

BPM Survey of West Coast Businesses Finds Cash Flow Top Concern, Modest Faith in “V-Shaped” Pandemic Recovery

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Data Shows How Small and Midsize Businesses Are Faring in the COVID-19 Economy

SAN FRANCISCO, CA, May 1, 2020 – BPM, one of the 50 largest public accounting and advisory firms in the country, recently conducted a pulse survey of small and midsize businesses, drawn from California, Oregon and Washington, identifying operational and recovery concerns as the COVID-19 pandemic continues to impact economic activity.

As part of its poll of over 300 responses—across diverse industries including food manufacturing, banking, home services, wine and professional services—business leaders provided insight into key areas of their business operations.

“Our top-line takeaway is businesses are admirably weathering an enormously challenging period,” said Edward Webb, leader of BPM’s Corporate Finance group. “They are being realistic about the challenges and planning as best they can, while expressing cautious optimism for the remainder of 2020.”

The following are question and answer summaries:

How has your revenue been impacted by COVID-19?

The majority of respondents (40%) reported a drop in revenue ranging from 0-20%, while 19% of respondents experienced a decrease between 21% and 50%. An additional 19% noted a 50% or more decline and nearly 20% said there has been no impact from the pandemic to date. Only one response indicated an increase in revenue.

Analysis: “Given the short timeframe we are looking at, mid-March to late-April, the impact seems to be somewhat blunted so far,” added Webb. “Organizations should brace for further drops by creating adaptable business plans early and often, especially those reliant on consumer spending.”

Do you have a comprehensive cash flow plan in place to help guide decision making during the crisis and as it begins to subside?

While 43% of respondents have a cash flow plan in place, 57% do not have one or have a plan that needs to be updated.

Analysis: “The speed of the shutdowns and the subsequent drop in economic activity have left many organizations scrambling to fully assess and understand their cash flows and working capital requirements,” said Terry Hill, BPM Advisory partner and CFO Services group leader. “The indeterminate length of shelter-in-place orders and the unknown shape of the recovery have made these plans vital, but often quickly outdated.”

Are you currently projecting costs and forecasting revenues?

70% of survey takers confirmed they are currently projecting costs and forecasting revenues. However, 23% said they are either not or are planning to do so soon.

Analysis: “This is one of the most challenging environments we have encountered, with respect to forecasting costs and revenues,” said Sven Jost, BPM’s Transfer Pricing practice leader and Economic Consulting practice co-leader. “The projections for Q3 and Q4 2020 assume some sort of economic recovery, which is dependent on the containment of COVID-19, the effectiveness of government stimulus packages and the length of mandatory shelter-in-place orders.”

Assuming restrictions are gradually lifted, do you anticipate a “V-shaped” recovery for your business?

49% of respondents predict a “somewhat V-shaped” economic recovery. 15% were confident of such a rebound, while 29% did not anticipate a “V-shaped” uptick. (7% of respondents noted the pandemic has yet to cause a “pronounced downturn” to their businesses.)

Analysis: “The impact of COVID-19 and the recovery from it will be different for every industry,” added Jost. “Our models estimate a 10% chance of an overall ‘V-shaped’—or quick rebound—economic recovery. We predict the most likely shape of the recovery is a ‘U’—a bit longer and less defined than a ‘V’—assuming the pandemic is partially contained in June, some businesses are allowed to reopen and moderate cash inflows ensue.”

What do you consider your biggest threat in the upcoming months?



69% of survey respondents listed cash flow as their biggest threat, followed by continuing operations at 17%. Other considerations included maintaining workforces (8%) and paying off loan debt (6%).

Analysis: “Cash flow modeling and planning remains imperative to an organization’s future success,” Webb offered. “Even with historic—both in speed and scale—unemployment numbers, businesses and consumers retain significant spending power. The opportunity to buy however is very restricted. Absent less restrictions on movement, many businesses will continue spending reserves or deferring payments, banking on a better tomorrow. Without any sort of concrete timeline, it has become a short-term numbers game laced with long-term uncertainty.”

BPM’s Economic Recovery & Emergence Task Force continues to help clients of all sizes with cash flow and financial management best practices in response to the business changes brought about by the current pandemic. Bringing together experts from cross-functional teams, the Firm’s advisors are actively assisting clients through the SBA programs, alternative funding methods and beyond. The Firm’s COVID-19 Resource Center provides a deep well of information, including real-time webinars, addressing crisis-related questions.

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