Founders Survey – Impact of COVID-19

December 2020

Key findings – Impact of COVID-19 on Founders

The way Founders work and live may never be the same post-2020. Following on from the success of our Mar-20 and Jun-20 venture investment surveys, the Raise | Ventures team surveyed 131 Founders between Sept-20 and Oct-20 to understand the impact of COVID-19 on Founders and their businesses, and also to understand how the impact has differed depending on gender and caring responsibilities outside of work.

The findings were split into three categories: A – Impact on Time, B – Business Impact and C – Founder Sentiment:

A – Impact on Time

More than 50% of **Founders are working longer.**

Men and those without caring responsibilities are spending less time in client meetings.

Previous **female stereotypes have been accentuated,** with women spending more time on caring and domestic tasks.

B – Business Impact

COVID-19 has had a particularly **negative impact on pipeline and revenue** but has **not had a significant impact on churn.**

Three quarters of Founders have obtained some financial support for their business during the pandemic.

C – Founder Sentiment

Three quarters of Founders are expecting to **spend less time in the office** in the future.

58% of Founders are **enjoying working from home**, although just over half of Founders have also reported that COVID-19 is having a **negative impact on overall physical and mental wellbeing.**

Key findings – Impact of COVID-19 on Founders (cont'd)

A – Impact on Time

Rather than benefiting from the additional time saved from commuting during lockdown, **Founders are working longer.** This could be due to a number of reasons; from not being able to switch off, having more to do, or being less productive in the virtual workplace.

More time is being spent on working activities like team meetings and one to one chats – hours of virtual calls back to back, day after day, sound familiar?

Men and those without caring responsibilities are spending less time in client meetings – this may suggest that women have found it easier to adapt to **connecting virtually with clients.**

Conversely **some previous female stereotypes have been accentuated** during lockdown, with women spending more time on caring and domestic tasks.

Those managed by Founders with caring responsibilities are more likely to focus time on delivering training and the development of their teams.

B – Business Impact

Founders have taken decisive action in response to COVID-19. They have **brought forward product development** but **delayed hiring new staff and fundraising.** Combining these decisions is concerning...the roll out of new products may lack adequate support from new staff and funds going forwards.

COVID-19 has had a particularly negative impact on pipeline and revenue. Despite new customers not wanting to sign up, **existing customers have remained loyal with no significant impact on churn.** This could be because of the strong relationships that Founders have with their customers who want to support smaller businesses. Or it could be that people are afraid to make changes during this turbulent time.

Financial support has been accessible to Founders, and needed, with almost **three quarters obtaining some financial support for their business during the pandemic**; most utilised have been the Furlough Scheme and the Bounce Back Loan support.

C – Founder Sentiment

An outcome of COVID-19 is that an individual's working location seems to be less important going forwards, with **three quarters expecting to spend less time in the office in the future.** This flexibility opens up geographical opportunities and lifestyle choices that were not so possible before, though it could also increase the threat of overseas outsourcing. **It could be a challenge for London to continue to attract the UK's most talented workforce now that work can be done from anywhere.**

Founders are enjoying working from home, although **COVID-19 is having a negative impact on their overall physical and mental wellbeing.** This could be because they are unable to switch off or because a lot of people are fearing the uncertainty that they are faced with.

This suggests that Founders may enjoy the balance that **mixed working** can give going forwards – taking the **benefits from the office with the flexibility of home working.**

The transition to virtual meetings hasn't really impacted whether Founders feel a part of meetings, though they do believe that it's had a slight detrimental impact on their junior colleagues. **It might be easier to hide as a small square on a screen**, or even with the camera off, and **harder to speak up when you have to wait your turn.** It is really important to ensure that all team members continue to feel part of the business picture, whichever meeting style is adopted.

A – Impact on Time

A – Time spent on working activities

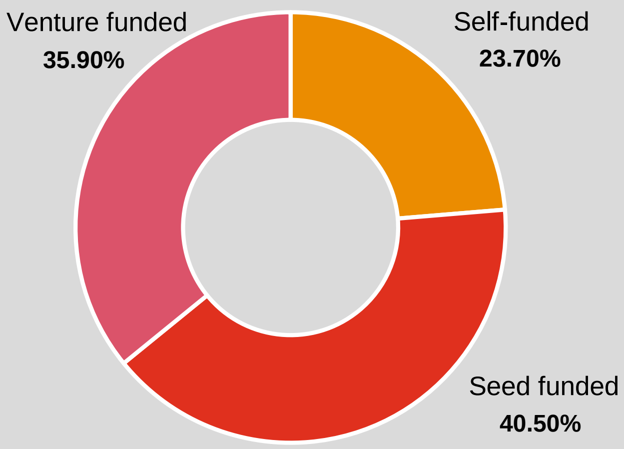
Our respondents:

Of the 131 respondents we surveyed, the majority (>76%) had received external funding. Most Founders (70%) were running small businesses with a team size of less than 20 people.

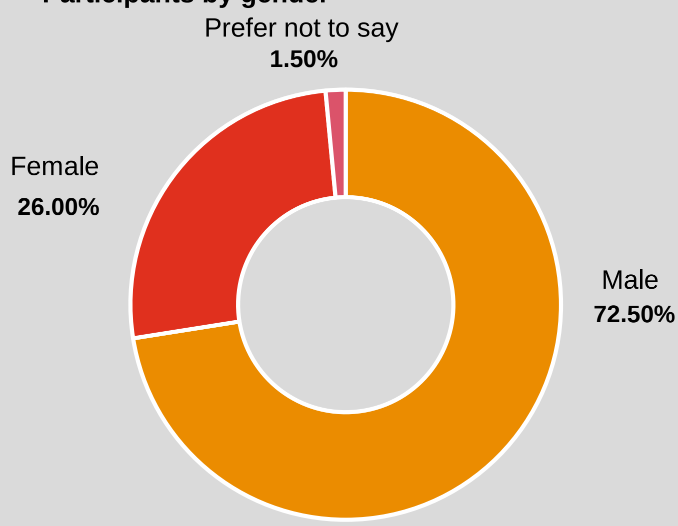
Respondent deep-dive:

To better understand the impact of COVID-19 on Founders depending on different demographics, we have provided additional information on our respondent's views segmented by gender and caring responsibilities.

