



2021 U.S. Small Business Recovery and Technology Report

The Role of Technology in the Small Business Pandemic Recovery



Welcome

Over the past two years, U.S. small-business owners have faced unthinkable challenges driving major changes and significant growth in technology usage. The pandemic has changed how we work, how we strategize business plans and how small businesses move toward recovery. One of the most important functions of that recovery is access to, and reliability of, technology.

To help provide clarity on where small business currently is on that path to recovery and the critical role technology plays—and will continue to play—NSBA and Cisco have partnered to conduct this survey of 1,150 small-business owners from every state and every major industry in the nation. Together, we are pleased to provide the results of that survey in this document, 2021 Small Business Recovery and Technology Report.

Celebrating more than 80 years as the nation's first small-business advocacy organization, part of NSBA's mission is to address the needs and represent the concerns of the small-business community through our staunchly nonpartisan advocacy. Cisco is the worldwide leader in technology that powers the Internet, with simple solutions to help small businesses solve complex IT problems that strengthen your business today and prepare for tomorrow.

Our report found that, although small business is continuing to fight back from the pandemic, confidence and economic outlook remain much lower than pre-pandemic levels. And while technology undoubtedly has played a major role throughout the pandemic, small-business owners have not been able to place the needed priority on their technology strategies.

Among the key findings:

- Economic Security remains the number one concern with regards to COVID-19 among small-business owners.
- The number of small businesses who said their biggest concern related to the pandemic was another outbreak and/or other COVID variants nearly doubled over the past year.
- The most common workplace accommodation small employers have or plan to make are healthy-workplace practices.
- One-in-five small-business owners say they are not confident they will fully recover from the pandemic.
- Seventy percent of small-business owners report some level of remote work by either themselves or their employees over the past year.
- The number one challenge small-business owners face when it comes to technology is taking appropriate security precautions.
- Fewer small-business owners today say they have a high understanding of cybersecurity issues than two years ago.
- Just 34 percent of small businesses have completed a technology audit.

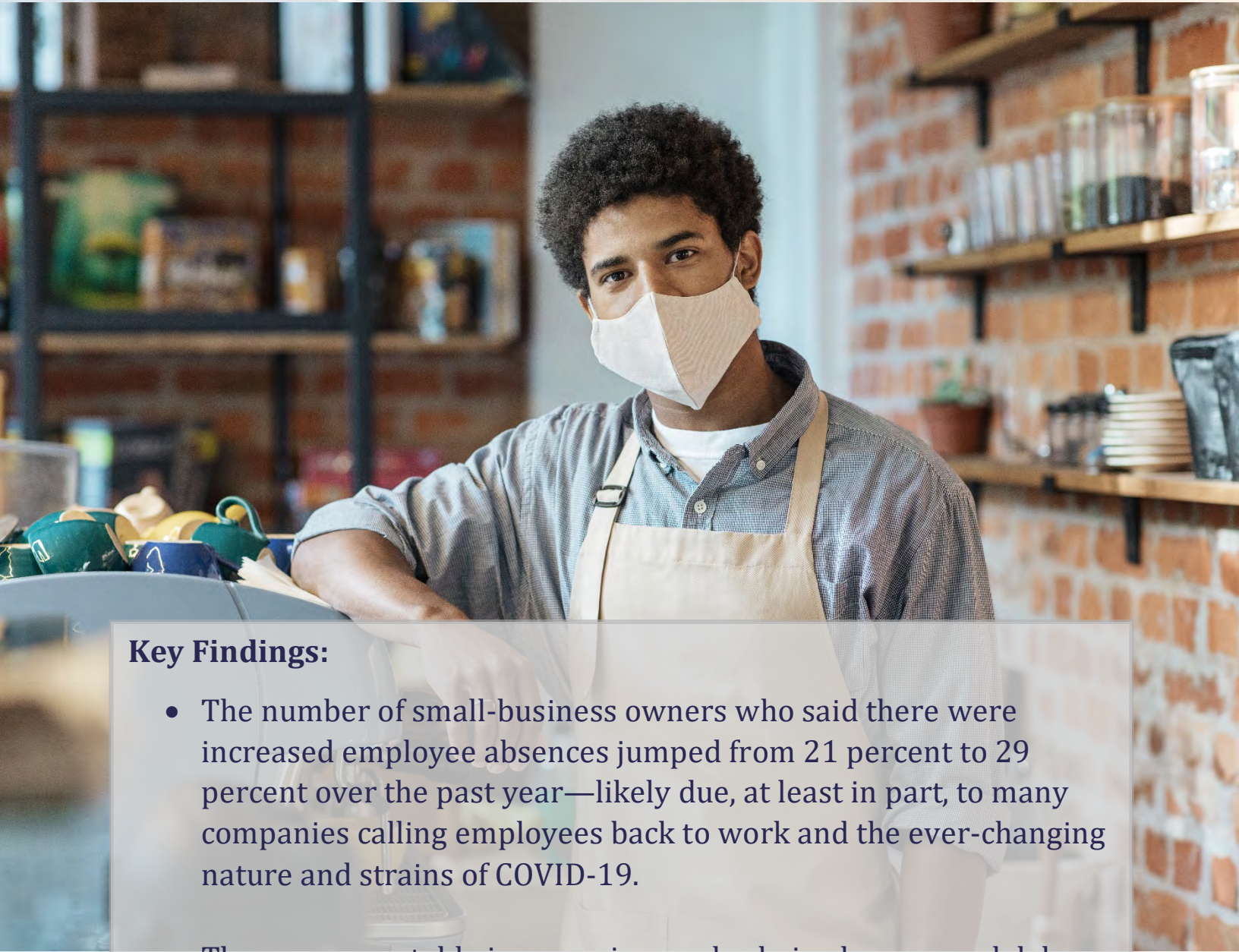
We hope you find this report useful. Please contact the NSBA media affairs department for additional details.

