

How have businesses responded to COVID-19? The stats

Uncertain times lie ahead, says HSBC's Navigator 2020 Report. Maddyness explores the findings of the report and the challenges that lie ahead for businesses – from bettering supply chains to formulating more sustainable business models.

How are businesses faring at the moment? HSBC's Navigator 2020 Report for the UK makes use of real insights from over 10,000 real companies to get to grips with the situation on the ground.

Right now, the UK is on a high after a good summer featuring a boost for retail and the housing market – but the remnants of Q2's economic downturn remain, reinforced by increasing unemployment and the possibility of a no-deal Brexit.

Business confidence is at a low point, with expectations for future revenue growth in the upcoming year lower than in 2019. But – on the flipside – COVID has also been a top driver of sales growth for some businesses, most likely due to the rapid digital transformation our society has undergone. Growth in domestic demand and the introduction of new products and services are not far behind.

Overall, 70% of businesses expect to have returned to pre-COVID levels of profitability by the end of 2022. Following early defensive cost-cutting, over

60% are increasing investment – particularly in customer experience and employee wellbeing. Coupled with improving product quality and supply chain resilience, this may well assist organisations in staying afloat and potentially thriving.

As ever, agility and capacity for change remain necessary traits for any entrepreneur. COVID has already seen sizable shifts in three quarters of businesses – and this figure is unlikely to dwindle in the face of Brexit, now-evident gaps in supply chains, and a climate crisis that becomes more pressing by the day.

Despite the importance of European (particularly French and German) markets to numerous companies in the UK, 68% feel positive about international trading prospects for the next 1-2 years. Fewer firms are stating a desire to expand into Europe in the next few years – but the same is true for North America.

COVID shortages revealed gaping holes in supply chains, with 90% of UK businesses expressing concerns about theirs. The use of digital within supply chains has thus increased, and other priorities span greater transparency, ensuring suppliers are closer to customers, and ensuring suppliers have adequate green practices in place.

This take on how supply chains must evolve reveals a desire amongst UK businesses for a more sustainable approach. Urgent transformation is required if we are to meet climate goals – and it appears there is a taste for this in the business community, with 86% understanding that improving environmental and ethical practice will result in multiple opportunities. Although more UK businesses are measuring ESG performance than in 2019, the total with specific targets set sits at 65%, so will – we hope – rise further in next year's survey.

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