in 2021

The business community is feeling somewhat optimistic about 2021—but opinions are mixed and no one is planning too far ahead.

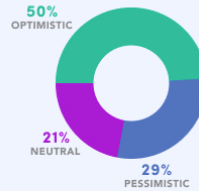
What happens if new COVID-19 restrictions are enforced?



Will small businesses require COVID vaccines for employees?



How do small business owners feel about their 2021 prospects?



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