Sincerely,

Todd McCracken
NSBA President and CEO

Kerry McDonough
Director, Cisco Small Business Sales

Pandemic Impact

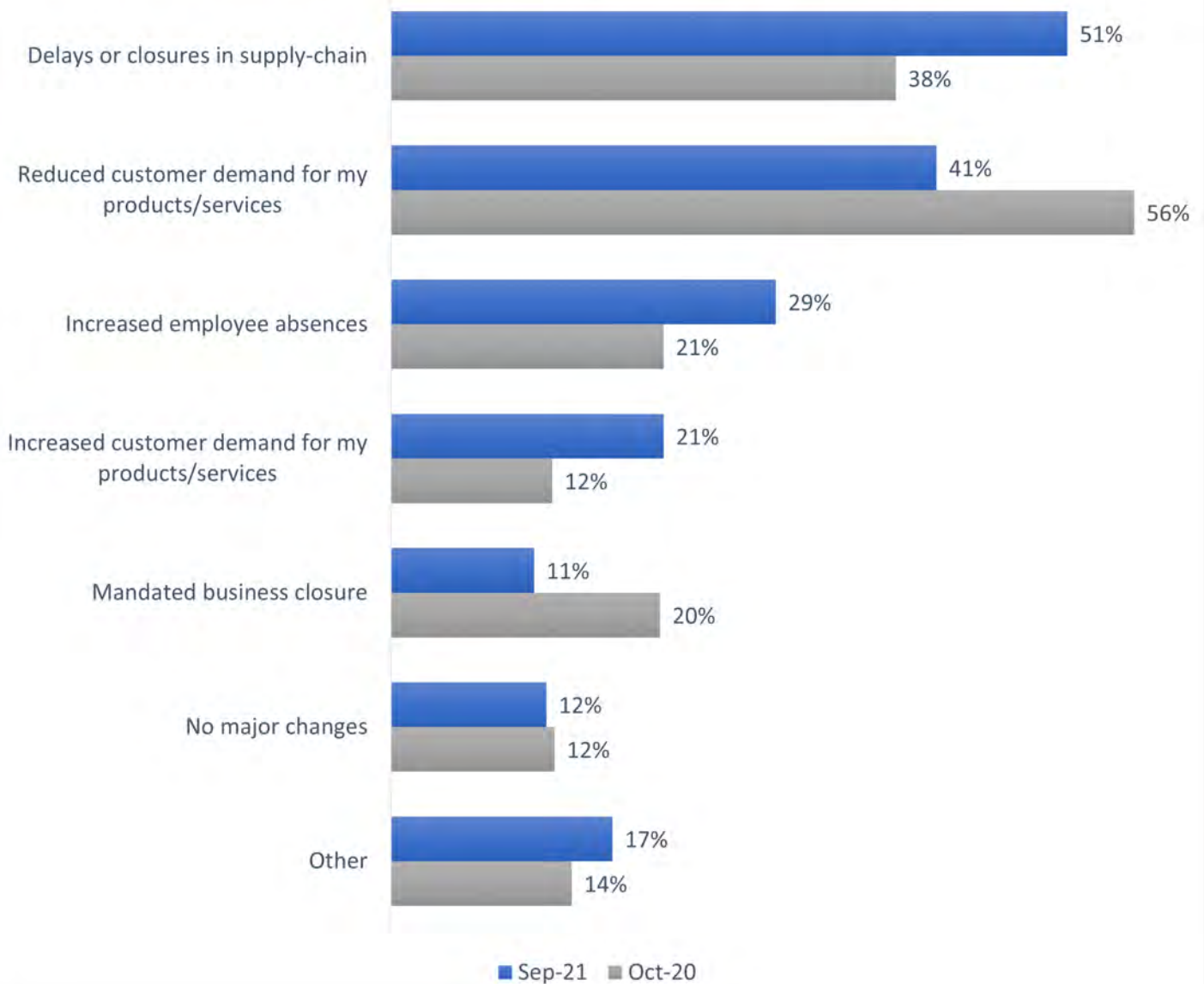


Key Findings:


- The number of small-business owners who said there were increased employee absences jumped from 21 percent to 29 percent over the past year—likely due, at least in part, to many companies calling employees back to work and the ever-changing nature and strains of COVID-19.
- There was a notable increase in supply chain closures and delays, which tracks with the extended shipping delays currently impacting businesses in the U.S.
- One particularly positive trend shift: there was a 25 percent drop in small-business owners who say they were experiencing reduced customer demand.

Pandemic Impact

In which of the following ways is your business currently being impacted by the pandemic and economic slowdown? (Check all that apply)



Pandemic Concerns



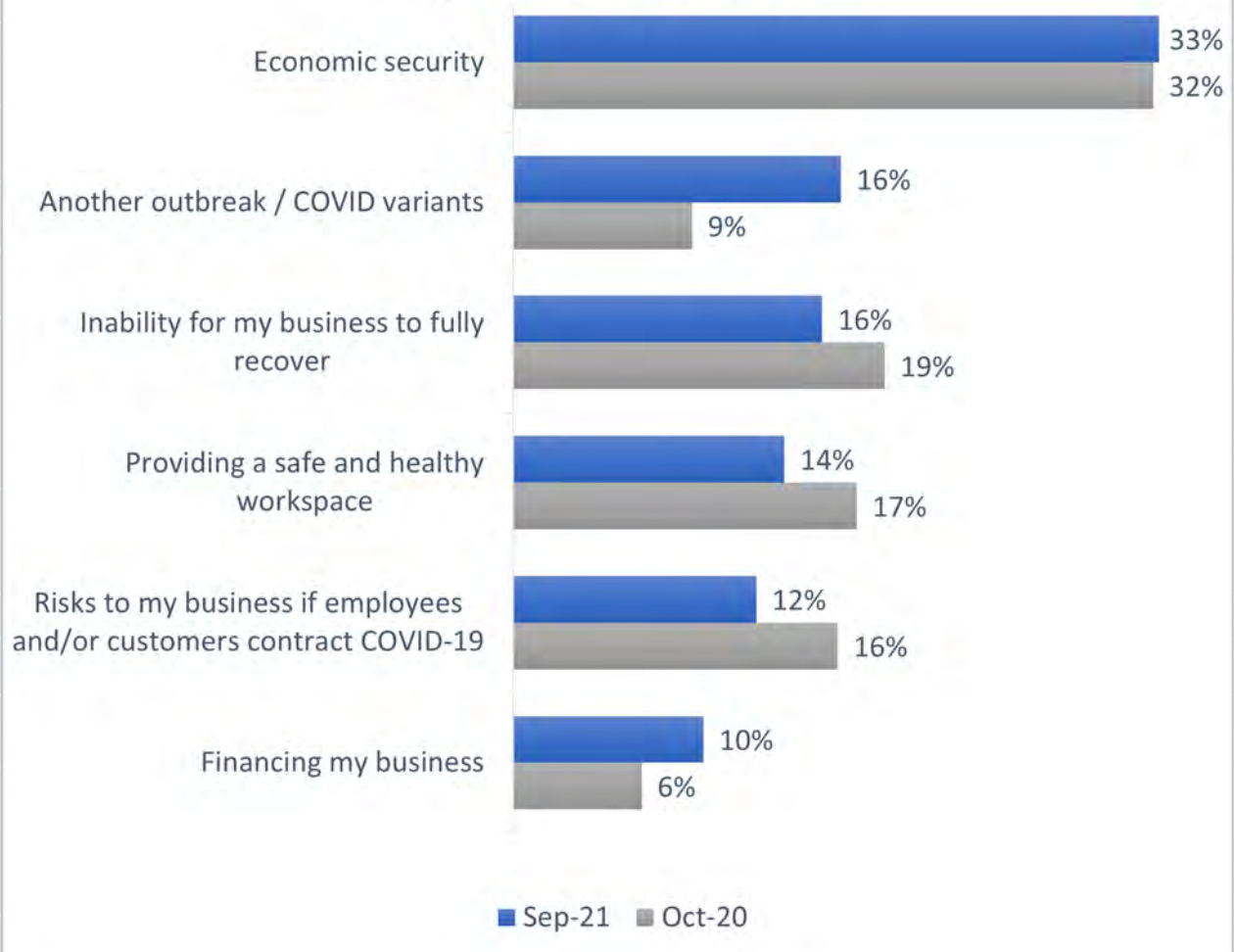
TEMPORARILY
CLOSED
COVID-19

Key Findings:

- Economic Security remains the number one concern with regards to COVID-19 among small-business owners.
- While still a relatively small number, the number of small businesses who said their biggest concern related to the pandemic was another outbreak and/or COVID variants nearly doubled over the past year.

Pandemic Concerns

What is your biggest concern today with regards to COVID-19?



Pandemic Accommodations

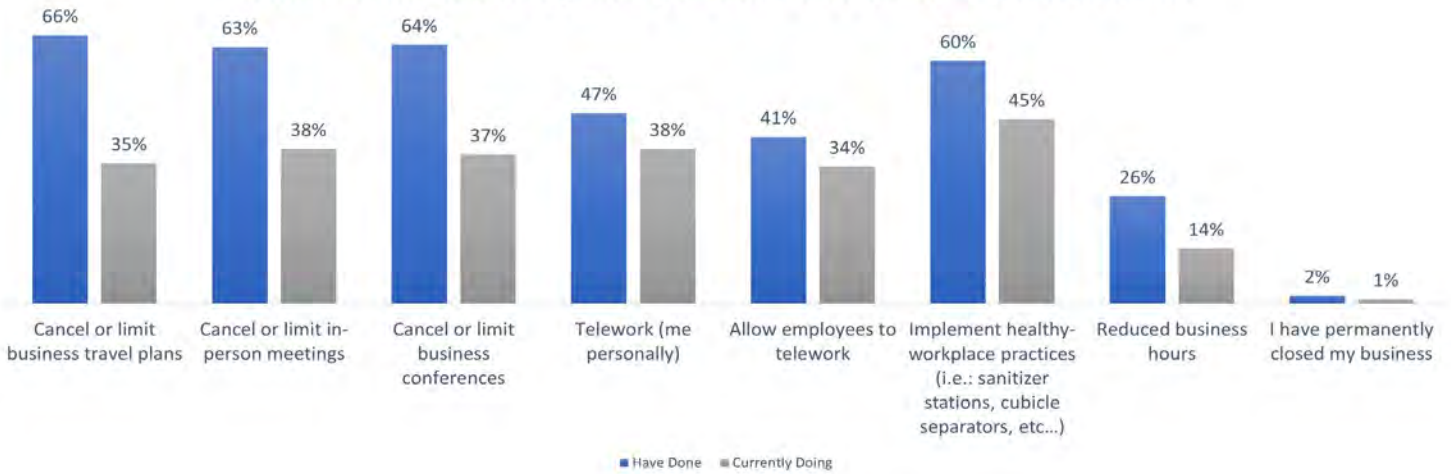


Key Findings:

