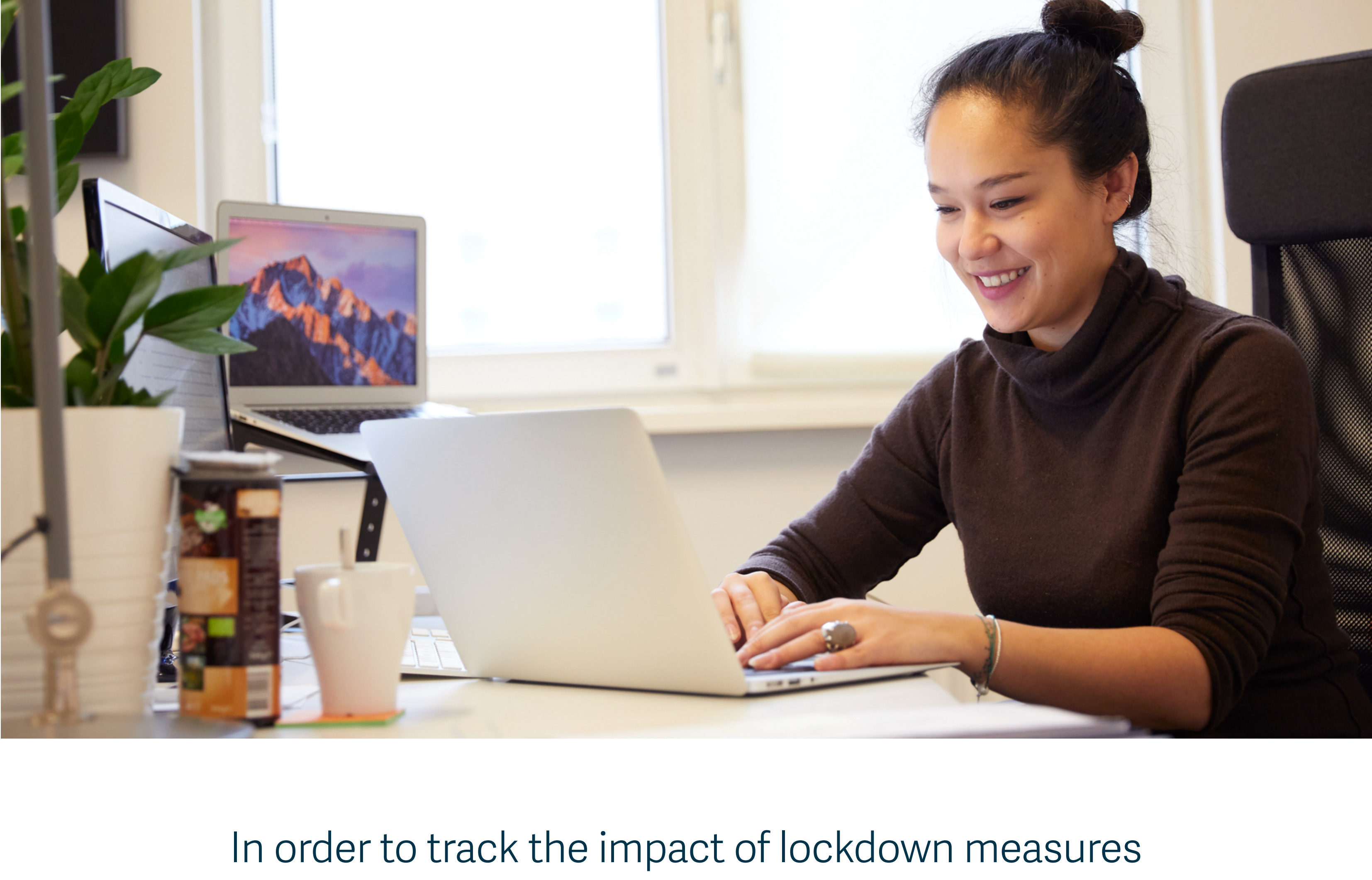


3 months on: How the Coronavirus pandemic has impacted SMEs

sage

June 2020

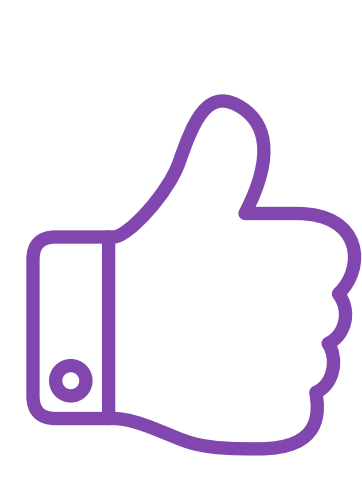


In order to track the impact of lockdown measures on UK SMEs, Sage has been monitoring sentiment among the SME community on a weekly basis.