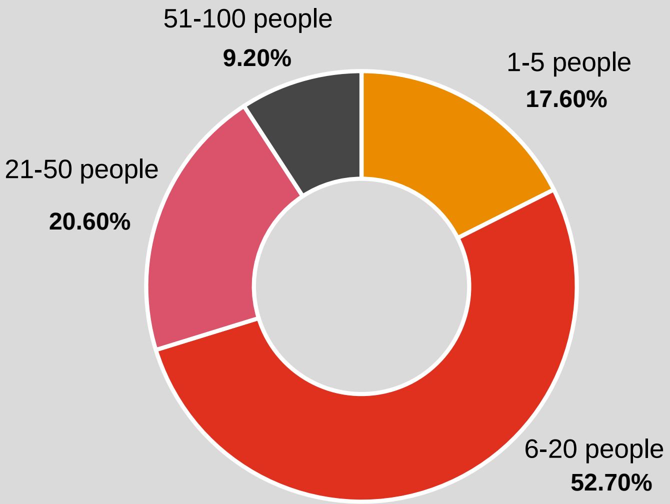
Participants by funding level



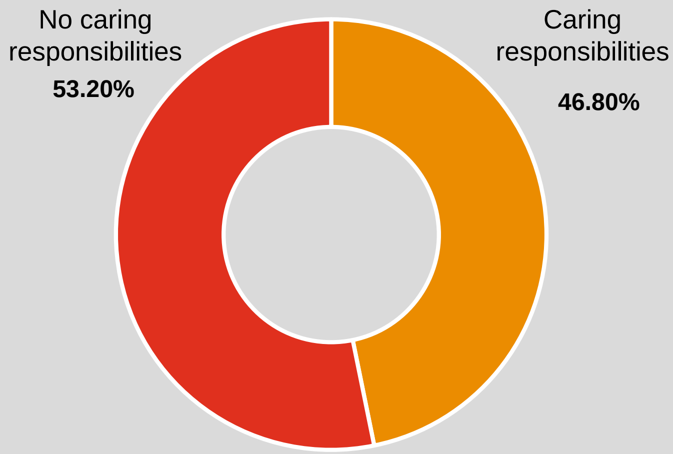
Participants by gender[1]



Participants by business headcount



Participants by caring responsibilities



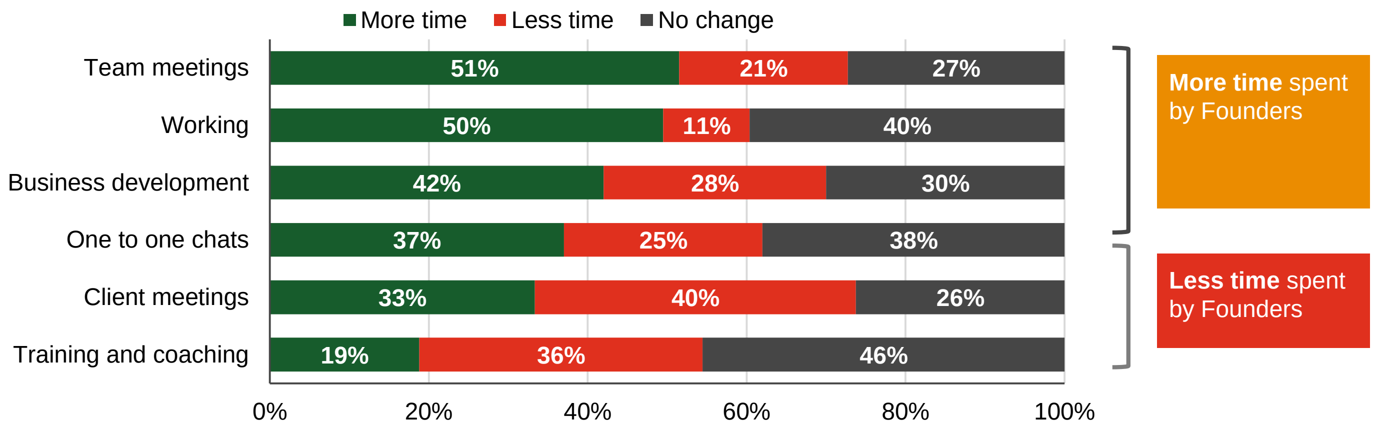
[1]As we have a higher number of male respondents we have taken this into consideration when reporting that differences are indicative only and not significant.

A – Time spent on working activities

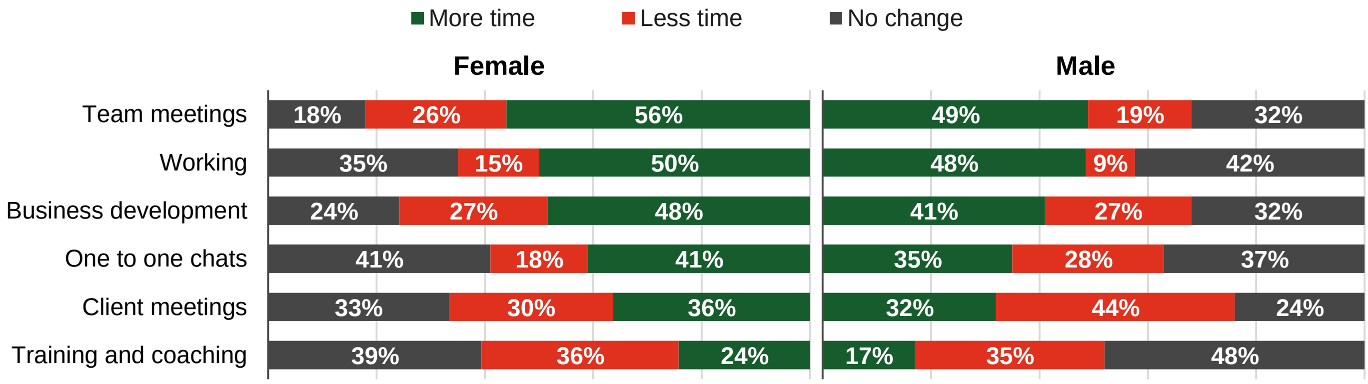
50% of Founders are spending more time working than before lockdown. They are spending this additional time talking to their teams (51% on team meetings and 37% on one to one chats) **and focusing on business development** (42%). **Less time is being spent on client meetings and training & coaching** (40% and 36%, respectively), suggesting that some face to face meetings might not have been replaced virtually.