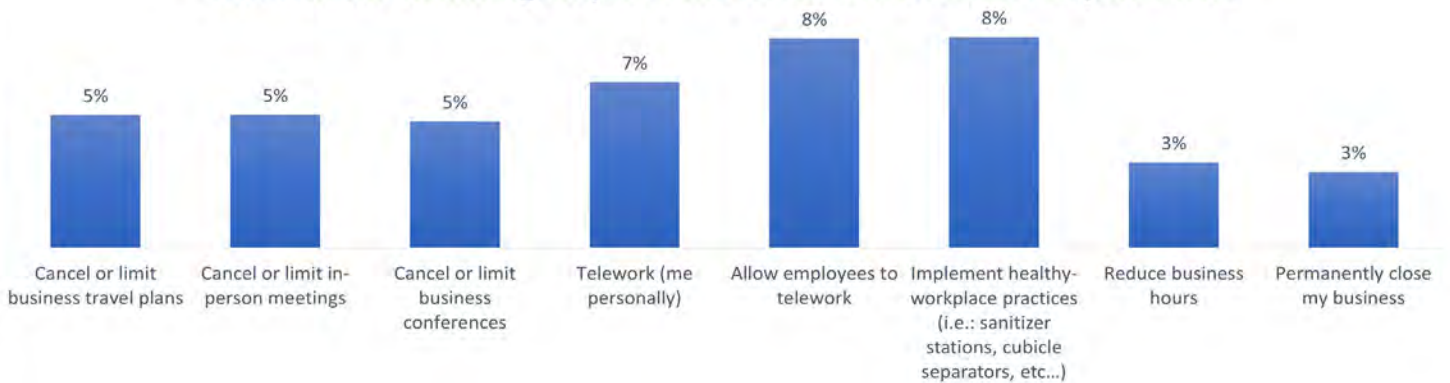
- The most common workplace accommodation small employers have or plan to make are healthy-workplace practices.
- Thirty-three percent said they have not and do not plan to allow employees to telework. It is important to note, however, that 38 percent of respondents are in industries where telework isn't feasible such as construction and manufacturing.

Pandemic Accommodations

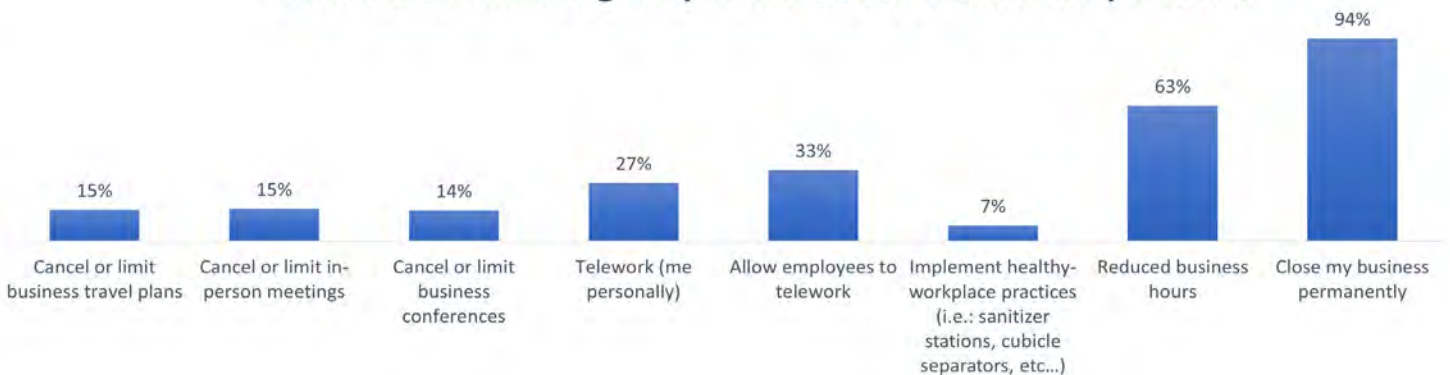
Which of the following have you done as a result of the pandemic?



Which of the following do you PLAN TO DO as a result of the pandemic?



Which of the following will you NOT do as a result of the pandemic?



Business Recovery



We're Open Again

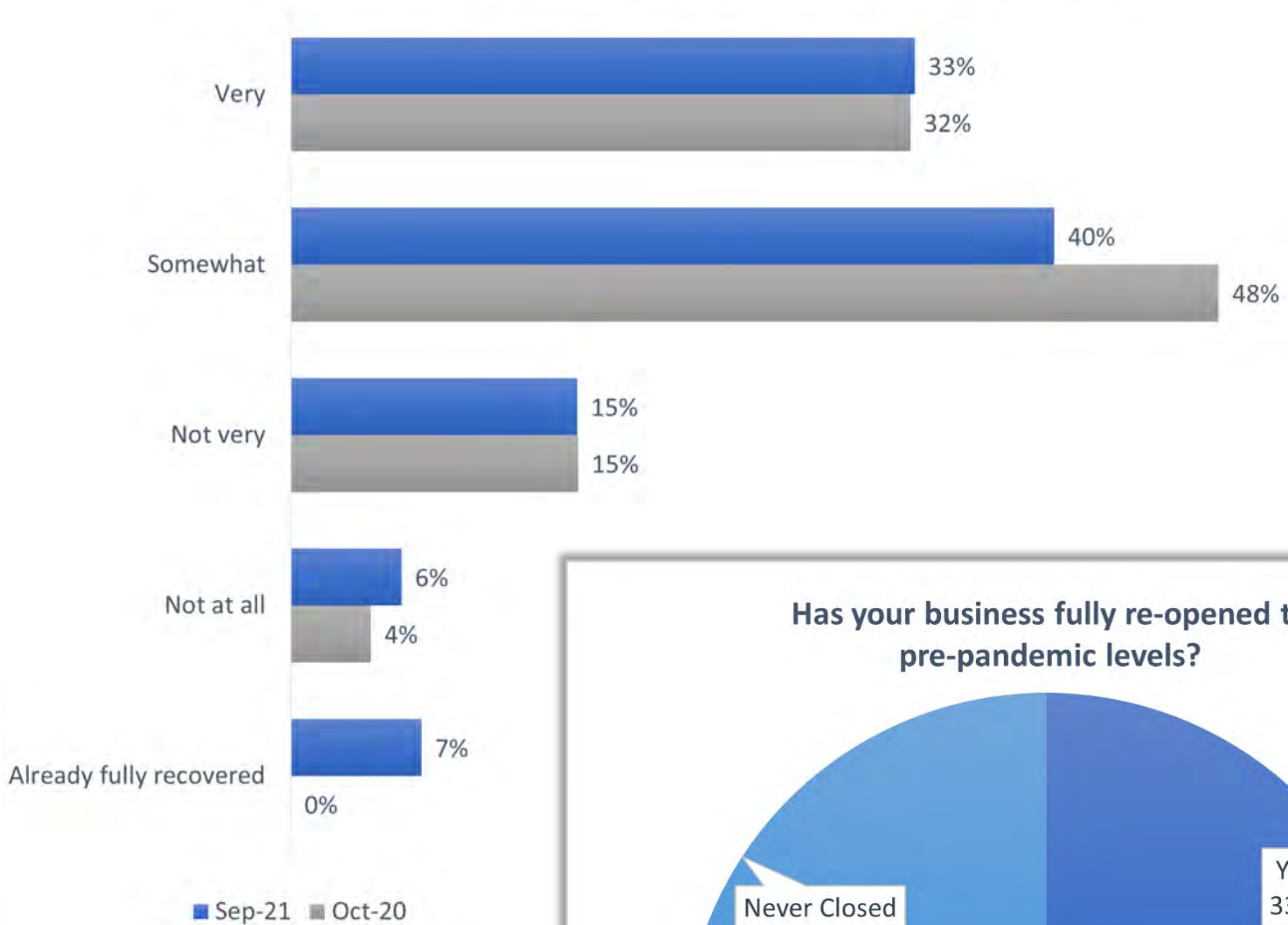


Key Findings:

