

**October 2020**  
October 5-12 | 622 respondents

## Small business optimism stalls amid pandemic resurgence

Rising confidence among small businesses stalled in October 2020 due to increased concerns about an economic slowdown amid a resurgence in COVID-19 infections. The WSJ/Vistage CEO Confidence Index rose incrementally to 90.2 in October 2020, which is a statistically insignificant change from 89.5 in September 2020 or from the reading of 89.9 recorded in October 2019. Note that while a reading above last year seems optimistic, October 2019 was a six-year low in small business confidence. To be sure, small businesses had already anticipated an extended period of slower economic growth, but the renewed slowdown in the pace of economic growth surprised many small businesses last year.

Small business CEOs still voiced optimistic expectations for growth, with half expecting the economy to continue to improve during the year ahead. When asked about the timing of the improvement, 57% of small businesses anticipated that it would take another six months or longer for gains in the overall economy to be noticeable, barely different from last month's 56%. Timing for recovery of their businesses varied among respondents, although 45% of small business CEOs thought it would take six months or longer in the October survey, unchanged from the September reading; 35% reported that their businesses had already improved or suffered no losses due to the pandemic.

These results parallel other descriptions of the pandemic downturn, the so-called "K" pattern, whereby some have benefited from working at home without loss of income, and others have suffered devastating losses of jobs and incomes. The dividing line for small businesses is the type of product or service they provide, with travel, entertainment, restaurants, theaters and other similar service sectors suffering the largest and most sustained losses. The ability of small businesses to ultimately survive reflects their demonstrated entrepreneurship and willingness to adapt to whatever changes may take place.

### Slow pandemic progress

When asked how long their cash reserves would last, 42% of small businesses said they would be depleted in less than six months in the October survey, between last month's 40% and the 43% recorded in August. Overall, 21% of small businesses reported that the pandemic caused revenue declines of 25% or more in the October survey, just below last month's 23% and the 28% reported in August. The data also make clear that there are substantial variations across small businesses, as 35% of the small business respondents reported that they had already recovered or had not been hurt by pandemic losses in October, just above last month's 30% and August's 26%. The biggest shift occurred in whether employees had already started to return to work, with 40% reporting returns in October, up from just 24% in September. Small businesses remained optimistic about their future, as 47% reported that by the end of the next six months their firms would be stronger than before the pandemic, just above last month's 46% and higher than August's 38%.

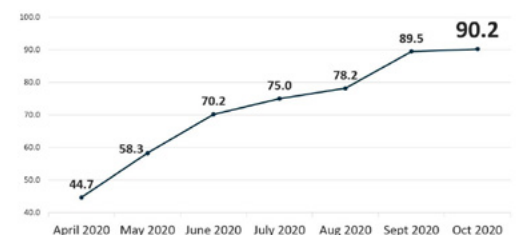
### Revenue and profit expectations hit plateau

Increased revenues in the year ahead are anticipated by 66% of all small businesses in both September and October, three times the April low of 22%. Declines in profits in the year ahead were expected by just 14% of all small businesses in September and October, a fraction of the all-time peak level of 59% set in April. These favorable revenue and profit expectations are welcome although unsurprising given the recent losses.

### Positive investment and employment plans

Planned increases in both fixed investment expenditures and in number of employees reflect necessary changes from a COVID-19 economy to the post-COVID economy. More than twice as many firms planned to increase investments rather than to reduce investment spending during the year ahead (36% versus 15%). Small business' plans to increase the size of the workforce grew marginally in October, increasing 2 percentage points from last month to reach 59%.

### WSJ/Vistage Small Business CEO Confidence Index – 6 month trend



The WSJ/Vistage Small Business CEO Confidence Index reaches plateau in October amidst uncertainty.

Visit [vistageindex.com](http://vistageindex.com) to see the interactive tool and view results from previous months.

## Economy to improve

The pandemic shutdown has led to the majority of small businesses now expecting that economic conditions in the overall economy will improve during the year ahead even if a full reopening is postponed well into 2021. The pace of expected gains had dropped slightly in July and again in October; 53% of small businesses anticipate gains in the economy during the year ahead, down from 56% last month.

– Analysis provided by Dr. Richard Curtin, University of Michigan

Source: October 2020 WSJ/Vistage Small Business CEO Confidence Index survey, n= 662

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained about the same, or worsened?	Improved	39	6%
	Remained about the same	83	13%
	Worsened	534	81%
	Don't know/No opinion	6	1%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same, or worse than now?	Better	353	53%
	About the same	170	26%
	Worse	109	16%
	Don't know/No opinion	30	5%
3. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months?	Increase	438	66%
	Remain the same	138	21%
	Decrease	74	11%
	Don't know/No opinion	12	2%
4. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	359	54%
	Remain the same	198	30%
	Worsen	95	14%
	Don't know/No opinion	10	2%

Question	Answer	Respondents	
		#	%
5. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?	Increase	239	36%
	Remain the same	316	48%
	Decrease	98	15%
	Don't know/No opinion	9	1%
6. Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?	Increase	392	59%
	Remain the same	212	32%
	Decrease	53	8%
	Don't know/No opinion	5	1%
7. To what degree have your revenues been impacted by the coronavirus pandemic?	Increased	142	21%
	Decreased less than 10%	109	16%
	Decreased 10-24%	181	27%
	Decreased 25-49%	97	15%
	Decreased 50-74%	24	4%
	Decreased more than 75%	11	2%
8. How long will your cash reserves support your business during the current economic conditions?	No change in revenues	98	15%
	Less than 1 month	7	1%
	1 – 2 months	67	10%
	3 – 5 months	206	31%
	6 – 12 months	183	28%
	More than one year	185	28%
Other	11	2%	