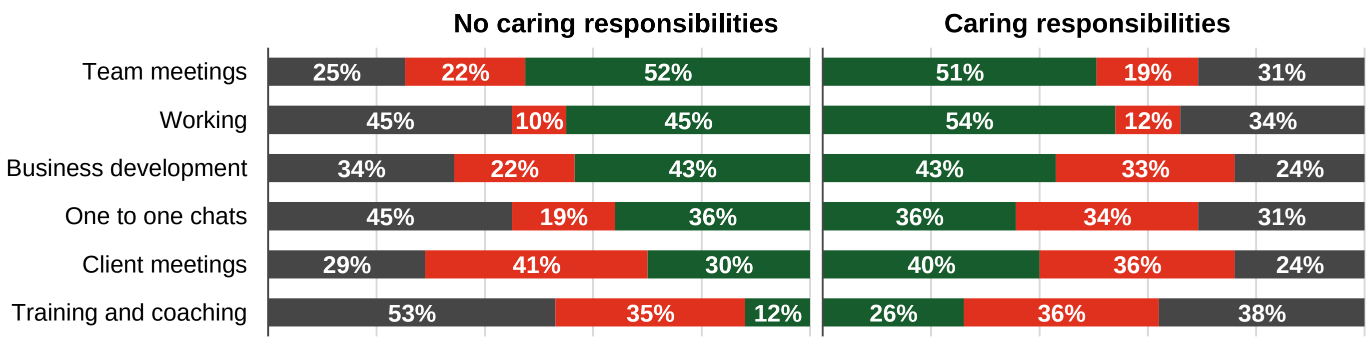
Our deep-dive shows that it is **men and those without caring responsibilities who are spending proportionately less time with clients** (44% men vs. 30% women and 41% without caring responsibilities vs. 36% with). And **twice as many of those with caring responsibilities than without are spending more time training & coaching** (26% vs. 12%, respectively).

How has the lockdown changed your working time commitments?



Respondent deep-dive:





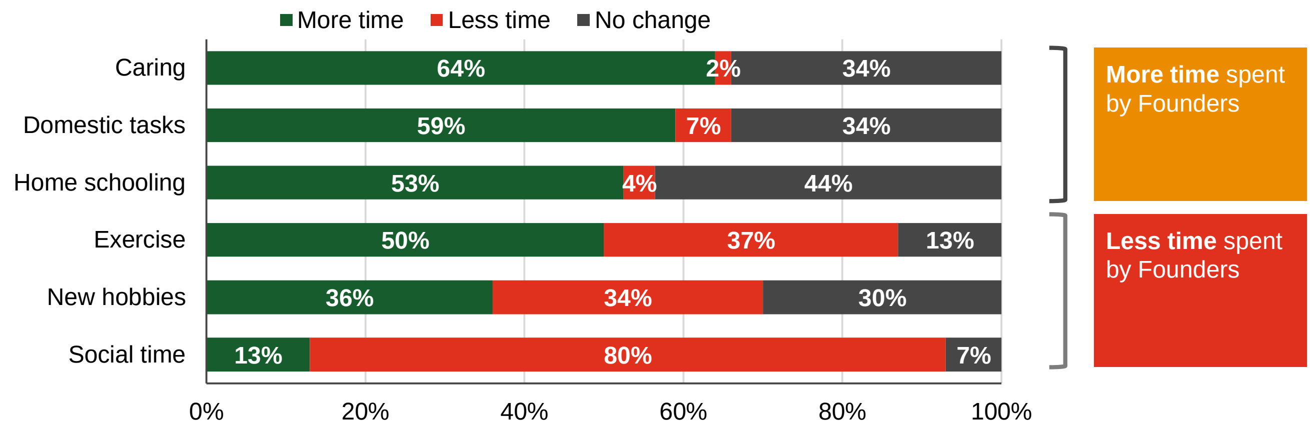
A – Time spent on working activities

Given that 50% of Founders are spending more time working, this has led to a change in how many Founders decide to spend their time outside of work on personal activities.