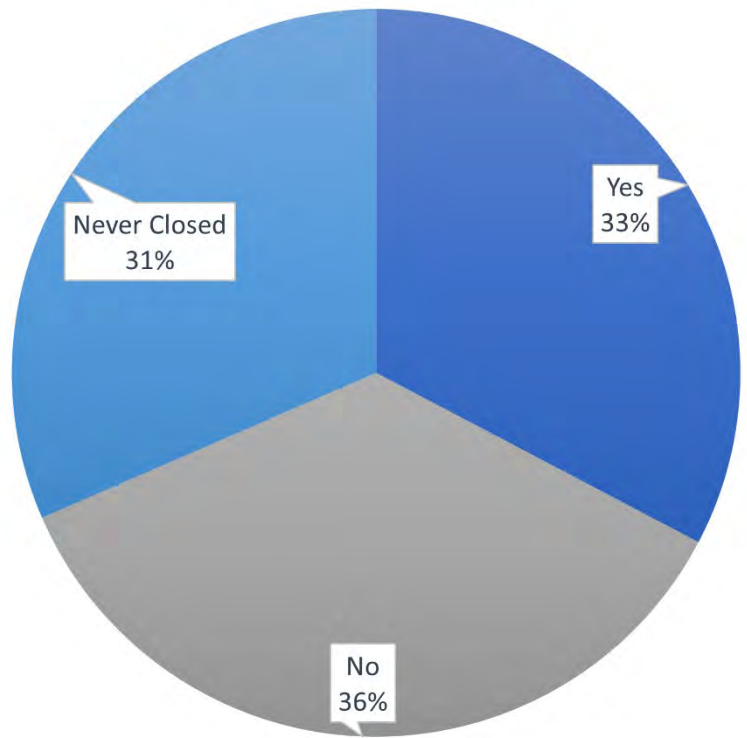
- There has been relatively little shift in small-business owners' confidence over the past year. One-in-five say they are not confident they will fully recover from the pandemic.
- While the majority, 61 percent, say they are fully reopened or never closed, it is worth noting that one-third still are not at pre-pandemic levels.

Business Recovery

How confident are you today that your business will fully recover from the pandemic and related economic downturn?



Has your business fully re-opened to pre-pandemic levels?



Remote Work

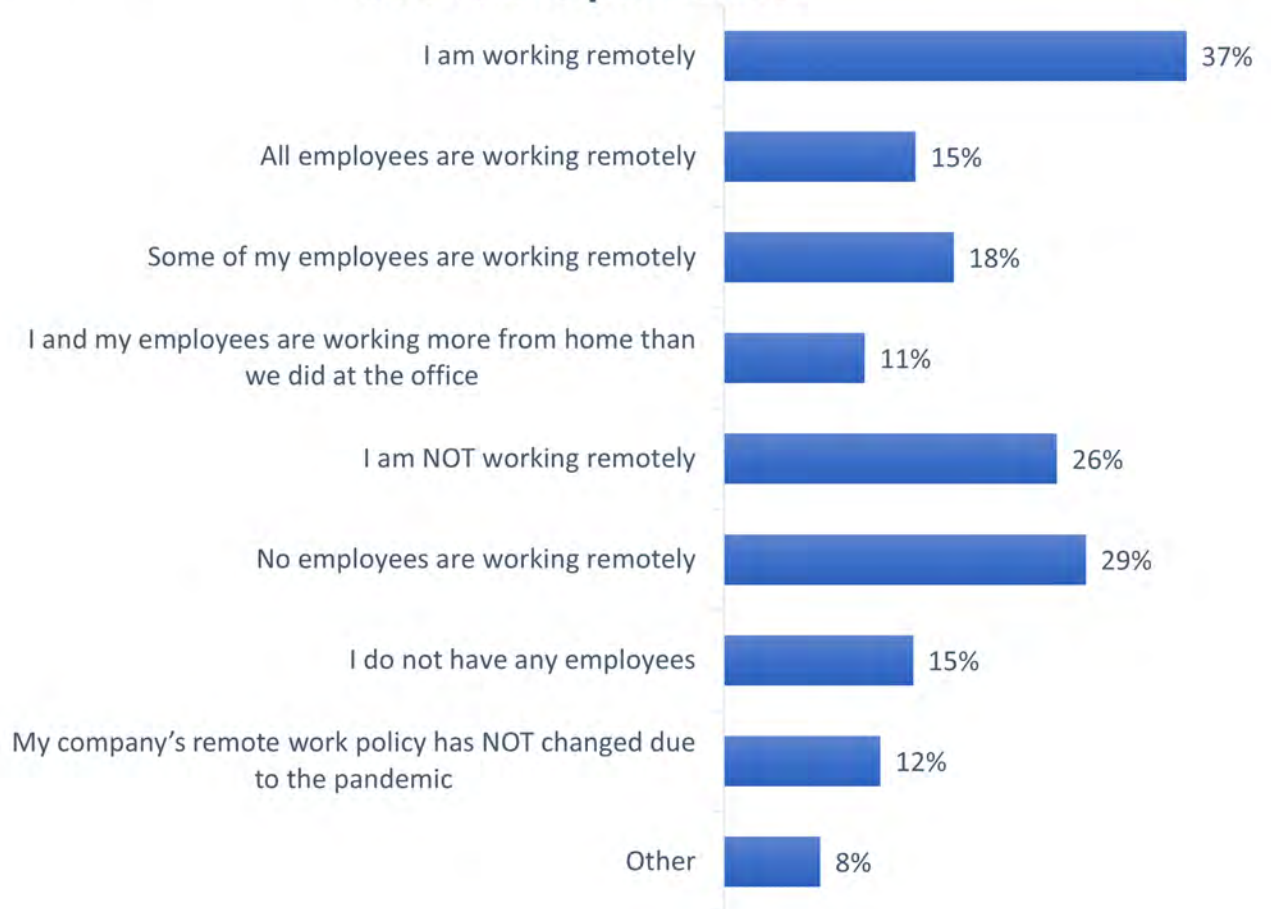


Key Findings:

- Seventy percent report some level of remote work by either themselves or their employees.
- Among small-business employers and employees, about one-in-four are NOT working remotely, likely driven—at least in part—by the fact that about one-in-three respondents are in industries where remote isn't feasible, i.e.: construction and manufacturing.

Remote Work

Please indicate which of the following statements are true regarding your company's remote working situation due to the pandemic.



According to Cisco's October 2021 [Hybrid Work Index](#), 64 percent of individuals say that the ability to work from anywhere instead of coming into the office directly affects whether they stay at or leave a job.