Over 5,000 respondents were polled in total between the 23rd March and 27th May – on topics ranging from government support to financial outlook, employment, productivity and adoption of technology. Combined, this data provides a unique picture of how UK SMEs have weathered the crisis so far – and learnings to help plan the economic recovery.

Support for Government action

In general, Government has effectively commanded the confidence of business throughout the crisis so far. Support among businesses for the actions taken by government grew, and remained consistently high, across the lockdown period.



47%

of businesses agreed that the Government was giving them the right level of support at the start of lockdown.



65%

agreed that the Government had given the right advice for protecting health and managing the economy following launch of the new 'Stay Alert' slogan on 10th May.



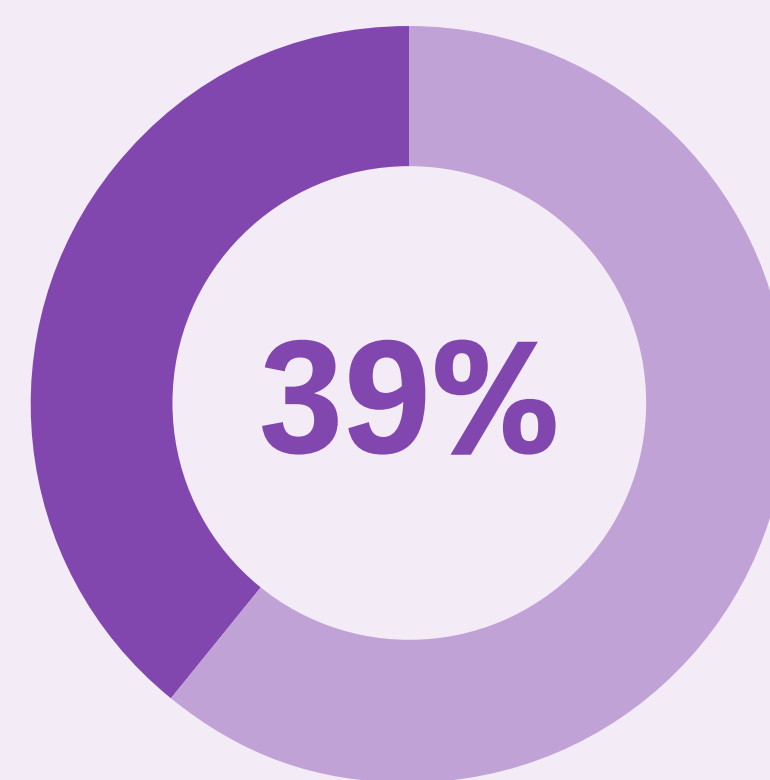
62%

were confident they could keep their workforce safe after the guidelines for returning to work were published.

Financial outlook and impact

Since the start of lockdown, there has been a **clear reduction** in the expected scale of financial disruption from the outbreak overall.

SMEs entered lockdown in March expecting, on average, a **-29%** hit to 2020 revenue. By late May, this had moderated to **-10%** as businesses adjusted to the new environment. But the near-term financial and operational consequences of lockdown **remain severe**.

