



Peer Insights to Help SMBs Get Back to Business

How small and medium-sized
businesses are retooling, rebuilding,
and returning to work

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Whether your business is getting ready to re-open or if it remained open as an essential operation, one thing is for certain: the COVID-19 pandemic has changed what it looks like to conduct “business as usual.”

Paychex recently polled 300 randomly selected U.S. small and medium-size business owners to get a pulse on their business outlook, top priorities, operational changes, hiring trends, reopening concerns, and more amid the pandemic.

Using the insights gathered from the survey, this book provides recommendations for you to consider as you get back-to-business, including ways to adapt your business model, attract new customers, manage employee health and wellness, and more.

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6 Ways to Adapt Your Business Model

No matter what sector your business is in, or how large or small your company, you may need to adjust your business to the new normal.

In a recent Paychex survey of small and midsize businesses (SMBs),¹ company leaders say they feel resilient — placing themselves at 70 on a resilience scale of 1 to 100. While they are confident, many businesses also recognize that change is required to succeed at this time.

Consider these six ways to evaluate your business and identify opportunities to pivot.

1. Review your assets

A quick inventory of the skills, machinery, materials, and other assets at your disposal can spark ideas for innovative ways to use them now — and going forward.

For instance, a bedding company might have cotton fabric, sewing machinery, and skilled sewing staff that it can use to make masks for hospitals, testing clinics, and other organizations. Or, a distillery or brewery might use its supplies and equipment to meet the high demand for hand sanitizer.

In short, flexibility and ingenuity are business assets you should not overlook.

¹ Paychex conducted four separate online surveys of 300 principals of U.S.-based businesses with 2 to 500 employees. Wave 1 was fielded April 17-20; Wave 2, April 24-27; Wave 3, May 1-4; Wave 4, May 15-17. Each survey has a +/-5.66% margin of error.

2. Take advantage of abundance

Your business may have an oversupply of assets as demand shifts. For example, a food service company may find its trucks and drivers idled with restaurants and schools closed. In this case, you could reach out to farmers or food wholesalers to transport their goods to retailers. That way, suppliers can get their product to market, retailers can replenish their shelves faster, and the company can keep revenues flowing and drivers on staff.

You might also consider evolving your business further. For example, the food service company mentioned above might shift from transporting produce to creating boxes of produce and selling them online. This entails selling direct to consumers — and though it may require a different promotion strategy, big changes in business conditions require big responses.



3. Address people's current and future needs

Like so much else, priorities have changed during the past few months; what your customers may have needed pre-pandemic might be much lower on their priority list now. For example, demand for car detailing may shift, since people have become more cost-conscious. An auto detailer could evolve, in this case, to provide offerings that are aligned with buyers' current mindset, such as interior car cleaning and disinfection.

Or, providers of business signage may shift their focus to producing social-distancing products, such as floor markers for use at store registers or signage for takeout services.

Predicting future needs is easiest when you brainstorm with others. Connect with industry peers, suppliers, and partners to tap into any trends they might be seeing. Their insights can help spark ideas. For example, small groups of florists and floral farmers could connect to share ideas for quickly and safely delivering inventory and finished bouquets around important holidays.

4. Consider creating a digital version of your offering

The internet is proving to be a savior for many businesses during the COVID-19 shutdown. Selling products on an e-commerce site is an obvious opportunity, but service businesses are doing it, too. Trainers and salons have received a lot of attention for moving sessions online, and creative thinking can help you move the most tangible experiences online as well — even something as sensory as wine tasting. For example, a company known for hosting wine tasting events in bars, restaurants, and hotels took a huge hit with the implementation of social distancing. But, using creative thinking, it now delivers wines to customers' homes and provides online videos of the company's founder/sommelier to help guide customers through the varietals.



SMBs in the Paychex survey provided the following advice for creative retooling:

- “Seek ways to diversify and find new markets”
- “Reevaluate everything from your business plan on down”
- “Be willing to be flexible and reinvent yourself”
- “Make sure you look at what’s in place now — revisit everything”
- “Sit down with others in your line of business and see what worked and what didn’t”

5. Create a new path to your offering

With businesses and consumers cutting back on expenditures, lowering barriers to purchase has become vital. Some ways of doing this are practical, such as providing curbside pickup and delivery. Others entail repackaging, bundling, or remarketing existing offerings in ways that address our new normal.