Doing Business Online

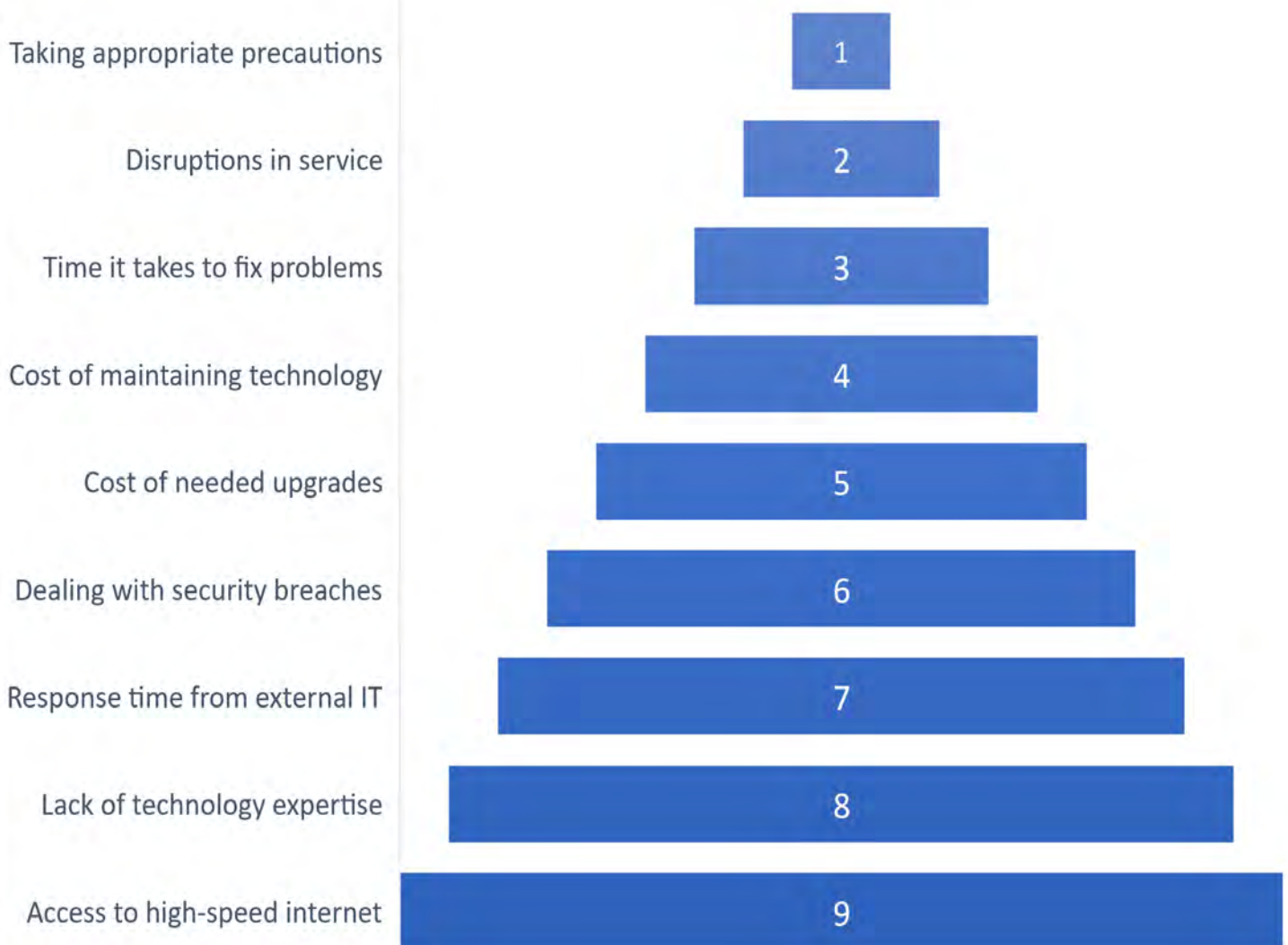


Key Findings:

- The number one challenge small-business owners face when it comes to technology is taking appropriate security precautions, followed by disruptions in service and the time it takes to fix problems.
- Nearly half of small-business owners handle company tech support themselves.
- Banking and bill pay are the top operational activities conducted online by small businesses.

Doing Business Online

Top Ranked Technology Challenges

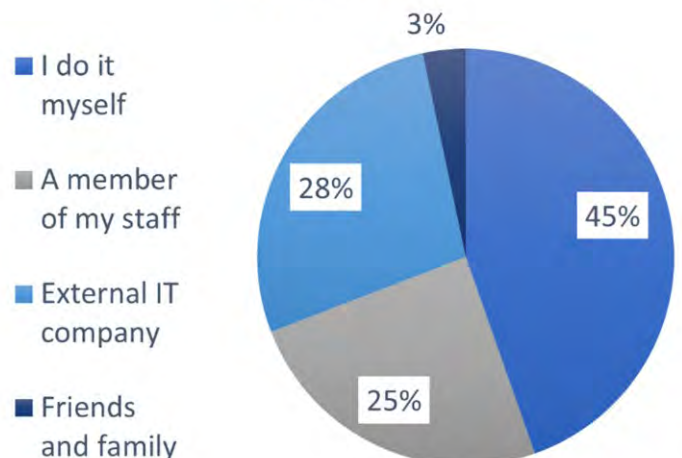


Doing Business Online

Which of the following business activities do you conduct online?



Who is primarily responsible for your tech support?



Cybersecurity Preparedness

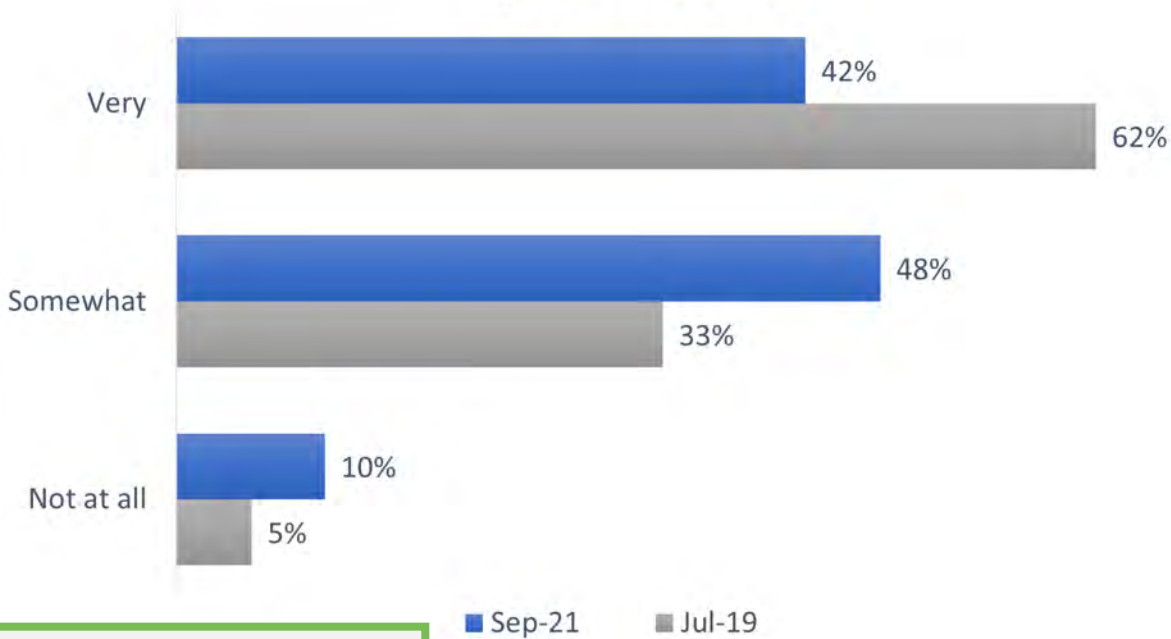


Key Findings:

- There was a notable drop from July 2019 in the number of small-business owners who said they are “very concerned” about cybersecurity, likely driven by growing concerns over pandemic-related economic slowdowns and keeping business afloat.
- More small businesses’ cybersecurity is being handled by the owner than any other IT resource.

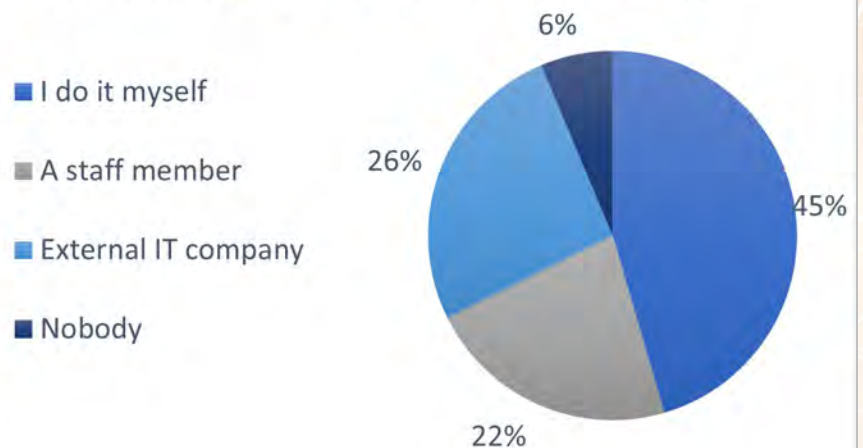
Cybersecurity Preparedness

How much of a concern is cybersecurity for your business?



