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COVID-19

Report Shows Small Businesses on Road to Recovery

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Isaac M. O'Bannon • May. 05, 2021



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QuickBooks. The report, Intuit QuickBooks Small Business Recovery, published by Intuit, uncovers the varied impact the pandemic has had on small businesses across different industries and geographies since March 2020, when COVID-19 caused many business owners to temporarily shut their doors.

Small Businesses Are Recovering

COVID-19 has had a significant impact on the financial health of American small businesses. In fact, small businesses lost \$4.6 billion in monthly revenue in April 2020 alone compared with their pre-pandemic revenue, according to the report. However, small businesses have proved to be resilient. As of March 31, 2021, 61% of industries saw annual revenue increase compared to before the pandemic, following a largely sustained recovery since April 2020.

“From bowling alleys to dentists, and from coast to coast, no small business was immune to the challenging circumstances that COVID-19 presented this year,” said Alex Chriss, EVP and GM, Intuit QuickBooks. “Despite these challenges, our data shows that small businesses are on a path to recovery, demonstrating the resilience and tenacity that small businesses embody for all of us. The spirit of resilience and recovery is evident across the entire QuickBooks platform, and Intuit is committed to helping businesses learn new ways to grow and thrive in the future.”

The QuickBooks report examines the financial health of small businesses across the United States by leveraging anonymized revenue data from between 800,000 to 1.1 million QuickBooks Online customers. In collaboration with Sand Hill Econometrics founder Susan Woodward, the report uses net bank deposits, which show how much money is going into business bank accounts, excluding government grants and loans, to provide the most complete picture of small business revenues after the onset of the COVID-19 pandemic.

As the trusted partner of small businesses for more than 25 years, QuickBooks used its data and insights to illustrate how small businesses are performing – regionally and by industry – to fully understand the impact of the pandemic on the smallest of small businesses. The businesses represented in this report typically have up to 10 employees. Some have no employees.

“Intuit QuickBooks data has provided extraordinary insights into the pandemic’s effect on small businesses, for worse, and for better. We can see where the recoveries are, and are not,” said Susan Woodward, founder of Sand Hill Econometrics. “Only

QuickBooks can see genuine small company revenues, *monthly*, by industry and location with such accuracy and timeliness.”

COVID Impact on Small Business Report Summary

The impact of COVID-19 on small businesses nationally is clear when analyzing QuickBooks small business revenue data during the pandemic compared to pre-pandemic benchmarks. Throughout 2020, the financial health of U.S. small businesses rose and fell in line with the pandemic as states, counties, cities, and towns responded with varying stringent or lenient COVID-19 operational guidelines. As stricter regulations on how small businesses could operate were put in place, revenues fell; as regulations were lifted, small businesses saw opportunities to rebound. One year later, QuickBooks data reveals that even some of the hardest hit small businesses are experiencing a recovery.

Report Highlights

- COVID’s impact on small business revenue was most severe in April 2020 when revenue dropped by 22% nationwide — equivalent to \$4.6 billion during that month alone compared to before the pandemic.
- In general, businesses in high-density, urban areas — especially on the East and West Coasts — experienced a greater negative financial impact than those in rural areas. Brooklyn, New York and San Francisco, California were among the worst-hit cities.
- Some of the worst-hit businesses were in the recreation industry. Bowling alleys’ annual revenues are down by 33% — a drop of more than \$250,000 per business — compared to before the pandemic.
- Home improvement and real estate businesses have been among the top performers over the past 12 months. At the end of March 2021, mortgage bankers’ annual revenues were up by 30% compared to their pre-pandemic level — an increase of \$147,000 per business.

“We didn’t experience a dip during the pandemic,” shared Dee Johnson, owner of [Au Courant](#), a manufacturer of luxury lighting and unique chandeliers within the construction industry. “With so many people looking to remodel their homes, we were actually quite busy.”

As a non-essential business, Johnson explained they did have to shut their doors for a while, but that gave them time to figure out how to pivot and evolve their business.

“Over the course of the pandemic, we created 400 new products and were able to develop a new product line at a more affordable price point, opening our business up to a new segment of the market,” Johnson said.

To view the full report and learn more about the sample, data, and methodology, please visit <https://quickbooks.intuit.com/r/coronavirus/small-business-recovery/>

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