

Optimism, Resiliency, and the Future of Small Businesses

PAYCHEX
Business
Series

Coronavirus



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Alice Bredin

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Full transcript

Gene Marks:

Hey everybody, and welcome back to the Paychex Business Series Podcast. I'm your host, Gene Marks. I'm a certified public accountant and regular business columnist for a bunch of publications, including Forbes and Entrepreneur. But more importantly, I'm a small business owner of a financial and technology management services company. I have teamed up with Paychex, the leading provider of human resources, payroll, benefits, and insurance services, to bring you real-life advice from real-life business owners and industry experts like my guest.

In this podcast, I'm going to be talking to Alice Bredin about the complexities of running a small business, a little bit about optimism and resiliency as well. Alice is the founder of Bredin, a market research company that tracks the small and midsize business market for its corporate clients. Paychex has asked Bredin to look into what SMBs are thinking about the PPP and other COVID-19 related topics. And some other things have evolved from Bredin's research that I think are really interesting about where small business owner's minds and headsets are right now as we're trying to reemerge from this shutdown caused by the coronavirus pandemic. So, Alice, thank you for joining me. It's a pleasure to have you here.

Alice Bredin:

Hello.

Gene Marks:

So first of all, tell us a little bit about the research that you did.

Alice Bredin:

What we've been doing over the past three weeks or so is connecting weekly with the representatives of small and midsize businesses across the U.S., and specifically talking to companies with between 200 and 500 employees. So, that's pretty much the definition of SMBs. And as I said, we've spoken to them weekly and spoken to the leaders to see what's on their mind, what they're doing, and what's ahead.

Gene Marks:

Yeah, we talked in another podcast about the Paycheck Protection Program, but some of the other research that you did, you were asking business owners about their optimism, where their heads are at, and the number actually revealed some interesting things. I mean, listen, I'm sure you follow the National Federation of Independent Business, the NFIB. They do their Small Business Confidence Optimism Survey every month, and the past two surveys have plummeted significantly, obviously because of the coronavirus pandemic.

I personally don't see a lot of that dramatic decrease, and your research has found that actually optimism among small business owners you talk to has actually been holding steady. Can you explain what that means?

Alice Bredin:

I mean, it really has. We've found it to be right around 46 on a scale of one to 100; 100 is I'm extremely optimistic. So the number across the universe of SMBs I spoke to is 46, and that's held steady since we started talking to business owners in April. And we last connected with them less than two weeks ago, and that's still where they're at.

Gene Marks:

Yeah. You spoke to them in April. It seems obvious ... I mean, if you were to have spoken to them a year ago or six months ago, I'm assuming that 46 number would have been much higher.

Alice Bredin:

Oh, absolutely. I mean, we could compare it because we're in connection with them all the time. It was up where you would expect it to be, sky high, due to where the economy was. But I think you really have to evaluate optimism within the context of this pandemic to really understand where it is and where it's going now.

Gene Marks:

What do you think optimism means? Have you defined it for the people that you surveyed?

Alice Bredin:

I think it's useful to talk about optimism and resilience at the same time to define what each means and what they tell us about this market. Because like I said, so 46 out of a hundred say they're feeling optimistic. So that's pretty clear. Then when you ask them about resilience, that number is 70. So what does that mean? The way I like to think about it is, if I'm preparing for a road race, I might be optimistic or not optimistic about the run I'm taking this week, next week, or whenever, because my asthma is acting up, my knee hurts. But that doesn't mean I'm not going to run the road race that I signed up for in the fall.

The road race in the fall and my commitment to doing that and my confidence that I'm going to be there at the starting line and do what I set out to do, that's resilience. Optimism is like a point in time. How am I feeling about what I have to do today? What am I going to do next week? What's ahead and the challenges. And I think that's why I put 46 kind of where I would expect it to be, in the sense that there are going to be some tough days and some bright spots ahead for business owners, and they know that.

Gene Marks:

Bredin, your firm, right? I mean, is it just yourself or do you have employees? How big a firm do you have?

Alice Bredin:

I have employees. Yep. We have got lots of different people doing different things, specifically in research and other areas.

Gene Marks:

Would you fall into the, say, two to 25 employee range? Is that a fair statement?

Alice Bredin:

Yeah. We're up in the double digits. Yeah.

Gene Marks:

All right. That's great. So are you optimistic?

Alice Bredin:

Well, I'm resilient.

Gene Marks:

Okay.

Alice Bredin:

That's never going to change. Never has, never will.

Gene Marks:

Okay. Which means you're going to survive this no matter what. As you plan to run again someday, you know that you're going to stick this through, correct?

Alice Bredin:

Exactly. My left knee might hurt, but that's kind of neither here nor there. I mean, that's just not even up for grabs. And I think that's really part of the small/medium business spirit. So that's kind of that. Optimism is about: is what's ahead going to interfere with my summer plans to take time off? Am I going to extend the offer that I was about to extend at the beginning of April? It depends on when you catch me.

Gene Marks:

The study itself said that the largest small business owners, 50 to 500 employees, were more resilient than those with two to nine employees. They actually feel that they're going to be in the game more so than smaller businesses. Do you feel the same way? I mean, you're a small business, you've got less than 25 people, but you would rank yourself as resilient as well, just like a large company?