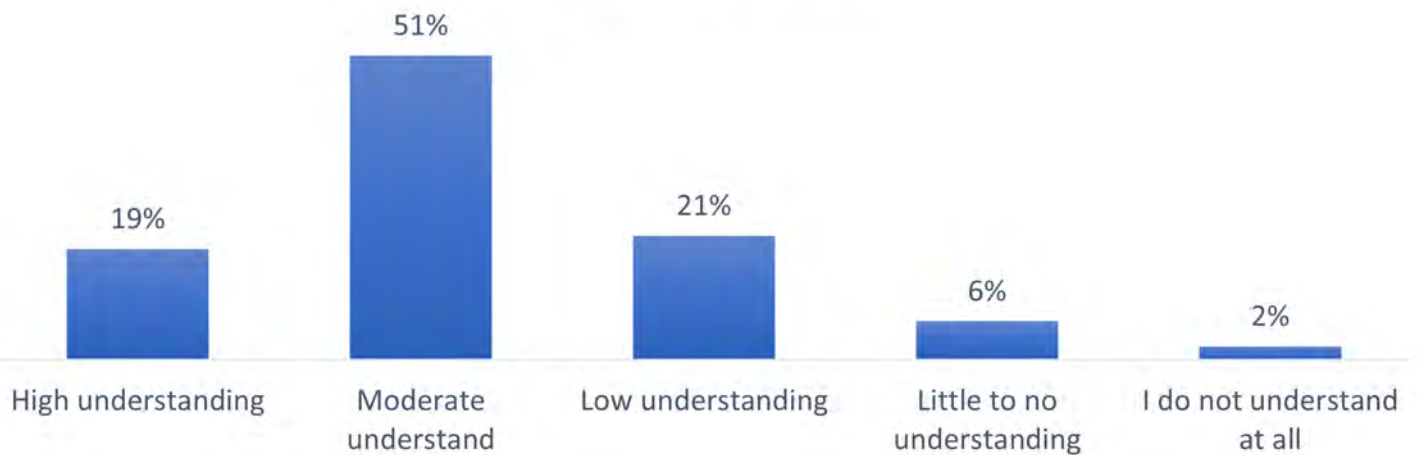
Unfortunately, the decrease among small-business owners who said they are “very concerned” about cybersecurity does not correlate with any kind of easing-up in cyberattacks, highlighting a disconnect between perceived risk and the very real threat of a cyberattack.

Who is primarily responsible for handling your online security?

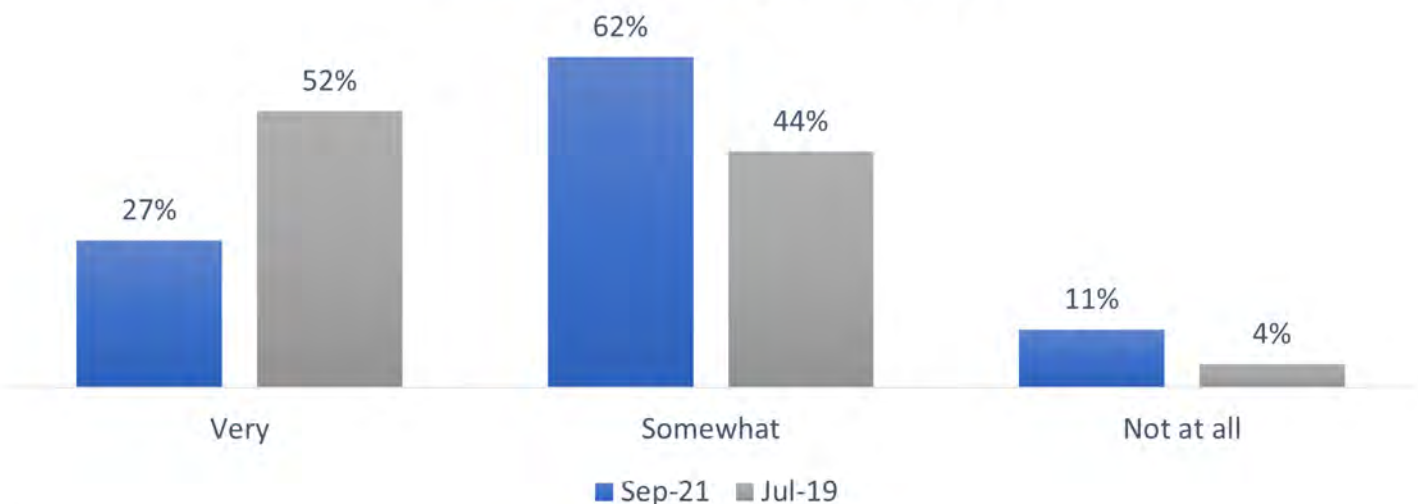


Cybersecurity Preparedness

How would you rate your level of understanding in cybersecurity issues and handling the online security of your business?



How concerned are you that your business could be vulnerable to a cyberattack?



Cyberattacks

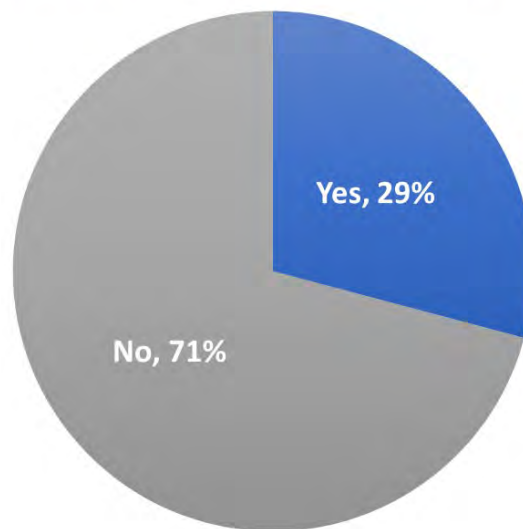


Key Findings:

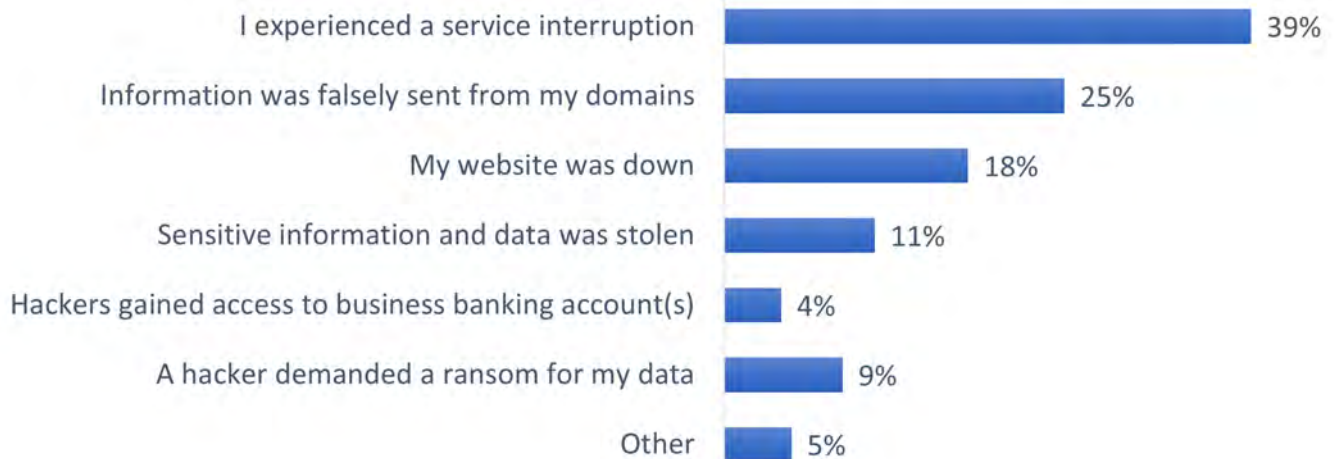
- Although not a majority, nearly one-third of small businesses say they have been the victim of a cyberattack. Among those, half experienced a service interruption and one-in-three had information falsely sent from their domains and/or email addresses.
- More small businesses today say a cyberattack resulted in their website being down compared to two years ago, and growing numbers report sensitive data was stolen.