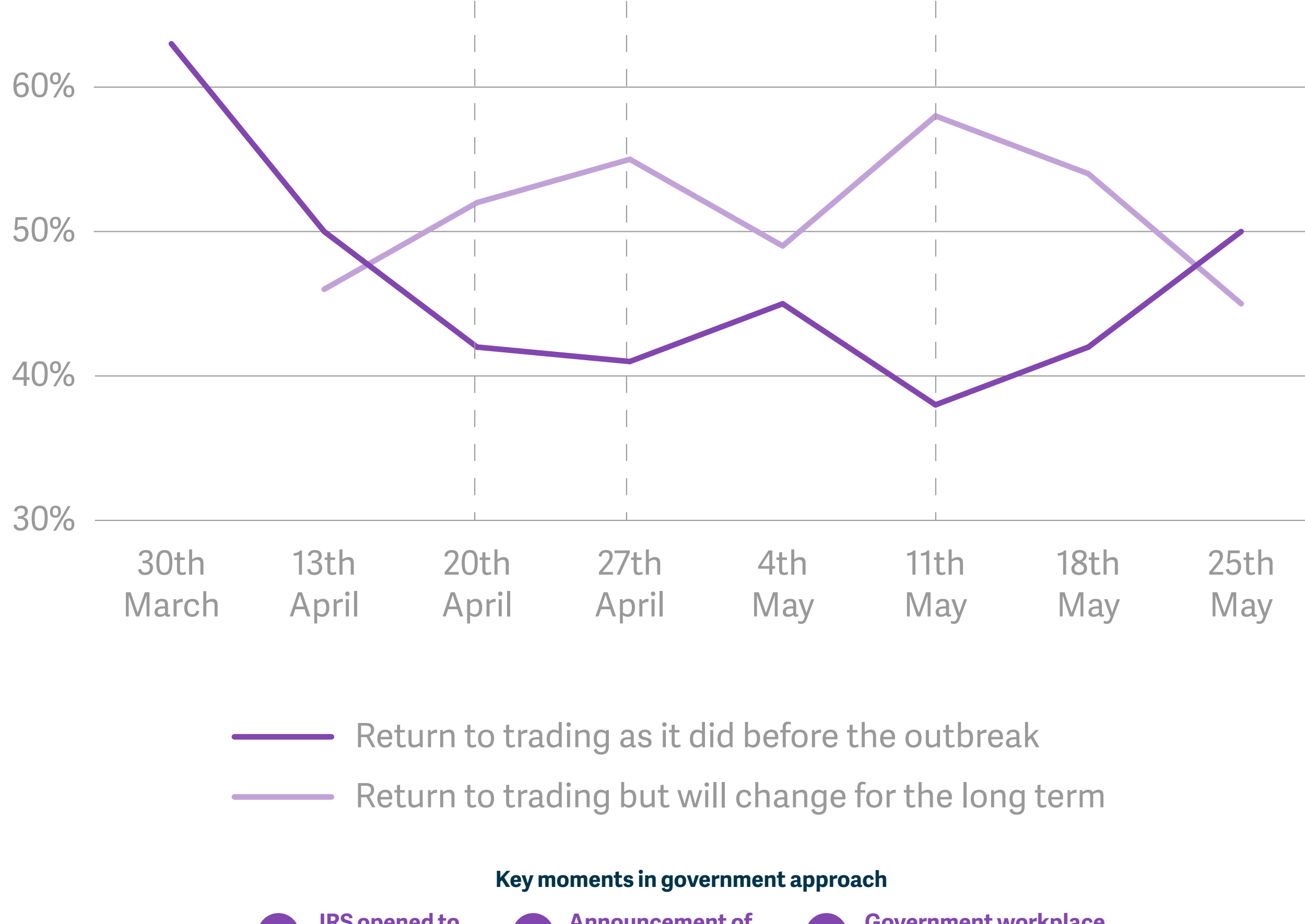


39% of businesses have seen their sales halve since the beginning of the pandemic.

Long-term change on the horizon

Over the course of the lockdown, it has become increasingly clear that the pandemic will drive **lasting change** for the business community. Many of the adaptations made during the last few months, from digitisation to use of office space and structure of workforce, are **expected to become permanent**.

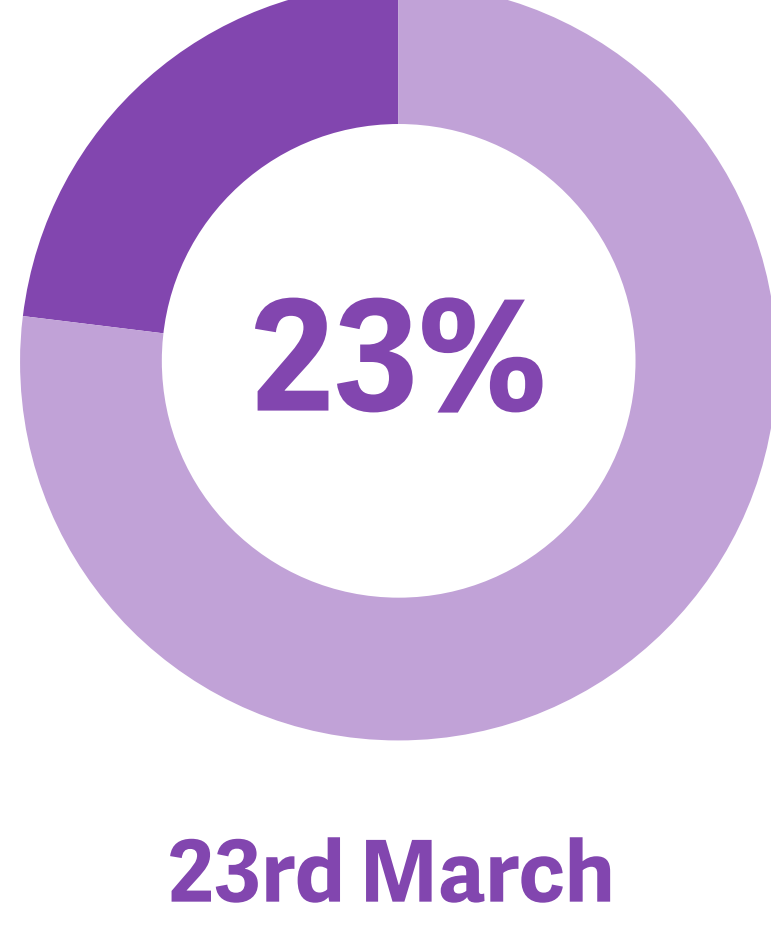
Q: After the coronavirus outbreak do you think your business will...