Question	Answer	Respondents	
		#	%
<b>9. When do you expect economic conditions in the U.S. will begin to improve?</b>	Less than 1 month	26	4%
	1 – 2 months	66	10%
	3 – 5 months	162	25%
	6 – 12 months	256	39%
	More than one year	119	18%
	Other	32	5%
	<b>10. How long do you expect it will take your business to recover from the economic impact of the pandemic?</b>	Have not been impacted by the pandemic	90
Already recovered from impacts		138	21%
Less than 1 month		8	1%
1 - 2 months		20	3%
3 - 5 months		91	14%
6 - 12 months		163	25%
More than one year		135	20%
Other		16	2%
<b>11. Which statement describes where you expect your business to be 6 months from now?</b>	Stronger than before	312	47%
	Back to normal	121	18%
	Moderately weakened but regaining momentum	189	29%
	Significantly weakened and fighting to rebuild	38	6%
<b>12. If you implemented remote working during the pandemic, when will your employees return to the workplace?</b>	Employees have started returning to the workplace	265	40%
	Before the end of the year	23	3%
	Not until 2021	100	15%
	Uncertain	81	12%
	Did not implement remote working	128	19%
	Other	64	10%

Question	Answer	Respondents	
		#	%
<b>13. Which best describes your approach to return to work plans? (conditional question)</b>	Voluntary return for all employees; they can continue to work remotely full or part time	120	31%
	Phased approach with reduced capacity to limit those workplace at any one time	91	23%
	Specific roles required to return to the workplace, others remain remote	93	24%
	All employees return at the same time	72	19%
	Other	12	3%
<b>14. What is the biggest concern your employees have about returning to the workplace? (conditional question)</b>	Following physical distancing guidelines	11	9%
	Exposure to too many people	72	22%
	Cleanliness and sanitization of office/facility	4	3%
	Compliance of co-workers in following safety processes and guidelines	19	15%
	Response protocols and guidelines in the event of exposure in the workplace	6	5%
	Other	11	9%
<b>15. Our employees are highly concerned about returning to the workplace</b> <b>Please rate your level of agreement to the following statements:</b>	Strongly Disagree	4	3%
	Disagree	27	22%
	Neutral	34	28%
	Agree	45	37%
	Strongly Agree	13	11%
<b>15.1 Our return to work plans fully address employee's concerns about personal safety</b>	Strongly Disagree	1	1%
	Disagree	5	4%
	Neutral	22	18%
	Agree	63	51%
	Strongly Agree	32	26%

Question	Answer	Respondents	
		#	%
<b>15.2 I am confident about worker safety based on the processes and safety guidelines put in place</b>	Strongly Disagree	1	1%
	Disagree	7	6%
	Neutral	25	20%
	Agree	62	50%
	Strongly Agree	28	23%
<b>15.3 I am confident about employee compliance with processes and safety guidelines put in place</b>	Strongly Disagree	2	2%
	Disagree	8	7%
	Neutral	28	23%
	Agree	72	59%
	Strongly Agree	13	11%
<b>15.4 We have plans in place to address employees who require special accommodations</b>	Strongly Disagree	0	0%
	Disagree	8	7%
	Neutral	33	27%
	Agree	72	59%
	Strongly Agree	13	11%
<b>15.5 We have plans in place to address a COVID-19 exposure in the workplace</b>	Strongly Disagree	1	1%
	Disagree	10	8%
	Neutral	24	20%
	Agree	62	51%
	Strongly Agree	24	20%

Question	Answer	Respondents	
		#	%
<b>16. What is currently the biggest external factor impacting your business?</b>	Economic uncertainty	223	34%
	Political uncertainty	112	17%
	Pandemic/coronavirus	191	29%
	Industry/government regulations	32	5%
	Jobs market	36	5%
	Supply chain	43	6%
	Natural disasters	1	0%
	Cyberthreats	2	0%
	Other	22	3%
<b>17. Are you requiring regular coronavirus (COVID-19) tests for your staff?</b>	Yes, we conduct regular testing internally	15	2%
	Yes, we require regular testing	17	3%
	No, we are not requiring regular testing	324	49%
	No, we are not requiring testing at all	294	44%
	We are planning to conduct testing in the future	11	2%
<b>18. Has the Trump administration changed prospects for your business?</b>	It has improved prospects for my firm	326	49%
	It has worsened prospects for my firm	170	26%
	It has had no impact on prospects for my firm	163	25%
<b>19. During your company's last fiscal year, what was its total employment?</b>	1-9 employees	56	8%
	10-19 employees	121	18%
	20-49 employees	283	43%
	50-99 employees	142	21%
	100-499 employees	56	8%
	500-999 employees	2	0%
	1000-4999 employees	2	0%

# WSJ | VISTAGE

## Small Business CEO Survey

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit [vistageindex.com](https://vistageindex.com) to view an interactive tool with full results from previous months.