Cyberattacks

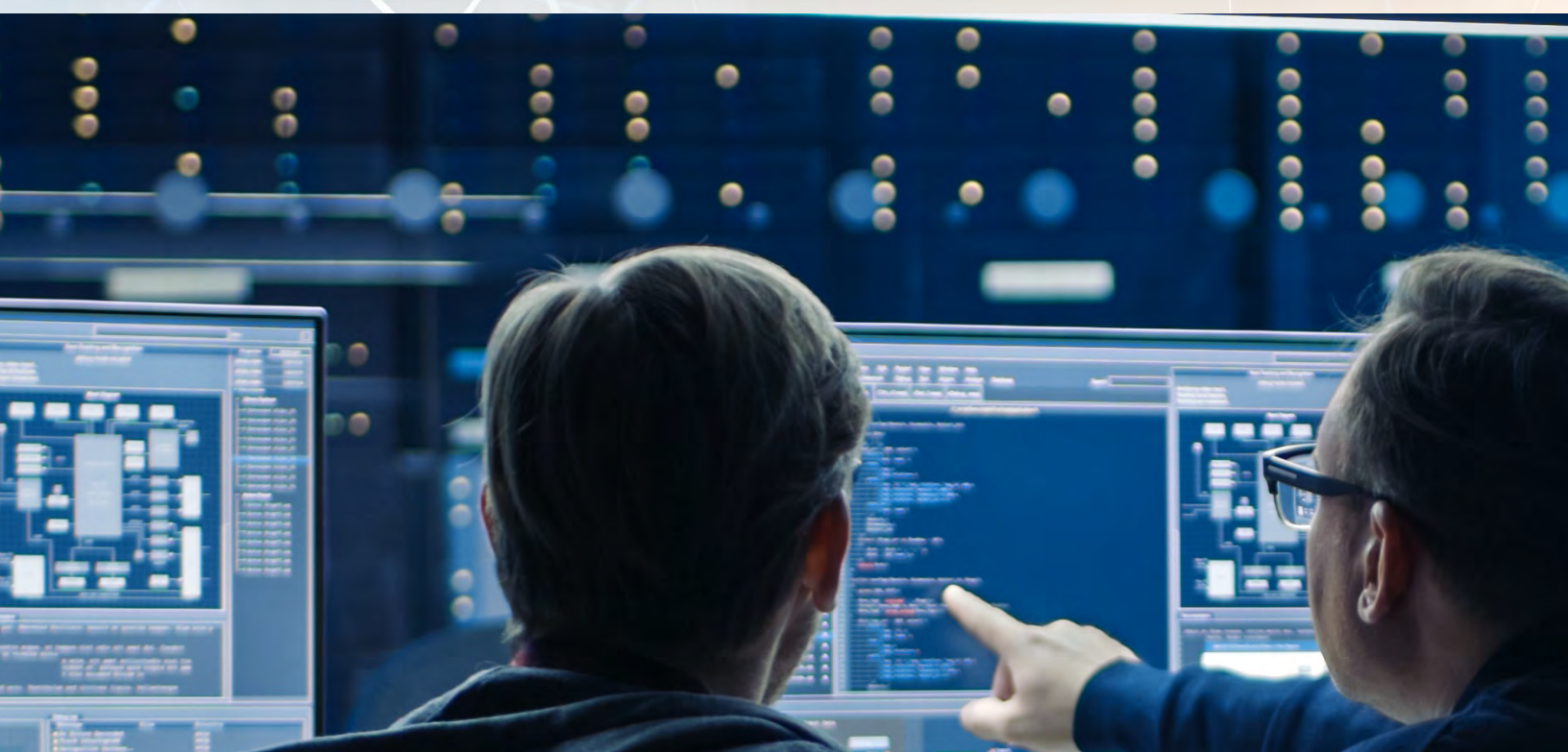
Has your business ever been the victim of a cyberattack?



How did this cyberattack impact your business?



Technology Operations



Key Findings:

- Most small businesses, when asked, rate themselves very successful at keeping up with day-to-day business when asked related to technology.
- Just half of small businesses say they are very successful at avoiding major cyber incidents and meeting compliance regulations.
- The reported success rates small businesses expressed are a reflection both of their relatively small size, as well as last year's turbulence. Many small businesses had to prioritize—or de-prioritize—certain business functions.
- Just one-in-three small businesses have completed a technology audit, meaning most small businesses are missing a critical piece in their overall technology operations.

Q: How successful is your business at the following?

Responses: *Very Successful*



Q: How successful is your business at the following?

Responses: *Moderately Successful*

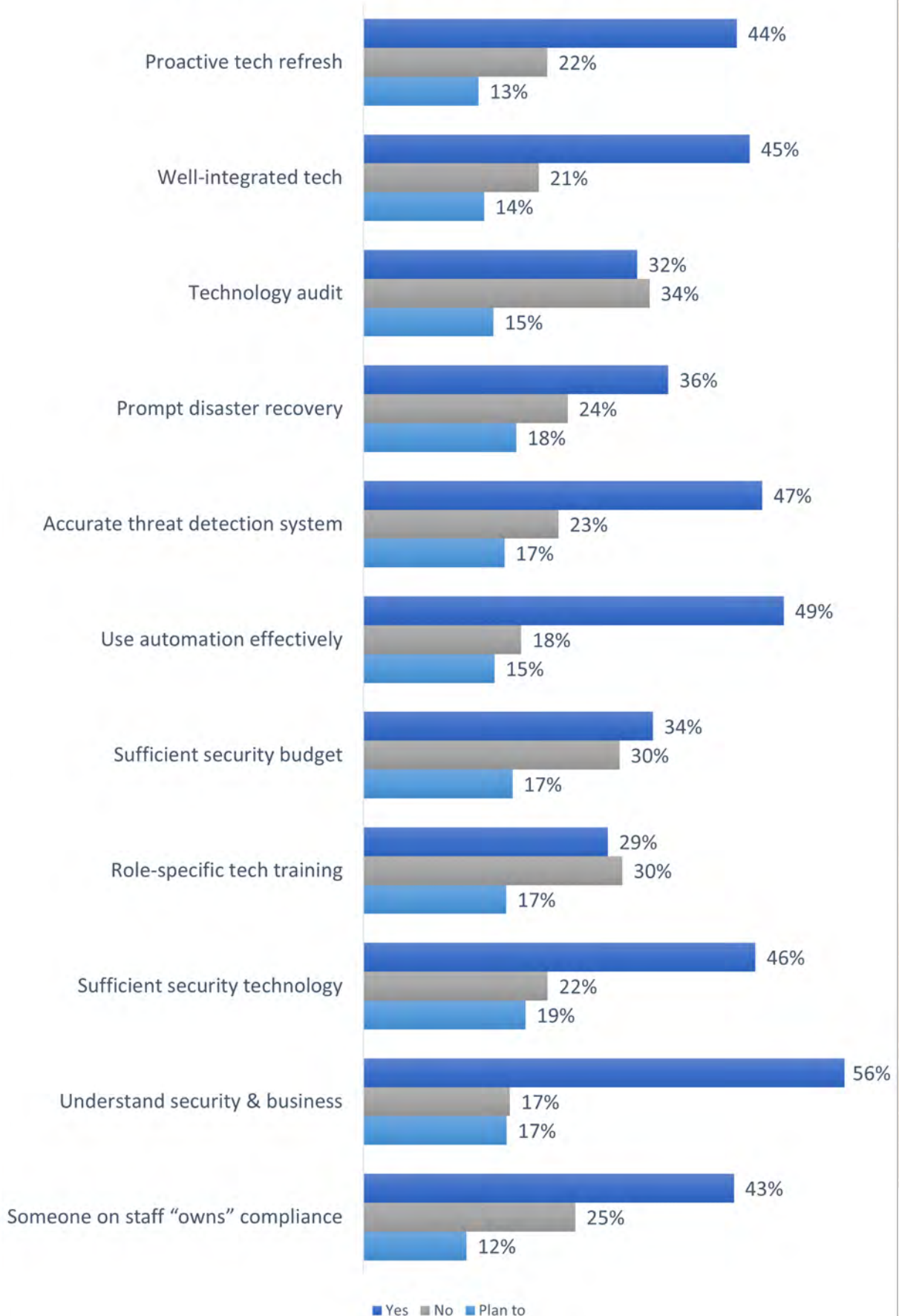


Q: How successful is your business at the following?

Responses: *NOT Successful*



Please indicate if your business has done each of the following technology processes.