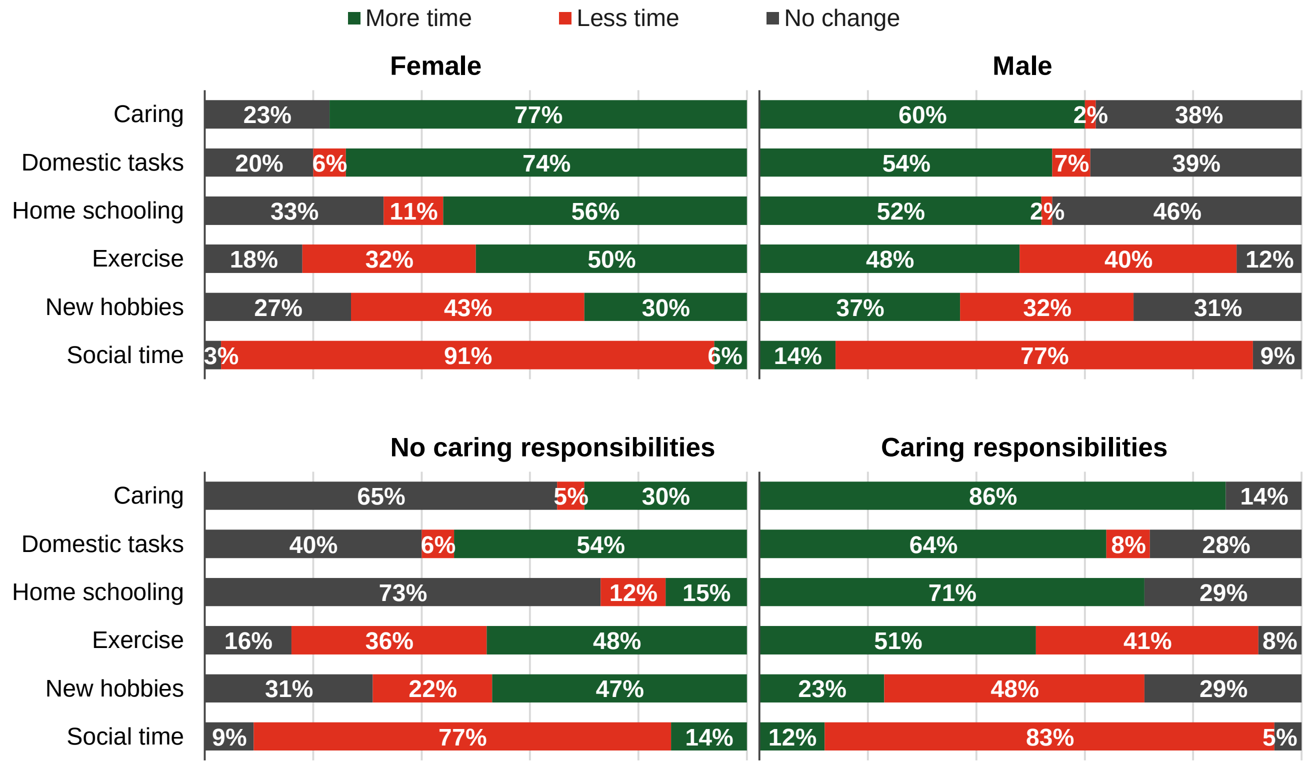
64% of Founders report spending more time on caring tasks and 59% report more time on domestic tasks, this trend was far more pronounced for women vs. men (74% vs. 54%, respectively). Those without caring responsibilities are also spending more time on new hobbies (47% vs 23% for those who care for others – more than double).

So what has had to be forfeited? Due to COVID-19, **80% of Founders are spending less time socialising** (91% for women vs. 77% for men).

How has the lockdown changed your working time commitments?



Respondent deep-dive:



B – Business Impact

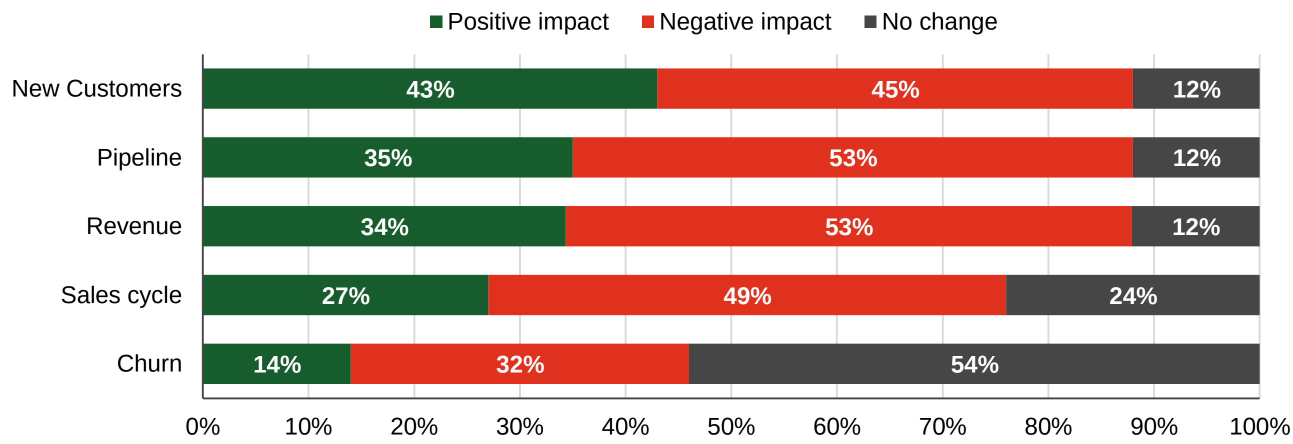
A – Time spent on working activities

COVID-19 has had a particularly negative impact on two key business metrics (over 50%): pipeline and revenue. When it came to new customers there was an even balance, with, 43% saying it had a positive impact compared to 45% who saw a negative impact. With churn **the majority of Founders (54%) reported no impact.**