Preparations for the months ahead

As intended, the Government's workplace guidance served as a catalyst for confidence and preparedness among businesses.

Following the publication of the detailed guidance on the 11th May, the proportion of businesses feeling unprepared to deal with the next three months fell from **23%** to just **10%**, and there was a clear improvement in levels of preparation driven by greater clarity on both the short and medium term outlook.



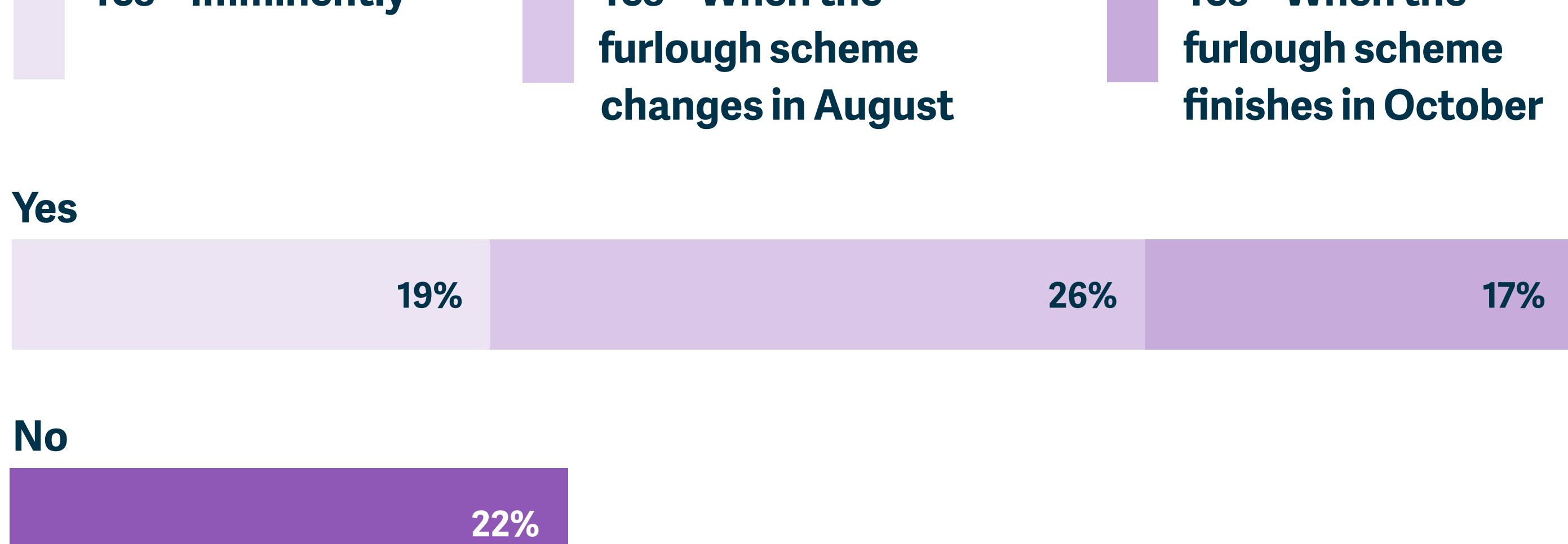
23rd March



25th May

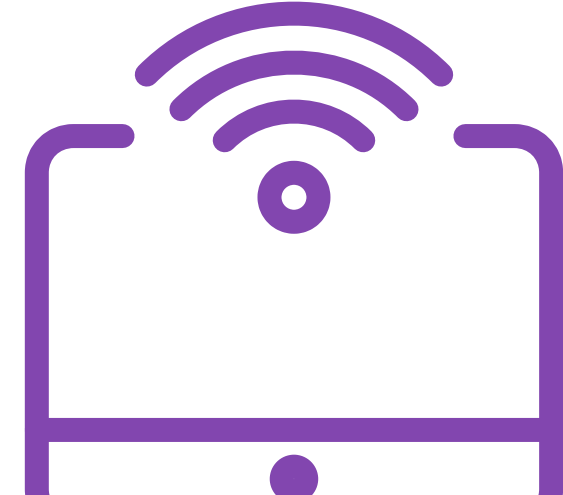
Prior to the guidance, **only half** of SMEs whose businesses were impacted by social distancing had started planning for a partial lifting of restrictions.

Q: Is your firm considering redundancies?



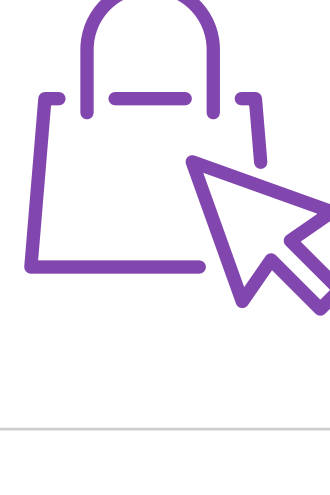
Technology and digitisation pre and post crisis

There is growing consensus that **digital transformation** will be core to the economic recovery – and to driving greater resilience among businesses to help cope with **future disruption**. This is a consensus shared by UK SMEs:



70%

believe that technology will play a **key role** in helping them adjust to the impact of Covid-19



33%

of those see opportunities to drive **online sales**