Economic Outlook

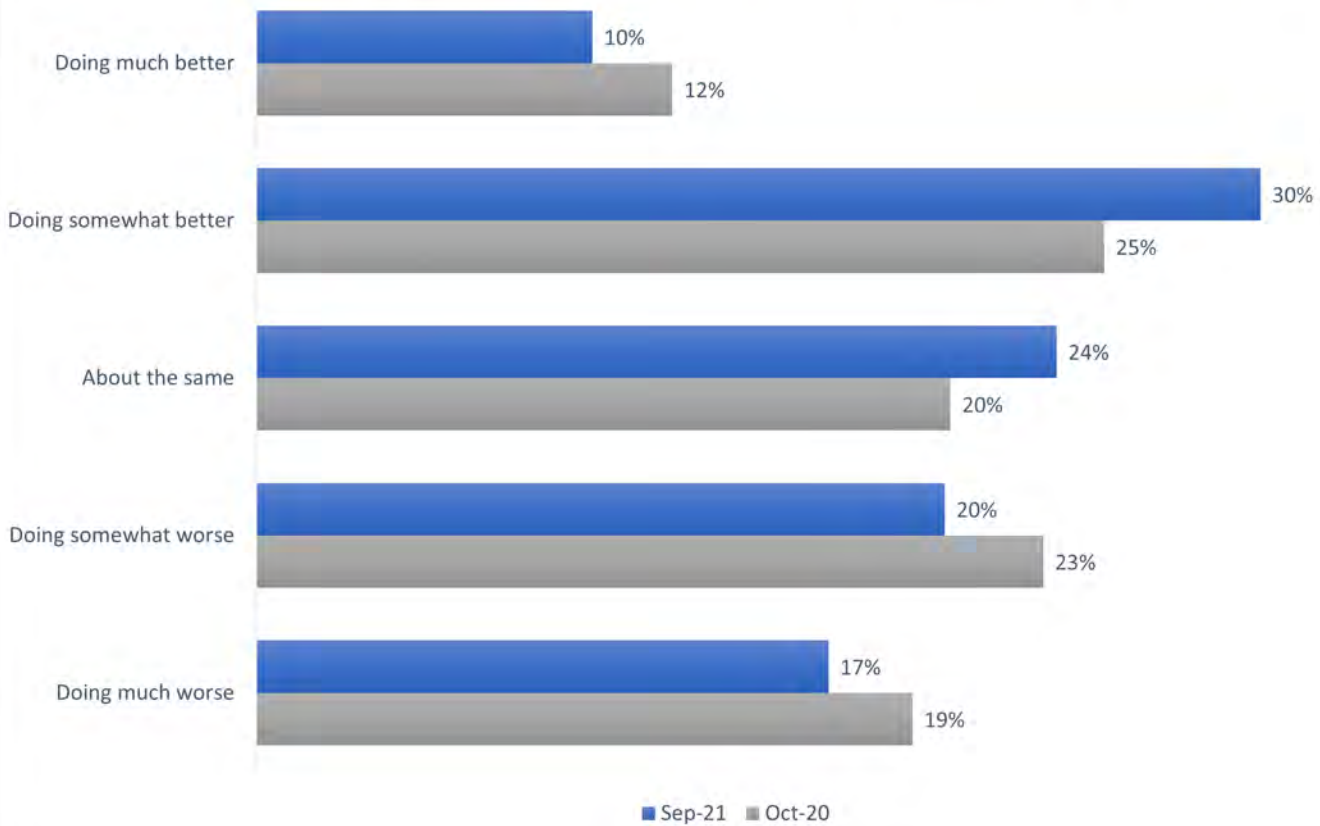


Key Findings:

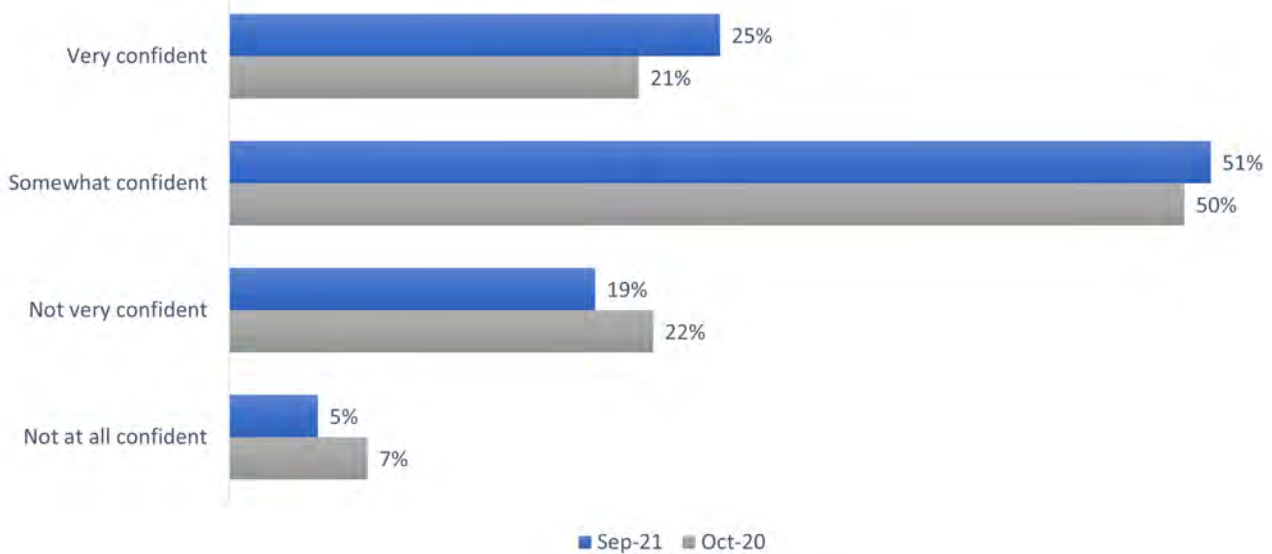
- Today, the small business outlook remains essentially unchanged from one year ago, with one-quarter saying they are not confident in the financial future of their business.
- Asked to compare today's national economy with six months ago, small-business owners are split, with 39 percent saying better and 37 percent saying worse. This indicator is also relatively unchanged from one year ago.

Economic Outlook

Compared to six months ago would you say the national economy is...



From a financial perspective, how do you feel right now about the future of your business?



Demographics

How many total full-time personnel are currently employed by your business?

0	12%
1 - 5	45%
6 - 9	11%
10-19	13%
20 - 99	16%
100 - 499	3%

Which of the following best describes the structure of your business?

C-Corp	18%
S-Corp	36%
Sole Proprietorship	9%
Partnership	2%
LLC	35%

How many years has your business been in operation?

0-3	15%
4-9	23%
10-19	23%
20 or more	40%

Which of the following best describes the industry or sector in which your business operates?

Professional, Scientific and Technical Services	27%
Manufacturing	12%
Construction	9%
Other Services	8%
Retail Trade	8%
Health Care and Social Assistance	6%
Arts, Entertainment, and Recreation	4%
Agriculture, Forestry, Fishing and Hunting	4%
Wholesale Trade	4%
Information	3%
Educational Services	3%
Finance & Insurance	3%
Transportation and Warehousing	3%
Management of Companies and Enterprises	2%
Administrative and Support	1%
Real Estate, Rental and Leasing	1%
Utilities	1%
Accommodation and Food Services	1%

What were your gross sales or revenues for your most recent fiscal year?

Less than \$100,000	25%
\$100,000 to less than \$250,000	13%
\$250,000 to less than \$500,000	11%
\$500,000 to less than \$1,000,000	10%
\$1,000,000 to less than \$5,000,000	22%
\$5,000,000 to less than \$25,000,000	9%
\$25,000,000 to less than \$75,000,000	2%
\$75,000,000 to less than \$150,000,000	2%
\$150,000,000 or more	1%
N/A	5%

In what region is your company currently headquartered?

New England	4%
Mid-Atlantic	19%
Great Lakes	13%
Farm Belt	5%
South	32%
Mountain	9%
Pacific	17%
U.S. Territories	1%

Methodology

This survey was conducted online Sept. 6 – Sept. 20 among 1,150 small-business owners from every state and every major industry in the nation.



2021 U.S. Small Business Recovery and Technology Report

The Role of Technology in the Small Business Pandemic Recovery