For example, a Mexican restaurant found that takeout service alone wasn’t generating enough revenue to cover expenses. So it introduced “emergency taco kits” — freezable bundles that can be prepared at home. An art supply dealer creates kits with everything from pens and paints to canvases and sketchpads, so that harried parents can more easily keep their kids entertained, rather than having to buy various components separately. Some bakeries are making up part of their lost revenue by selling DIY breadmaking kits. And some furniture companies, seeing a decline in demand for console tables and occasional chairs, now market them as desks and chairs for home offices — products for which demand has suddenly increased.

6. Make the most of your existing relationships

Relationships with your customers are your business's most valuable resource. The stronger your bond with them, the greater your chances of retaining their business.

For instance, a beauty salon that had to close now has its stylists post “how-to” hair styling videos on social media and notifies clients of new videos via email. The videos include discount codes for the salon's haircare products, and the stylists receive a portion of the product sales. This way, both the salon and the stylists continue to earn revenue and maintain connections with their clients.

By positioning your company as a partner to your customers, you're doing more than simply generating goodwill. You're also helping them succeed — and the more successful they are, the more likely they are to continue being your customers.





How to Attract Customers Once You're Back to Business

A top concern as businesses reopen is maintaining customer relationships. In fact, 30% of SMBs say this is their number one priority. The fastest-growing companies — those projecting a growth of 10% or higher this year — are especially focused on finding ways to sell and market to new customers. Overall, fast-growth businesses are twice as likely as other companies to look for ways to revise their sales and marketing strategies.

To help bring customers to your business during these challenging times, consider the following tips to help raise your profile, strengthen relationships with existing customers, and communicate that you're a go-to resource for them.

Use signage

If you operate a brick-and-mortar business, it's never been more important to use visual communication to indicate that you are open and ready to serve customers. Large signage that prospects, customers, suppliers, and partners can see as they pass by your business can help emphasize this fact and quickly spread the word. Banners, A-frame signs, yard signs, and hanging signs are good large-scale tools. Magnetic car signs on company vehicles can spread your message even further. And, you don't have to wait until your business is officially open to start spreading the word; use signage ahead of reopening to build momentum. Many places do quick-turn or same-day printing for these items.

Build your safety brand

Do you now require your office visitors to wear masks? Are no more than five people allowed in your store at any one time? Are you implementing contactless payment options and curbside drop-off to minimize personal contact? How often are you cleaning your waiting rooms? Keep customers up to date on your safety efforts by prominently displaying your efforts via store and facility signage, website updates, and social media posts that reinforce your commitment to safety.

You may also consider letting customers know of the internal safety protocols you've implemented to keep your team healthy. Customers want to do business with responsible organizations that treat their employees right; in fact, 90% of consumers in a [recent survey](#) said that how well a company treats employees — in good times and bad — is important to them.



Here are some thoughts from other business owners on communicating with customers during a crisis:

- “Keep advertising and reaching people”
- “Stay in touch with your customers so that they understand you’re ready to resume business as soon as possible”
- “Don’t assume people know you’re open”

Send regular emails or texts

If you haven't been regularly contacting your customers via email or text messages, consider it now. Your goal should be to provide customers with relevant information and make sure they're aware that you're up and running. Beyond simply alerting people that you're open, you can use emails to encourage purchases by offering discounts, giving incentives for referrals, providing notice of restocked items, or introducing new products and services.

In addition to emailing customers, email your partners, suppliers, and vendors. They have a vested interest in your success and can help spread the word that you're open for business once again. However, be sure that you're minding privacy laws and only send communications to people who have given you permission to do so.

Update your online presence

If you're reopening your showrooms, shops, or sales offices, post any relevant changes to your operations on your website. Since so many business relationships start with an internet search, also consider updating your Google listing, and any profiles on other business sites, to encourage existing and potential buyers to shop with you. This may include new hours, updated offerings, and safety protocols. The keywords people use to find companies may have evolved, too. Consider adding important adjectives such as "safe" and "clean" to your site, so that you address concerns that are currently top of mind for potential customers. Some towns, industry groups, and others are promoting lists of businesses that are open. In some cases, these lists are as simple as a Google document or spreadsheet created and shared via community apps or through other means. Ask your local business or industry group if one exists. If not, consider creating one yourself.