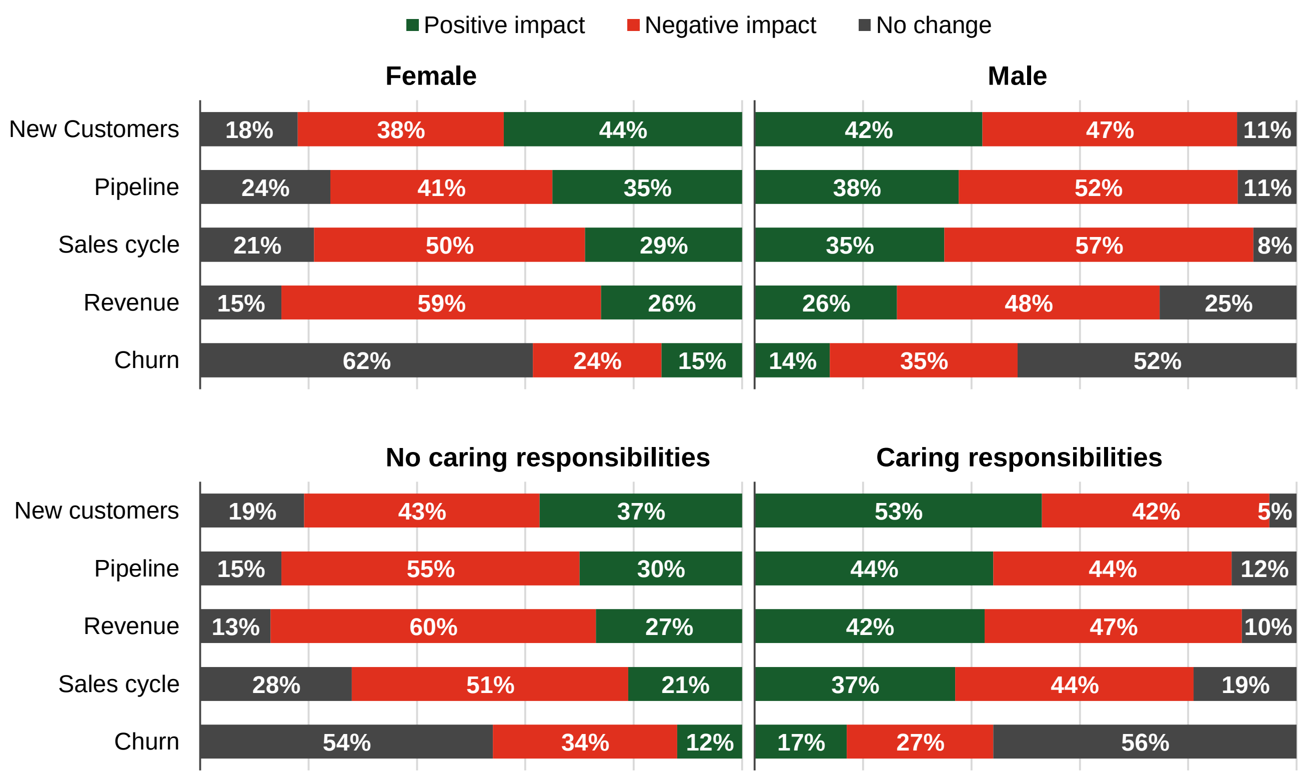
This **negative impact is higher for both men and for those without caring responsibilities.**

52% of men said COVID-19 had a negative impact on pipeline vs. 41% of women, and 35% of men said COVID-19 had a negative impact on churn vs. 24% of women. 55% of those without caring responsibilities said it had a negative impact on the pipeline vs. 44% of those with caring responsibilities, and 60% of those without caring responsibilities said it had a negative impact on revenue vs. 47% of those with caring responsibilities.

How has COVID-19 impacted your key business metrics?



Respondent deep-dive:

