

One year into a crisis, business owners are optimistic and implementing lessons learned, according to Truist survey

From small businesses to the "middle-market" to large corporations, today's business leadership is creatively reexamining, reimagining and reengineering their path to growth and profitability

CHARLOTTE, N.C., April 28, 2021 /PRNewswire/ -- Following a challenging year marred by the impact of the pandemic, today's business owners are optimistic about the next six months and are reexamining their business and financial strategies as they seek opportunities to invest for growth, rebuild reserves and access capital, according to data released today as part of Truist's business pulse surveys of small businesses (annual revenue between \$100,000 to less than \$2 million), commercial and middle-market companies (annual revenue between \$2 million to \$499.9 million) and large corporations (annual revenue of \$500 million to \$1 billion).

Here's what survey respondents said about the outlook for the near term:

- Despite the challenges of 2020, 60% of small-business leaders feel their company's financial well-being is better than last year, and 77% of lower revenue small businesses and 87% of upper revenue small businesses expect their business will improve over the next six months.
- Among commercial and middle-market companies, over the next six months, 84% of business leaders expect business conditions to improve somewhat or significantly, and 67% believe the U.S. economy will be "much better" or "somewhat better."
- For large corporations, the overall economic outlook has remained optimistic over the past year: 68% say their current economic outlook is somewhat or extremely strong for the U.S. economy. The vast majority of businesses (86%) in this market segment anticipate improving business financials over the next six months, and fully 90% of respondents expect to see growth in their business over the next five years.

Still, many businesses are concerned about potential headwinds:

- While most small businesses are somewhat or extremely stressed by the ongoing COVID-19 pandemic, lower-revenue small businesses are expressing additional, noticeable concerns regarding economic uncertainty (42%) and weak revenue generation (26%), whereas their upper-revenue counterparts have expressed additional stress regarding the costs of and need to invest in technology (21%).
- Among commercial and middle-market companies, 53% say changes in the U.S. economy will have the biggest impact on their business in the coming year, while 34% believe changes in the global economy will take the biggest toll. Twenty-nine percent say continued pandemic-related government restrictions are their chief concern, just slightly higher than the 28% who worry about a potential recession.
- For large corporations, changes to U.S. and global economy are expected to have the biggest impact over the next year (46% and 34%, respectively), the labor impact of the immigration debate (34%), the potential for a 2021 recession (28%) and continuing government-mandated COVID-19 restrictions (30%) are all continuing as 2021 concerns.

"Coming out of a very challenging year where many businesses weathered profound challenges – from cash flow to remote workforces to having to quickly create click-and-mortar business models – adjusting financial and business strategies for the post-pandemic era has become top priority," said David Weaver, head of Commercial Community Banking at Truist. "The pandemic has spurred more businesses to plan ahead with goal-setting as a greater priority than in previous years, and it's in those conversations that a trusted partner, providing valuable advice and expertise, can help provide additional perspective and build confidence around the plans."

According to Truist survey data:

- Small businesses are feeling the pressure to reexamine their goals, with 49% reporting they aren't, or need to do a better job of, developing initial business plans, goals and competitive strategies.
- Nearly 9-in-10 (88%) businesses in the commercial and middle-market segment now participate in goal setting and 68% develop five-year plans.
- Among large corporations, 96% engage in short-term financial goal setting and 80% develop a written, five-year financial plan.

"Businesses, including small-business owners, have shown resiliency and a willingness to make 'adaptation' the watchword of their business and financial operations," said David Hiller, Small Business Product and Segment director at Truist. "They're now poised to take the lessons learned from the pandemic and creatively expand their businesses or adjust operations to take advantage of emerging opportunities and consumer trends in the market."

Small business' implementation plans for 2021

While 41% of small-business respondents indicated they just want to focus on helping their business recover to where it was pre-pandemic, small-business decision makers believe their business growth will be achieved by directing investments into new product development (20%), marketing to their most profitable market niche (20%) and leveraging digital technologies and online channels to adapt and innovate (17%). The survey also showed small-business decision makers are also relying on experts. The survey showed 44% are working with CPAs in 2021 (versus 33% in 2020), 43% with business consultants (versus 21% in 2020), 41% with primary bankers (versus 23% in 2020) and 39% with attorneys (versus 25% a year ago).

How commercial and middle-market businesses plan to achieve growth this year

Strategies commercial and middle-market businesses have for achieving growth include introducing new product and services (42%) and identifying new customer segments (27%). They also anticipate growth to come from capital investment (35%) and domestic and international expansion (31% and 26%, respectively).

Additional strategies for adapting to a post COVID-19 world include: transitioning to do more online business (33%), increasing cash reserves (33%), reducing operating costs (32%), resetting business and financial goals (25%) and researching new markets for potential expansion (25%).

How large corporations are looking to 2021 and beyond

"Large corporations remain optimistic about the economy and their business," said Beau Cummins, head of Truist's Corporate and Institutional Group. "These large companies are focused on executing against their plans and making investments to strategically expand their markets and client segments in the post-COVID environment."

The primary strategies large corporations will employ to flex their growth muscles include introducing new products and services (23%), entering or expanding reach in international markets (13%) and exploring new consumer businesses and segments (11%). Thirty percent of respondents also stated major capital investments will be a top priority for their five-year growth plans.

Funding for these initiatives is expected to come from equity financing from investors (47%), bank loans (43%), cash on hand and reinvested corporate earnings (both 40%). The biggest barriers to achieving their goals are the ongoing effects of the pandemic (46%) and increased operating costs (34%), an unstable economy (28%) and reliance on a remote workforce (24%). Finally, 90% of large corporations rank their technology investments as extremely sufficient or sufficient. In the next year, top technology investments include upgrades (72%), software integration (68%), information security (62%) and cloud computing (54%).

Decision-makers representing 526 small U.S. businesses, 611 mid-size U.S. businesses, and 50 U.S. Large Corporate firms participated in Truist Pulse surveys fielded February 2 – March 2, 2021. Survey results have a maximum margin of error of +/- 4 percentage points at a 95 percent confidence level.

About Truist

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For further information: Mike McCoy, media@truist.com

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