Increase visibility

One-quarter of SMBs are increasing social media use to stay visible and viable. If you use social media for your business, double down on it now. LinkedIn is ideal for keeping clients and vendors updated regarding changes to operations, manufacturing capacity, delivery and receiving protocols, and more. Retailers and other consumer-facing companies, on the other hand, can also use platforms like Twitter and Facebook to update customers regarding hours or other service changes. Instagram, if it fits your target profile, is also a great way for your business to tap into the power of visual messages. Images of your newest items, your team hard at work, or happy customers may help encourage business. Social media is also a great tool for sharing personal stories that can help raise your business profile by allowing you to spotlight valued team members or a company charitable initiative.

PPP Loan Forgiveness

The Paycheck Protection Program (PPP) has helped many small businesses maintain staff pay. While 3 in 5 SMBs in the survey say they have received payment, 2 in 5 businesses are not clear on how to get PPP loan forgiveness. To help, Paychex has developed a new PPP Loan Forgiveness Reporting tool that takes your 2019 and 2020 payroll data and provides the documentation you need to maximize your PPP loan forgiveness.

Recognize VIP customers

Make a special point of reaching out to your best clients with a personal email or a phone call, not only to update them on your company's status, but also to see if there are any other ways you can assist them during this time. Listening, after all, is a key element of communication, and your efforts to help them will reinforce your business's value to them. What's more, hearing their needs and concerns can provide you with ideas for new, relevant offerings and services.

Why and How to Raise Prices as You Rebuild

While it might sound counterintuitive to increase prices at this time, experts say that some businesses can, and should, raise prices after reopening. Pent-up demand for some services make increases feasible, and businesses that have been without revenue may need the extra income. Perhaps unsurprisingly, income is a concern for SMBs during this time; one-third of SMBs are worried about not having enough customers when they open, and 20% of part-time businesses say they cannot currently operate profitably. Pricing authorities' advice for reopening and raising prices includes:

Provide options

Price increases should only be for some items, leaving room for customers who cannot afford an increase to still patronize your business. For example, Scott Francis, President of Strategic Pricing Solutions, says restaurants may decide to raise prices on certain premium meals or drinks, while leaving affordable meals for those who cannot pay for higher-priced items. Another option is to charge a premium for service appointments during high-demand times. For example, personal care businesses — hair, nail, and other salons — that may find themselves with a lot of pent-up demand when they return to business, may decide to charge higher prices during their busiest times. Likewise, healthcare providers could charge premium prices during a select number of hours each day for elective care visits that are not covered by a patient's insurance.

Avoid surcharges

Some businesses are implementing, or considering implementing, a surcharge on prices as they reopen to help cover increased costs and reduced revenue. However, Utpal Dholakia, a Rice University professor and author of the book *Priced to Influence*, recommends avoiding surcharges. Instead, he recommends adjusting pricing, even if your business has to do it more than once, instead of adding a surcharge to bills or orders.

"Never surcharges, always price increases! Even if the business has to print or update new price lists each time input costs change significantly. Why? Three reasons: (1) Surcharges are divorced from customer value, (2) they affect branding adversely, and (3) they are very, very problematic to explain to customers." — Utpal Dholakia

As always, be sure to thank your customers for their support and to remind them of the role they play in your ongoing ability to maintain your presence in the community — and provide livelihood for your team.



Managing Health and Wellness as You Reopen

As you reopen, be sure that you're aware of all local, state, and federal guidelines for workplace safety and wellness. Then, determine how you're going to implement these standards and how you'll communicate these new processes with staff. Review the four topics highlighted below and check with your legal counsel or human resources (HR) expert to determine if there are other steps you should be taking to maintain employee health and wellness as you reopen.

1. Cleaning

47% of SMBs say they'll clean their workplaces more thoroughly/often.

Our survey found that businesses are committed to cleaning in order to maintain health and safety. The Centers for Disease Control and Prevention (CDC) [guidelines](#) can help you learn the protocols for COVID-19-specific cleaning so you can stock up on the right cleaning products. CDC advice includes:

- **Notifying employees.** For peace of mind, inform employees about your cleaning plans and any new schedules for maintaining cleanliness.
- **Using the right products.** Wear gloves, use soap and water, and use disinfectant. The [EPA](#) has a list of ingredients you should look for in products to make sure they work against COVID-19. Diluted bleach also works — you can find the correct measures for its use on the [CDC website](#).