22%

to manage business operations **remotely**



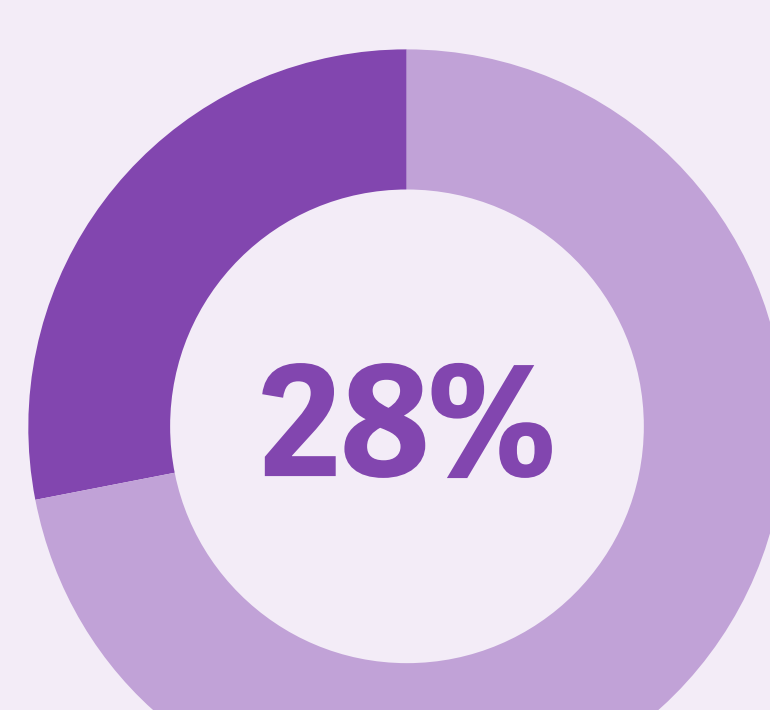
18%

to reach new **markets abroad**

Looking forward

The evolution of lockdown and the **re-opening of the economy** has brought a number of encouraging signs that UK businesses are navigating their way through the crisis, and out the other side.

The level of expected financial damage has gradually reduced, and there has been a **wholesale shift towards ecommerce**. Even the smallest and most traditional enterprises have been forced to find entirely new ways of doing business.



28% of businesses had started to return furloughed workers by the end of May

But we cannot underestimate the scale of the challenge ahead

As a society, we must also commit ourselves to helping these businesses and our local communities to survive this shock. That is why we are calling for the UK to mark its own **'Independents Day' on the 4th July**, mobilising to support local businesses of all kinds – be that through individuals buying from independent retailers or businesses supporting local supply chains.

To download our full report on how the Coronavirus pandemic has impacted SMEs, visit sage.com/en-gb/coronavirus/

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