

Alice Bredin Talks Optimism of Small Business Owners Amidst COVID-19

PAYCHEX
Business
Series

Coronavirus



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Full transcript

Gene Marks:

Hey everybody, and welcome to the Paychex Business Series Podcast. My name is Gene Marks. I'm a certified public accountant and regular business columnist for a bunch of publications that you probably know, like *The Guardian*, *The Hill*, *Forbes*, *The Philadelphia Enquirer*, and *Entrepreneur Magazine*. But more importantly, I'm a small business owner. My 10-person company provides financial and technology management services, and I'm always in need of expert advice. That includes real-life advice from real-life business owners like myself on how they're handling the challenges of running those small businesses. That's what this podcast is all about.

Today I'm speaking to Alice Bredin. Alice is the founder and president of Bredin, Inc., a market research firm. Paychex has been conducting weekly snap polls with Bredin to gain insight to the business attitudes during the COVID-19 pandemic. Alice's surveys have asked about 300 business owners across the country about how they're managing their businesses, supporting employees, staying financially fit, and planning for reopening. I've got lots of questions to ask about your most recent survey results, Alice, so welcome back to the podcast. Great to be speaking with you again.

Alice Bredin:

Hello.

Gene Marks:

Hello. So Alice, let's just dig into it. Okay, so you had a survey that was just recently released. Tell me a little bit about your findings, particularly about small businesses' optimism and their outlook for recovery.

Alice Bredin:

There are a couple of pretty interesting things from this recent wave, that's what we call it here, which we just wrapped up a week or so ago, late May. I think let's start with the part that I'm most interested in, which is 63% of small and medium business owners—those are companies with 500 or fewer employees—say that the worst is behind them for their business. I think that's interesting standing on its own. Add to that that 39% of SMBs said that they believe the worst is behind the U.S. economy. They don't necessarily see themselves in a field of roses, but they're feeling pretty good about what they've been through and where they're headed.

Gene Marks:

Yeah, that's great news to hear. It's good to hear that people have that sort of attitude as we're just emerging from COVID-19. For those of you listening, we're recording this at the end of May. It's time-sensitive and date-sensitive, and having that optimistic outlook is important. Alice, do you think small businesses can be over-optimistic? Do you think that they tend to? I mean, this is what you do for a job, you do market research. You have to evaluate the accuracy of the data as it is. What do you think? Do you think small businesses can be over-optimistic or look at the world with the glass is half full type of attitude?

Alice Bredin:

Well, I think that to start a small business, you probably have to look at the glass half full at all times. Because you if really just looked at the data around success and failure, the numbers aren't in your favor. But most business owners, particularly the successful ones, just ignore that and plow ahead. So, I mean, absolutely to your question, there's a hint of the innate small business optimism in these numbers, for sure. The other thing I see in this data is ... I mean, if they say the worst is behind them, you have to also look at what they've been through to date.

Right now, to date, I mean the last month or so of this pandemic, we know that at this point 46% are fully open and operational, 42% are operating on a limited basis, and 12% are still closed. That doesn't add up to a hundred; there is a smattering of other things in there, but those 12% plan to reopen. But that really paints a picture of where they've been, so when they say the worst is behind them I don't think they believe that smooth sailing is ahead for each and every day, but I just think that they've been through a lot already.

Gene Marks:

You're not discounting in any way for the fact that businesses, and I'm one of them, can sometimes be a little bit more optimistic than reality?

Alice Bredin:

No, and I mean, good for them. Because as you well know, having built a successful company, you need that glass is half full perspective to get through the days when things don't look rosy and things aren't going well. That's what keeps you going. I don't know if there would be a more fruitful perspective at this juncture for business owners.

Gene Marks:

Fair enough.

Alice Bredin:

Because what's ahead is ahead. I do think there's an opportunity for planning, and business owners will tell you that. That if they could go back in time, they would have wished that they had spent more time delegating, planned more, both in terms of creating a business plan and a business continuity plan. The data showed that, so what they wish they had done in the past, they should probably be thinking about doing now. I think that's the optimism that we're hearing, and it's the optimism that will get them through ultimately, too.

Gene Marks:

You said in your study that the largest businesses are the most optimistic about their recovery. So first of all, how do you define these largest businesses? How big are they? The second part of that is why do you think the larger ones are more optimistic than the smaller ones?

Alice Bredin:

Well "large" in the survey is companies with 50 or more employees.

Gene Marks:

Okay.

Alice Bredin:

And so, as you well know, because you help these companies, when you're larger, you're under some pressure in certain regards. Because you have fixed costs, more fixed costs, maybe more overhead, you can't pivot as easily, et cetera. But what you have on your side, and the reason I think the larger companies are feeling more optimistic right now, is that you probably aren't as dependent on one or a few customers. You may have more experienced arms and legs and brains to throw at your upcoming challenges, like increased marketing, evolution of your company to be more digital—some of the things that we know businesses tell us they're focused on right now from the research. So those two factors, I think, keep them a little feeling brighter.

