



Despite Pandemic, Businesses Feel Ready to Face Challenges to Drive Growth, Lean on Modifications to Operations to Get There

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Minority-owned businesses more confident than others to navigate through pandemic

WILMINGTON, Del., Nov. 05, 2020 (GLOBE NEWSWIRE) -- Sixty-four percent of area businesses view a resurgence of COVID-19 as the greatest foreseen challenge to their business, followed by an uncertain operating environment (46%) and the cost to modify workspaces (43%) for their employees, a WSFS Bank survey of 300 businesses throughout the Greater Philadelphia region and Delaware found.

Despite these concerns, more than half of business leaders surveyed (54%) indicated they are well positioned for the future and have already experienced positive growth, largely due to modified business models, new and efficient ways to work, and pivoting toward new ways to plan for an uncertain future. Minority-owned businesses are even more bullish, with 56 percent expecting revenue increases in the next 12 months as a result of pivoting how they operate.

Facing Challenges Head-on

Businesses throughout the region noted that COVID-19 changed the way they operate, with 68 percent either reducing or modifying operations. However, one-quarter reported either no impact on their operations (17%) or even expanding operations (8%) during the pandemic.

Those that experienced growth (54%) due to operational changes credited lower operating costs (49%), more efficient marketing (46%) and paying attention to customers (42%) as the primary drivers of their growth.

"Throughout the COVID-19 pandemic, businesses have been incredibly resilient and leaned on their ingenuity and deep knowledge of their customers' needs to weather the storm," said Steve Clark, Executive Vice President and Chief Commercial Banking Officer for WSFS Bank. "Whether they lowered operating costs, pivoted to provide customers with products and services in new ways, or worked closely with their lenders to obtain assistance, they dug deep and did what was necessary to keep their businesses not only running, but moving forward."

Another significant challenge faced by business leaders was the pandemic's direct impact on workers and their families, as 53 percent of businesses cited their employees and/or employees' families contracting COVID-19 as the greatest challenge to their business, followed by a reduction in the amount of money spent or invested in the business (50%).

Nearly one-third (29%) of businesses experienced layoffs during the pandemic, with the retail sector facing significantly more layoffs (47%). The fear of layoffs has eased slightly among business leaders, as only 21 percent anticipate future layoffs.

Resilient, Adaptive and Prepared

As they anticipate future challenges that may impact their businesses, respondents also feel recent experiences, the ability to pivot and preparedness leave them well equipped to handle a pandemic resurgence.

A majority of businesses (88%) changed the way they operated in response to the pandemic, and nearly all of them (89%) are likely to retain their new operating models, while nearly half (46%) believe they will actually see revenues increase in the next 12 months due to these changes, signaling growth in spite of the challenging environment.

A key factor to this optimism comes from growth during the pandemic with minority-owned businesses (79%) and the manufacturing, wholesale and distribution sectors (71%) leading the way. Sixty-one percent of mid-sized businesses (\$5-\$25 million) also reported growth.

Ninety-one percent of survey respondents also believe they can weather another storm.

Banking on Relationships

In the face of COVID-19's impact on businesses, 79 percent of respondents wanted their bank to be proactive in guiding them through the pandemic, including 81 percent of minority-owned businesses.

Nearly three-quarters (73%) of business leaders feel their banks did help, and 85 percent of minority-owned businesses felt the same. Nearly half (46%) of all respondents said their bank helped them get loans during the pandemic, including Paycheck Protection Program (PPP) loans, and four in 10 (41%) reported that their bank offered loan deferrals.

Nine in 10 (89%) businesses said they are likely to remain with their current bank based on their relationships and their bank's performance.

"As we move into 2021, it will be increasingly important for banks to stand side-by-side with their business Customers while they continue to navigate changes and challenges to how they operate," adds Clark. "Nearly one-quarter of respondents (23%) expressed concern over access to capital, and it's crucial that banks be mindful of businesses' unique cash flow needs."

Survey Methodology

The study was conducted by research company The Melior Group. The sample includes 300 businesses (including non-profits) with revenues between \$1 million and \$50 million in the five-county Philadelphia market (Philadelphia, Bucks, Chester, Delaware, and Montgomery), two New Jersey counties (Burlington and Camden), and all three Delaware counties (Kent, Sussex, and New Castle). All respondents were financial decision-makers for their business. The online survey was conducted in late September and early October 2020, with a margin of error of +/- 5.6 percent at 95 percent confidence.

About WSFS Financial Corporation

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