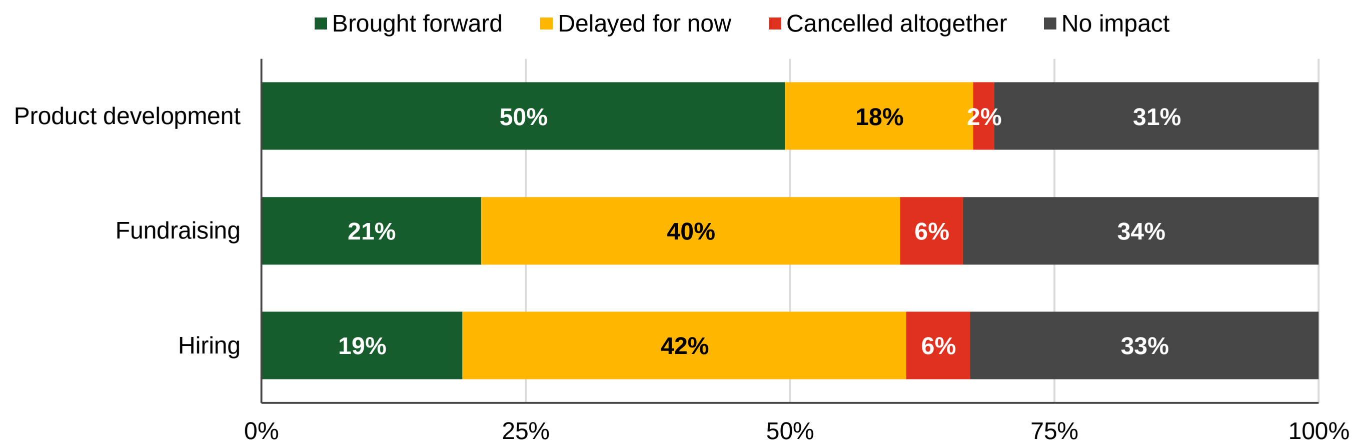


A – Time spent on working activities

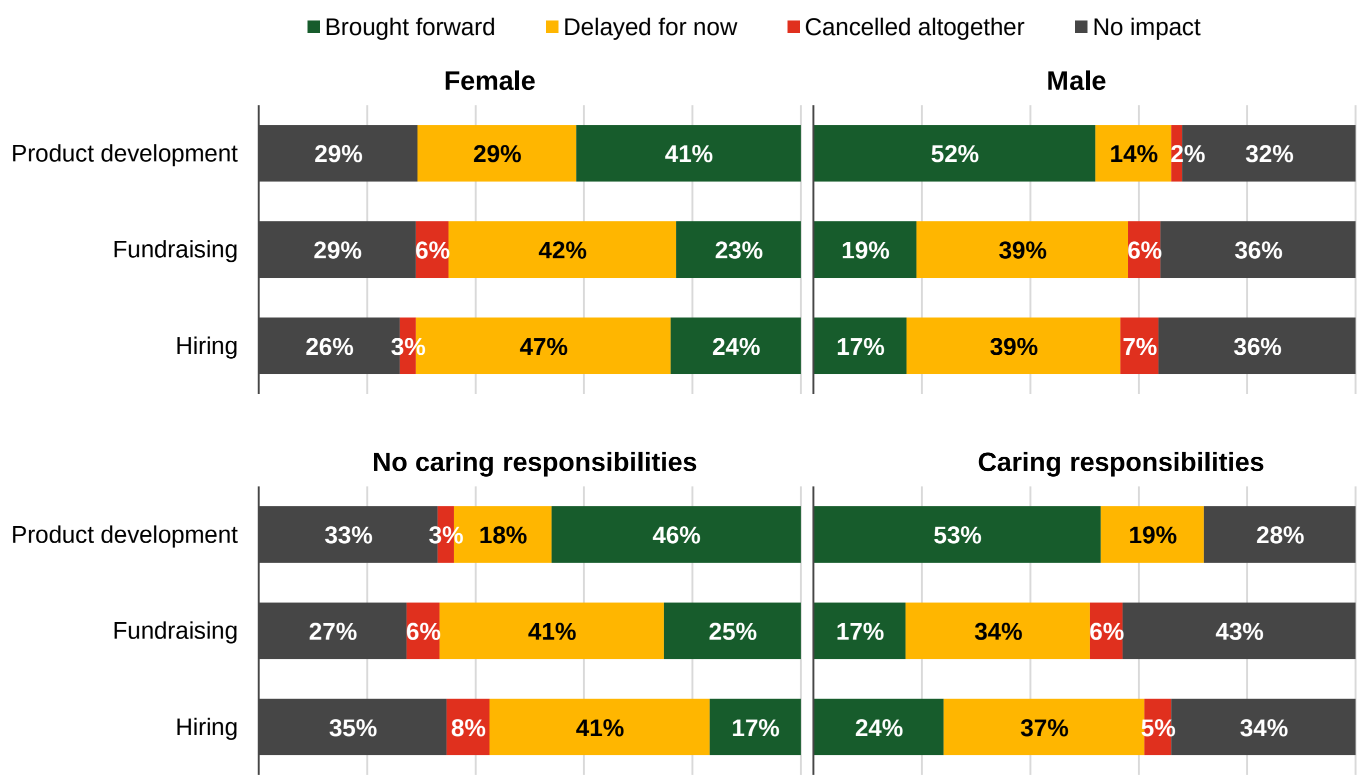
Founders have decisively responded to COVID-19 when it comes to their business:

- **50% have brought forward the timing of product development.** There are minor differences in men vs. women (52% vs. 41%, respectively) and those with caring responsibilities vs. those without (53% vs. 46%, respectively);
- In contrast, **46% of Founders have either delayed or cancelled their fundraising.** Again there little difference with women vs. men (48% vs. 45%, respectively) and for those without caring responsibilities vs. those with (47% vs. 40%, respectively);
- **48% have delayed or cancelled hiring staff.** This are small differences between women and men (50% vs. 46%, respectively) and for those with responsibilities and for those without (49% vs. 42%, respectively).

How has COVID-19 impacted the timing of your key decisions?