Gene Marks:

How about industries, or specific types of businesses. Did you find that any particular industry is showing more or less optimism?

Alice Bredin:

I mean, the optimism doesn't vary too much across the industries. We do see greater reliance on, as you might expect, working at home in the professional services industries. More of a focus, when you look at personal services and things like that, focusing on cleaning and marketing and things of that sort. Manufacturers have been a tiny bit more optimistic actually throughout this whole thing, and actually what we've ... not only have they told us that, thanks for bringing that up, we've also heard some interesting pivoting stories in the manufacturing space. Some of them have been in the news—the brewers turning to creating Purell, the other companies doing all kinds of things—those are the big ones that have been all over the press. But I do think manufacturers have taken a look at their assets, their customer bases, and tried to put the resources to work as much as possible.

Gene Marks:

Yeah, I have a friend of mine who runs a company actually in the Bronx, and they manufacture T-shirts and commercial items, clothing items. They pivoted to making masks and PPE stuff and got some state contracts to do it as well. That worked out for them really well. I was surprised when you said in the data that no specific industry stood out as being more or less optimistic. I mean, for example, if I'm a restaurateur, I would not be feeling very optimistic for the next six months or so. That took me by surprise.

Alice Bredin:

Well, I mean, we did not speak in the survey to businesses who are no longer operating. So I think that in the restaurant industry, I think that there are a lot of really unfortunate and sad outcomes that have ended up in that camp. When we look at data around restaurants, we're looking at those who have made it, or who believe they're going to make it. I think that's one way you need to look at the data here.

Gene Marks:

Did you look at any regions either? Were there any specific parts of the country where optimism or the prospects for recovery were considered to be more so than in other parts of the country?

Alice Bredin:

Well, I think we see slightly more optimism in the Midwest, and that might be where companies are ... there are quite a number of manufacturing firms, so we see a little bit more optimism there. In terms of the changes companies are making to keep themselves operating, when you look at places with a lot of high-tech companies on the coasts, you see those companies having a much easier time pivoting to having employees work from home because that's just a natural. Across the whole universe of companies we talked to, 61% of businesses have employees working at home. That obviously is super easy if you're all doing information technology or knowledge-based businesses or things of that sort.

Gene Marks:

Do you see this optimism turning into hiring or more investments in the future?

Alice Bredin:

Well, we certainly know that ... I mean, forget the future, we know that just right now, when you ask businesses what they're going to do differently, they are going to really focus on using technology to get more done. Thirty-four percent of businesses in the survey said they were using technology more, and they told us that's when they returned to business. But that's happening right now, so that's current day. Then they'll be using it for collaborating, which makes total sense, but also to have an easier time with sales and marketing.

That makes sense because being digital right now with your marketing and looking at using social media and things of that sort are really going to be essential as businesses either raise visibility about being back open, or pivot to be more digital, or would do whatever they might be doing. But it's not just for their marketing and keeping in touch, like we're doing right now. It's also businesses looking at just doing more with less, is how I've been thinking about it. That means using tools for everything from bookkeeping, to payroll, to managing benefits, to just all kinds of administrative stuff. Because you and I have talked about this before, I mean, it's such a time-eater. Small businesses can be slow, no offense to anyone, to jump onto the automation bandwagon, but when they do they're really happy.

Gene Marks:

Man, from your lips to God's ears. My company sells CRM, customer relationship management software. So I hope that your data turns into reality and people do focus more on technologies, and sales and marketing technologies. It's important. What about you, Alice? I mean, in your business, are you optimistic? Do you have any big concerns between now and the end of the year?

Alice Bredin:

Well, really what we think about sometimes is how hard it is to imagine going back to the office. I mean, we will. We own our own building, so it's just sitting there and waiting for us, but we have ... Mostly, it's hard to imagine shifting back to that, as challenging as it's been to work from home, just because you wonder about everyone coming in on the T—that's the train system in Boston—and everywhere else with all their germs, so I think that's my biggest worry right now.

Gene Marks:

Alice Bredin is the founder and president of Bredin, Inc., a market research firm, who just conducted and completed a survey for Paychex, a snap poll that gained some insights into business attitudes, and things are looking more optimistic, which is great news for us. We have another podcast I'm going to be doing with Alice. We're going to talk about some strategies and getting back to work and what small businesses are telling her. Hopefully you'll tune into that as well.

Alice, thank you very much for joining me, this is really interesting stuff. 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. Thanks again, Alice. Thanks everyone for listening, and we will see you next time.