



## COVID-19: SMALL BUSINESS LIQUIDITY AND DEBT CHALLENGES

*"Tough times don't last, tough people do." Robert H. Schuller*

As we collectively work through pandemic fatigue and continue to push forward, there is hope and uncertainty ahead. This is especially true if you are a small or medium-size business because recent data shows that the COVID-19 crisis has hit SMEs hard across the board.

At IPS, we work with many small companies every day, and it is our mission to be a helpful service and understand current prevailing challenges. In this month's InfoPays, we explore the top 3 pandemic-related issues faced by SMEs according to Stats Canada's third-quarter report of 2020.

### 1. Declining revenue

A staggering forty percent (40%) of businesses sized 1 to 4 employees reported revenue losses vs. a smaller twenty-nine percent (29%) in larger firms with 20 to 99 employees. Among those who reported stagnant revenues, it was a third of businesses with 1 to 4 employees representing thirty percent (30.3%) of respondents.

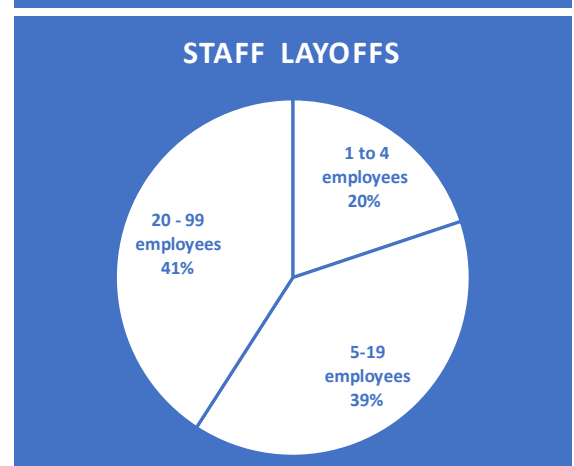
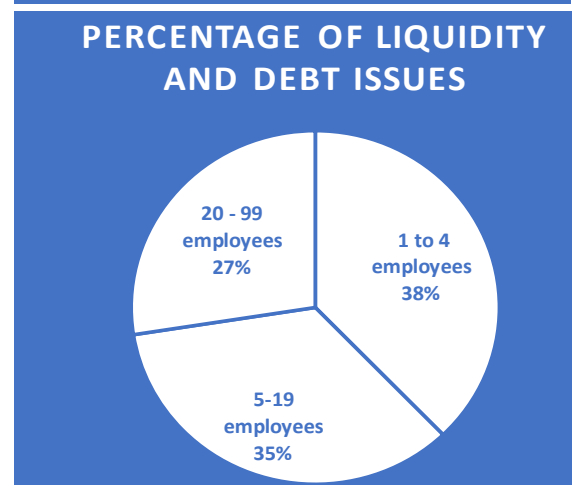
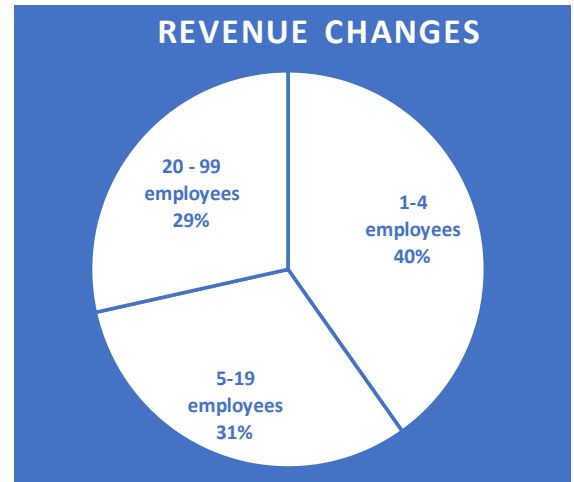
### 2. Low liquidity and inability to take on more debt

Thirty-eight percent (38%) of businesses surveyed said they were struggling with liquidity and stated they could not take on more debt. *We offer a financing service that leverages unpaid, current invoice receivables to provide early invoice payment to companies experiencing cash shortfalls.* Our service is not for everyone, but it may be a valuable tool for companies who cannot take on debt but have strong payers and a strong portfolio of current invoices.

### 3. Staff layoffs

The good news in this report is that small businesses were less likely to lay off staff during the pandemic. It also stated that if small businesses were laying off staff, they let everybody go and were also more likely to rehire everyone back as government regulations eased up. This was especially true for those with 1 to 4 employees as only twenty-four percent (24.6%) reported letting go of at least one employee. That percent was higher for companies with more employees (for example, it was forty-eight percent (48.5%) in the 5 to 19 employees category). For those with 100 or more employees, it was fifty percent (50.5%).

Source: StatCan COVID-19: Data to Insights for a better Canada, Impact of COVID-19 on small businesses in Canada, third quarter 2020 November 2020



## BUILDING RESILIENCE DURING THE PANDEMIC

The COVID-19 crisis has reminded us of how important it is to build resilience to face life's challenges effectively. For this month's InfoPays, we are reviewing 5 recommendations from the American Psychological Association (APA) to help us foster mental toughness and a sense of physical wellbeing during these trying times.

### 1. Prioritize social connection.

Even though we need to distance ourselves physically, we can easily stay connected to family and friends with the help of technology. According to research, our brains benefit from the release of endorphins when they see a person's face, even when meeting that person through a screen.

### 2. Foster wellness.

We can feel physically well by choosing nourishing foods, getting enough sleep, and moving our bodies. In the face of adversity like a global pandemic, it is also vital to practice mindfulness through journaling, meditation, or other spiritual practices. Fostering wellness is a complex process that requires intentional actions and consistent effort over time but offers tremendous potential for improved quality of life.

### 3. Embrace positive thoughts.

It has never been more critical to maintain a hopeful outlook

for the future. We can use this global health crisis to foster resilience by keeping things in perspective, adapting to change, acting on the information we have, and avoiding ruminating over the unknown or catastrophizing about the future. Ultimately accepting that while we have no control over the pandemic, we control our thoughts and reactions.

### 4. Find purpose through hobbies.

Staying home has given us the gift of time to do things we have perhaps been putting on the back burner for a while. Maybe this is an excellent time to think about the interests and skills you want to hone in and put in the initiative to develop them. Setting a goal, for example, an hour a day, can help you progress on those projects and inspire motivation, self-worth, and purpose.

### 5. Help your community.

Although often overlooked, feeling connected to our community is a strong pillar of health, especially during a pandemic. Knowing other like-minded people are experiencing the same trials puts things in perspective that we are not alone and will get through this together. So far, we have seen many small but inspiring acts of kindness to support others, such as grocery runs for seniors or sewing masks and donating them to people working retail.



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