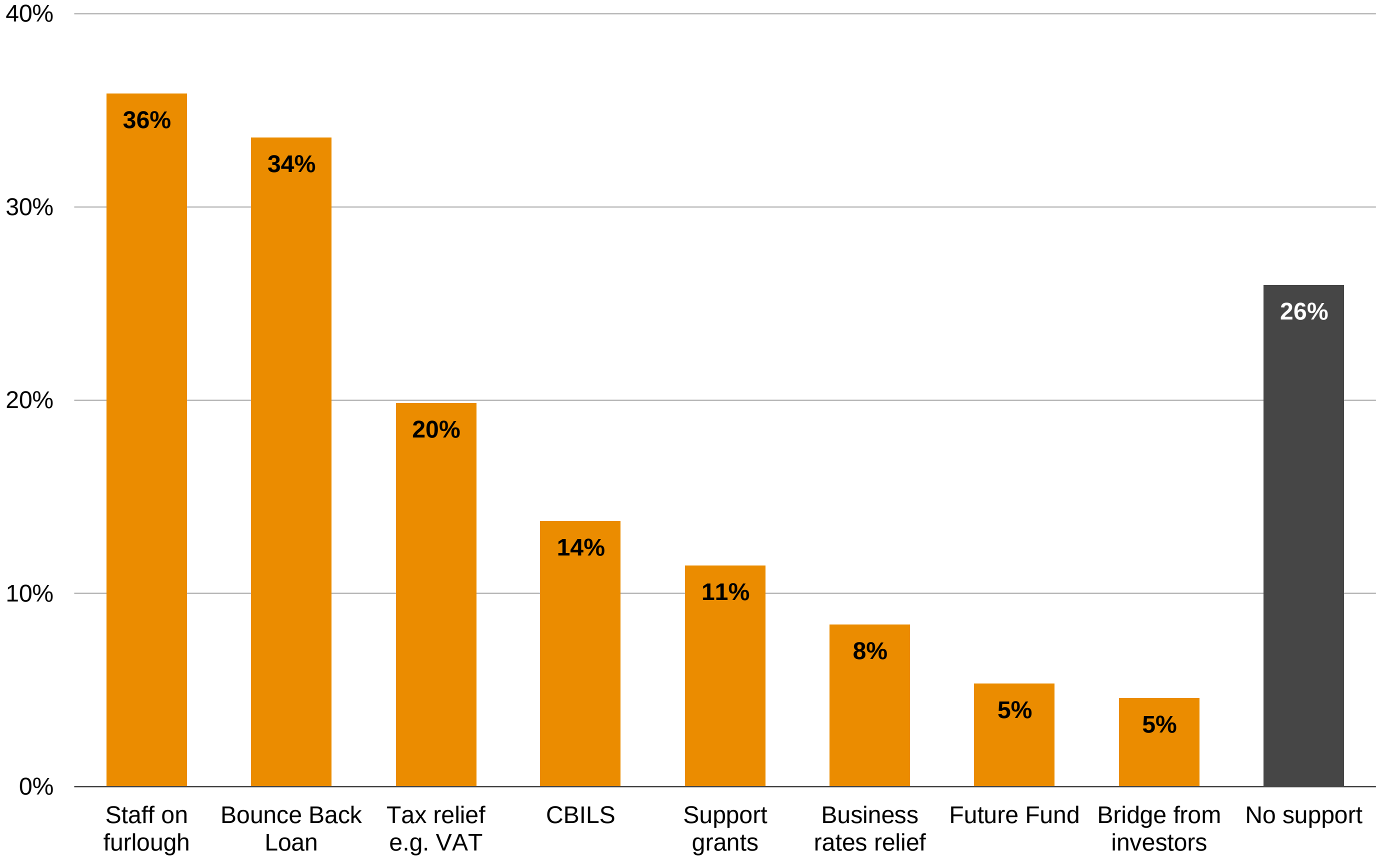


Respondent deep-dive:



B – Seeking financial support

Have you had any financial support for your business?



Most Founders (74%) have obtained financial support for their business during the COVID-19 pandemic.

The most popular financial support has been the Furlough Scheme (supporting 36% of Founders) and the Bounce Back Loan (supporting 34%).

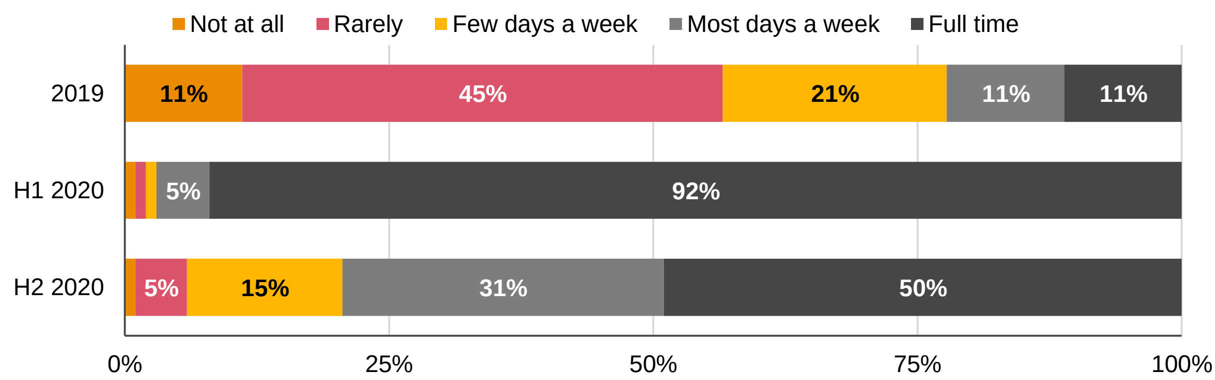
C – Founder sentiment

C – Working from home

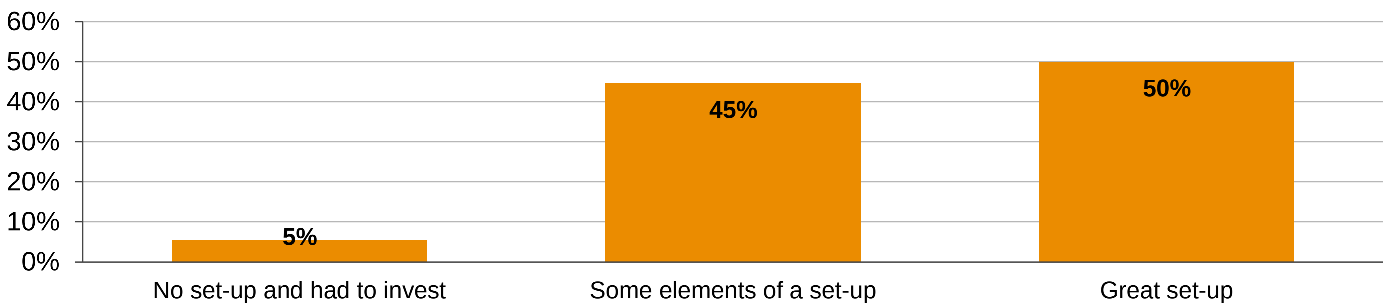
Prior to lockdown the majority of Founders and their teams (56%) rarely or never worked from home. Despite this, they had a relatively good set-up suitable for remote working.

Since the first easing of lockdown in July, **the proportion rarely or not working at home has dramatically reduced to 6%.** Going forwards the impact of COVID-19 on time spent working from home is expected to be sustained – **72% of Founders expect to spend less time in the office!**

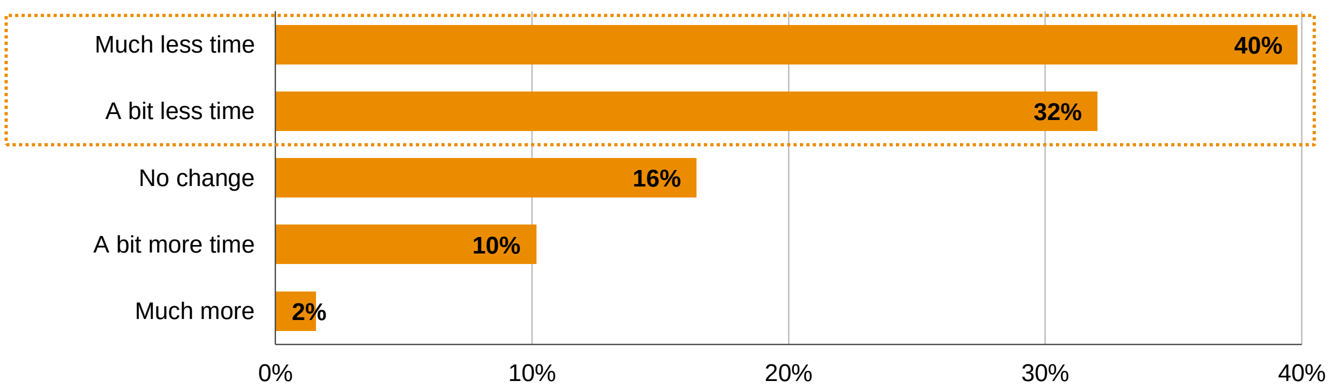
To what extent did/do you and your team work from home...?