- **Focusing on high-touch surfaces.** This includes security keypads, railings, point of sale (POS) keypads, tables, doorknobs, light switches, counters, handles, phones, keyboards, toilets, sinks, and more.
- **Protecting equipment.** Consider wipeable covers for electronics that are frequently used, such as copiers and printers.
- **Laundering properly.** Don't shake dirty laundry out. Use the hottest water that is appropriate for the things you're washing and dry them completely.

The [CDC](#) also has guidelines for outdoor spaces, toys and items children will touch, and more. To encourage good cleaning habits among your staff, consider displaying any of these [posters](#) provided by the CDC or similar posters that may be required at the state or local level.

2. Safety

4 in 10 SMBs will require the use of PPE such as gloves and masks. 1 in 5 will stagger shifts and retool workspaces.

The Occupational Safety and Health Administration ([OSHA](#)) provides guidelines for employers when it comes to providing and paying for personal protective equipment (PPE) should staff need it in order to return to work. If your business will require employees to wear PPE, determine how you're going to implement and maintain these standards and communicate them to your team. You may also consider the following, in addition to any state or local requirements:

- **Reconfiguring your workplace** so that team members can practice safe social distancing while they perform tasks. For example, you may consider installing shields between workstations and customers and establishing "traffic flow" rules for navigating the office.
- **Restricting access** to common areas like breakrooms and kitchens. Consider posting signs limiting capacity in certain spaces, and remove chairs from conference rooms and other areas to help keep office gatherings small.
- **Instituting a protocol** for team members to follow should they wish to raise safety concerns or want to make suggestions, and encourage that they do so. Clarify whom they should contact and in what manner.

3. Health

1 in 3 SMBs cite worries about keeping employees safe at work as a top reopening concern. 1 in 5 will provide paid sick leave.

Precautions can be put in place to help mitigate the spread of COVID-19 within your workplace. These might include temperature checks and COVID-19 testing, as well as a clearly defined protocol for employees to notify you if they are sick (or think they might be). Because these steps are considered medical inquiries under certain federal and state laws, be sure that you understand and comply with the evolving legal framework governing medical privacy rights before instituting any of these measures.

The CDC provides the following guidelines:

- Employees who have [symptoms](#) should notify their supervisor and stay home.
- Sick employees should follow [CDC-recommended steps](#) and not return until the criteria to [discontinue home isolation](#) are met, in consultation with healthcare providers.
- Employees who are well, but who have a sick family member at home with COVID-19, should notify their supervisor and follow [CDC-recommended precautions](#).

If an employee is diagnosed with COVID-19, the [Families First Coronavirus Response Act](#) (FFCRA) mandates, among other things, that private businesses with fewer than 500 employees provide paid sick leave. If the FFCRA applies to your business, you must post these requirements prominently in your workplace. Employers should also review their obligations under state and local laws related to paid and unpaid leave, as many new laws have been enacted and many existing laws have been expanded.



Peer Insight: Changes in Benefits or Compensation

It's never been more important to have the right team in place. As SMBs begin to hire, rehire, and refine benefits and compensation to ensure they have the team they need for success, business owners in the Paychex survey say that their long-term priorities are:

- Maintaining current benefit plans (42%)
- Improving current benefit plans (18%)
- Providing self-serve solutions for employee benefits (15%)

4. Scheduling

One-third of SMBs will allow employees to work at home and provide flexible work hours.

New safety guidelines may mandate a change in your business scheduling. Remote work is a good solution and is highly advised by the CDC. However, if your staff must come in, consider:

- **Staggering shifts** to minimize the number of staff on site at any time.
- **Creating longer shifts** to limit the number of times someone reports to work.
- **Empowering employees** to swap shifts to accommodate their needs. Paychex Flex® time-and-attendance software makes it easy for employees to view their schedules in advance and communicate with others — should they need someone to help cover a shift, for example.

