



## New Data Reveal Small Businesses Could be at Greater Risk of Financial Pitfalls Headed into the Holidays and New Year

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### Second part of H&R Block's "Small Business Recovery Series" study reveals nearly half of small business owners run their businesses on intuition rather than data despite continued loss of revenue

KANSAS CITY, Mo., Oct. 27, 2020 (GLOBE NEWSWIRE) -- H&R Block (NYSE: HRB) has released new data from its "Small Business Recovery Series" study, revealing many small business owners could be operating with greater financial risks that could be avoided as they head into the busiest and most lucrative time of year, the holiday season.

"The most recent findings from our Small Business Recovery Series reinforce a trend we're seeing where small business owners are focused on regaining lost revenue by offering new products and services, along with growing their e-commerce presence. While this rapid adaptability is key to surviving the pandemic, running on gut instinct instead of data and without professional counsel could put them at increased risk for unanticipated financial and tax implications," said Jeff Jones, president and CEO of H&R Block.

The second installment of H&R Block's study exposes that many small businesses are:

**Running on gut instinct versus facts:** Nearly half of small business owners (47%) say they "almost exclusively" or "mostly" run their businesses on intuition rather than data.

**Not seeking professional advice despite continuing to see a loss in revenue:** Though nearly three quarters of small business owners (74%) continue to see a negative impact on their business, including a decrease in revenue since the pandemic, most small business owners (90%) have not sought financial and tax advice from a CPA or tax professional related to COVID-19 impacts.

**Rapidly evolving their businesses:** More than half of small business owners (52%) are transforming their businesses for digital commerce in anticipation of the earliest and largest online holiday shopping season yet, with 41% creating new services and 40% creating new products.<sup>1</sup>

**Disproportionately affected, with minority and female business owners reporting greater challenges:** 35% of minority owners reported trouble establishing a strong digital presence as a major barrier to e-commerce, while 25% of white small business owners cited this challenge. For women business owners, 34% cited trouble establishing a strong digital presence compared to 27% of male small business owners.

**Experiencing intensified anxiety given the challenges:** Small business owners are now more likely to say that they are more anxious and depressed than normal (increasing from 55% this summer to 61%). Despite this, only 1 in 5 small business owners (22%) are likely to seek mental health support to deal with emotional stress because of COVID-19.

"COVID-19 has exacerbated the uncertainty small business owners already face," said Jones. "No one can solve these challenges alone, and they shouldn't have to. At H&R Block, we understand and are here to help small business owners."

A successful holiday season is crucial for small business recovery and owners' peace of mind, with no additional stimulus yet committed by the government. H&R Block supports small business owners by putting a financial lens on all aspects of their business – from understanding their revenue and cashflow to preparing for the tax implications of their new business models. The company also offers online bookkeeping, accounting, invoicing, payroll and payment software services through its subsidiary, Wave Financial.

For more information or to access the full data from the first and second wave of H&R Block's "Small Business Recovery Series" data, contact [mediadesk@hrblock.com](mailto:mediadesk@hrblock.com).

#### Research Methodology

- 10-minute online study with n=1,110 H&R Block clients who qualified as small business owners
- Businesses with fewer than 50 employees
- Margin of error for this sample is +/- 2.9% at the 95% confidence level
- Fielded September 2-15, 2020; Wave 1 fielded between July 15-21, 2020.

#### About H&R Block and Year-Round Small Business Support

H&R Block, Inc. (NYSE: HRB) provides help and inspires confidence in its clients and communities everywhere through global [tax preparation](#), [financial services](#), and [small business solutions](#). The company is disrupting the tax industry by providing consumers price transparency and with digital platforms such as [Tax Pro Go<sup>SM</sup>](#). H&R Block believes the best solutions blend digital capabilities with human expertise and care. For more information, get [H&R Block News](#) online and follow [@HRBlockNews](#).

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<sup>1</sup> Small business owners with both brick & mortar and online presences say they will place an increased emphasis on existing digital offerings (52%), create new services (41%), and create new products (40%) in order to update their business's upcoming holiday plans.



Source: HRB Tax Group, Inc.