Alice Bredin:

For sure. I mean, I think what happens when you are looking at the two to nine group, they can have tremendous staying power, of course, but there can be some vulnerability in the smallest group in the sense that maybe they haven't been around for too long; they may not have tremendous annual revenue; they might be highly dependent on fewer clients than larger organizations. I mean, you know all this from being a CPA. These are all the things that make companies vulnerable, and those tend to be more in place in the smaller organizations. Once you've been around longer and you've got a certain number of employees, you have to have systems in place for keeping the lights on, as broadly defined as that is.

Gene Marks:

It seems to me like if you're a smaller firm, you would be more resilient because there's more under your control. You know? And when I talk to people, I've talked to CEOs of larger companies, and they walk around constantly worried about their workforce and their people because they're taking care of so many people. You're taking care of some people as well, so you have the same concerns. But don't you feel like, again, as a small business owner of a company with less than 25 people, that you can be more resilient because you've got more opportunity to control your outlook?

Alice Bredin:

Do you mean if you're smaller it's easier to control? Is that what you're asking?

Gene Marks:

Yes. That's exactly what I'm asking.

Alice Bredin:

I know what you're saying. Small can equal nimble. I do think, though, at a certain point with a certain number of employees, you get the wind in your sails to a degree. They are helping you keep the lights on. It doesn't fall as much on one or two individuals. And I think that really is where we see some of the differences there.

I mean, though, we're seeing companies of all sizes focused on maintaining customer relationships, managing business as usual, making sure expenses are what they should be, and focusing on sales and marketing. So, I think that everything that I just ticked off as to current priorities can be helped by having a team behind you. If you're doing it all yourself, that's a lot of hats to wear at once, along with everything else that you might be trying to do in this current reality.

What we found in the research that I think is really interesting is some of the permanent changes that SMBs say they're going to make. Regardless of their size—I mean, it varies somewhat by size, et cetera, but regardless of their size and whether they're coming back to a workplace full force or they're going to be distributed, they're never going to be the same in terms of how they use technology, for example, to support remote workers.

So 46% of the entire SMB population told us that that's really where they're going to focus going forward: 41% are going to have more employees working at home. Same number, 41, they're going to have more flexible work schedules. And then they're also going to use tech applications for you name it—payroll, benefits, et cetera—in greater numbers. So a quarter say that's the future for them, regardless of what kind of business, what size, and what have you.

Gene Marks:

Yeah, it's interesting. I mean, you're absolutely right. All these things are kind of technology related. You're saying that businesses looking forward are saying, "We are going to lean on technology more. We're going to have more work-from-home workers. We're going to support more people working remotely." And I get that. I think that's going to be a permanent thing. But your survey also said after businesses fully reopen, almost one in three say they're going to lean on technology more. Why do you think two-thirds wouldn't be leaning on technology more after all that we've seen?

Alice Bredin:

Yeah. Well, and those numbers also go up when you talk to younger entrepreneurs, the fast-growing companies, the people who are sort of moving and shaking and pivoting, and that sort of thing. But a certain number won't rely more on technology either because perhaps it's not aligned with the way they operate or they don't think it's aligned with the way they operate. They are just innately focused on doing things the way they've been doing it, and there's a certain stubbornness factor anytime you talk to SMBs. To me, it's a huge number because SMBs—we know this from years of looking at them—it's like, yeah, they evolve and they're flexible, but what goes with the resilience of I'm going to do this no matter what can be a certain stubbornness. So you can't ever underestimate the impact of that mindset to any kind of change you're going to ask them to make.

Gene Marks:

Alice, what about you? I mean, you said to me that you're somewhat optimistic. I think you're among that 46 range going forward, but you're resilient, right? So you're going to be around for a while. What permanent changes do you think this whole thing is going to have to your business?

Alice Bredin:

For us, it's been an interesting time. It's busy and it's hectic and there've been a million adjustments, but there is some kind of clarity that I think also is present at this time around some of the areas where you can, like we've been talking about, streamline things to take away any opportunity for miscommunication, whether that's having a repository for all of the information people need, a place where everyone can see someone's work. I mean really, everyone needs to be able to see all the information related to the operations of your company, wherever they are, whether they are on their Mac, their PC, their phone, and their whatever—from wherever they are when they need it. I mean, that's really clear to me, because there's no more, at this point anyway, settling in our office, meeting in our conference room, and really most importantly, swinging by someone's desk to say, "Can you update me on this or that?" That's all got to be done with the technology.

Gene Marks:

Alice Bredin is the founder of Bredin, a market research company that tracks the small and midsize business market for its corporate clients. Paychex has asked Bredin to look into what SMBs are thinking about the Paycheck Protection Program and other COVID-19-related topics like optimism and resiliency and forward-thinking plans as we've just been talking about.

So for more information about what we discussed today and other coronavirus questions and topics, please visit the Paychex COVID-19 Help Center. The address is paychex.com/coronavirus-resources.

Alice, thank you again, great conversation and very, very helpful to learn about the data and also a little bit about your thoughts on your business. So I appreciate you coming on. Thanks everybody else for listening. And we will see you next time.