Peer Insight: Top SMB Reopening Concerns

As businesses open their doors, business owners are most concerned about:

- Not enough customers will return to the business (32%)
- Feeling guilty if employees or customers become ill (26%)
- Employees may become infected (18%)
- Ability to get supplies, parts, or inventory (17%)
- Employees won't return due to health concerns (16%)
- The potential legal liability of customers or employees getting infected (15%)
- Employees won't want to return to work due to unemployment paying them more (11%)
- Being unable to afford paid employee sick leave (10%)
- Employees won't return to work due to child or senior care responsibilities (8%)
- Being unable to afford the cost of tests or other safety supplies (6%)
- Employees won't return to work because they've gotten other jobs (4%)



Operational Efficiency: Doing More With Less as You Rebuild

In the current environment, businesses are looking for ways to operate with limited resources. The solution for many companies is to streamline operations so that they can do more with less. In fact, one-third of SMBs from the Paychex survey say they plan on leaning on technology to increase company efficiency.

Streamlined operations free you and your team up to focus on rebuilding, taking care of customers, and growing your business. Consider streamlining the following business functions using new or updated technology as you return to work.

Payroll

Paying staff accurately, on time, and in compliance with federal, state, and local tax agency requirements is a foundational business need. The same applies to calculating, depositing, and filing payroll tax information. Using a payroll provider, such as [Paychex Express Payroll or Paychex Flex](#), can free up time and reduce costly mistakes. These services allow you to report payroll securely from any device, or to integrate payroll with time-tracking software, so that it can be calculated automatically. Paychex is supporting businesses with our new PPP Loan Forgiveness Reporting tool, which uses your 2019 and 2020 payroll data to provide the documentation you need to maximize your PPP loan forgiveness.

Peer Insight: Using Technology to Fuel Efficiency

The fastest-growing companies — those projected to grow 10% or more this year — are the most likely to use new technology when they return to “business as usual” in order to:

- Improve customer service (47%)
- Communicate/ collaborate more effectively (45%)
- Improve record-keeping (34%)
- Boost sales (32%)

Time and attendance

Time and attendance tracking technology allows your business to gather hours worked via time clocks or your staff's mobile devices, no matter where they happen to be. Finding the right tool for your time and attendance needs can help you save time, reduce mistakes, and improve accuracy. Some solutions let you easily track hours worked to monitor which roles may be getting overtaxed and enable employees to view their schedules in advance and communicate with others to make shift changes. [Paychex](#) has flexible options to meet your payroll needs, including online timekeeping through Paychex Flex Time or Paychex Flex Time Essentials, Paychex TrueShift™, and our InVision® Iris Time Clock.



Peer Insight: If They Could Go Back in Time...

When asked what they'd do if they could go back in time to better prepare for the pandemic, SMBs answered, in order, that they would have:

- Created a business continuity plan
- Had financing in place
- Delegated more to free up time to plan better
- Outsourced more functions like payroll

84% of SMBs with a continuity or disaster recovery plan say it's been helpful for COVID-19 recovery.

Payment processing

Easy, quick, and flexible payment processing means you gain access to customer payments without delay and keep customers happy. Whether it's online payments, e-check processing, POS systems, or another type of payment system, you need to find the right solution for your business and its customers. At Paychex we offer several [payment processing](#) solutions to meet various company and customer needs.

Onboarding

Using onboarding software can help ensure that this crucial task is effectively handled while you focus on other work that's important to your business. Paychex's [onboarding software](#) can easily confirm that you've collected new employee Form I-9s, W-4s, and state withholding forms; voluntary self-identification documentation; and an employee's direct deposit authorization where applicable. It can also provide confirmation that an employee has received a copy of the employee handbook. And, it makes it easy for employees to enroll in, view, and modify health insurance plans or make retirement plan selections. Once all this documentation is in place, you can use the same platform to close skills gaps with training via on-demand courses that can be accessed by staff at any time, from any location.

Benefits administration

Managing benefits through a single, integrated human capital management (HCM) platform eases administration for your business and access for employees. Paychex [benefits administration](#) solution allows secure, online, paperless access to documents and forms — enabling enrollment, changes, and updates in real time — from any device or location. Online benefits management helps with accuracy, provides peace of mind that you're meeting requirements and deadlines, saves administrative and staff time, and gives you control over benefits and costs.

Conclusion

SMBs are known for their ability to adjust and evolve. Creativity, grit, and a focus on the right resources can help your company succeed with rebuilding. Learn about how to support your team during this time with our guide, *SMB Peer Insights: Team Rebuilding*.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of integrated human capital management solutions for human resources, payroll, benefits, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small- and medium-sized business owners to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves approximately 670,000 payroll clients as of May 31, 2019, across more than 100 locations in the U.S. and Europe, and pays one out of every 12 American private sector employees.

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