To what extent did you already have a set-up suitable for remote working prior to the first COVID-19 lockdown?



Will your amount of time in the office change going forwards?

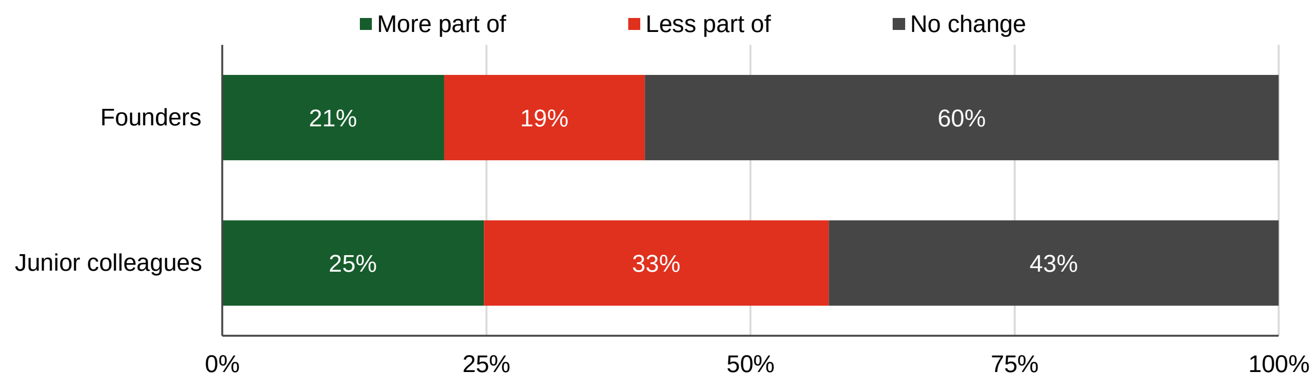


C – Founder sentiment

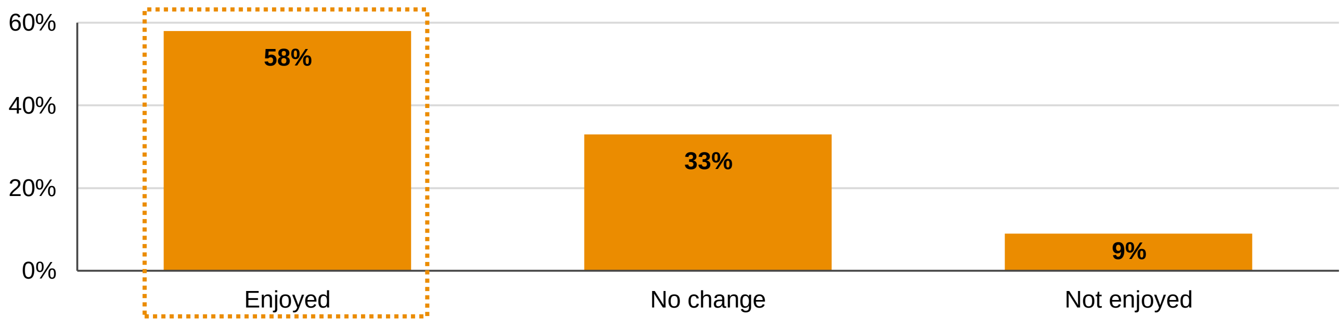
Founders report being happy working from home. Though, **52% believe that COVID-19 has had a negative impact on their physical and mental wellbeing.**

The majority of **Founders feel neither more nor less part of meetings if they are virtual versus face to face,** though when thinking about their junior colleagues, Founders are more inclined to think that virtual meetings have made their **junior colleagues feel less a part of meetings.**

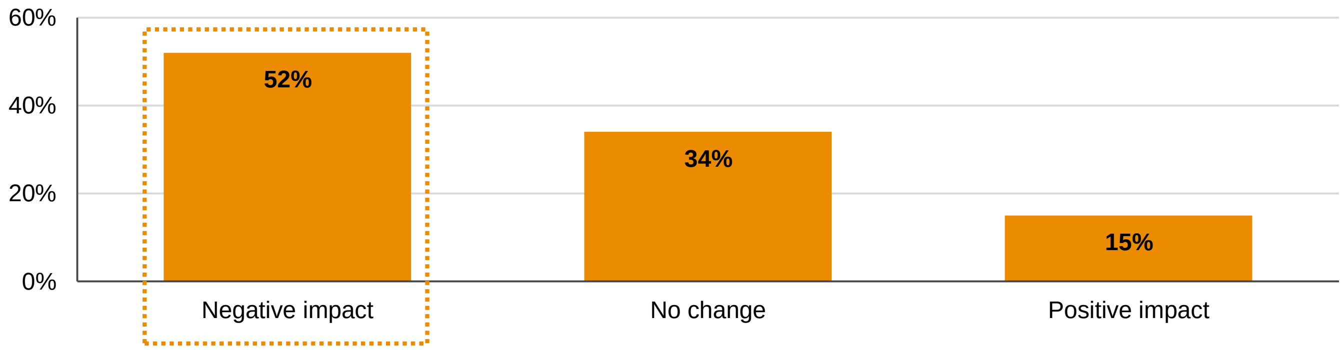
Have virtual meetings impacted feeling part of meetings?



Have you enjoyed working virtually since the lockdown?



How has COVID-19 impacted your physical and mental wellbeing?



Our team

For more information, please get in contact with anyone from the PwC Raise | Ventures team. The team have extensive experience of supporting start-ups and scale-ups.

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