NFIB The Voice of Small Business. Research Foundation

National Small Business Poll

Volume 8, Issue 1
2008

NFIB National Small Business Poll

Economic Downturn

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The *National Small Business Poll* is a series of regularly published survey reports based on data collected from national samples of small-business employers. Eight reports are produced annually with the initial volume published in 2001. The *Poll* is designed to address small-business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

The survey reports in this series generally contain three sections. The first section is a brief Executive Summary outlining a small number of themes or salient points from the survey. The second is a longer, generally descriptive, exposition of results. This section is not intended to be a thorough analysis of the data collected nor to explore a group of formal hypotheses. Rather, it is intended to textually describe that which appears subsequently in tabular form. The third section consists of a single series of tables. The tables display each question posed in the survey broken-out by employee size of firm.

Current individual reports are publicly accessible on the NFIB Web site **(www.nfib.com/research)** without charge. They are also available at **www.411smallbusinessfacts.com.** The 411 site also allows the user to search the entire data base. It searches all of the questions in all of the individual Polls with a user-friendly Google-type, key word, topic, or Poll sort facility.

Published (printed) reports can be obtained at $15 per copy or by subscription ($100 annually) by writing the *National Small Business Poll*, NFIB Research Foundation, 1201 "F" Street, NW, Suite 200, Washington, DC 20004. The micro-data and supporting documentation are also available for those wishing to conduct further analysis. Academic researchers using these data for public informational purposes, e.g., published articles or public presentations, and NFIB members can obtain them for $20 per set. The charge for others is $1,000 per set.

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Executive Summary

- Forty-four (44) percent of small employers are spending more time at their business today than six months ago, 27 percent a lot more time. Forty-one (41) percent of those spending more time are doing so because the slowing economy means more matters to watch or attend to. Ten (10) percent are spending less time. Of the group spending less time, one-third blame a slowing economy saying they now have less to do.

- Increased marketing and sales activity is a common strategy to combat an economic slowdown. However, this proves one of the least frequent approaches small business owners employ to combat a perceived economic slowdown. For example, a similar number decreased marketing and promotion due to an economic slowdown as increased it for the same reason.

- Over the prior six months, small business owners are highly likely to have become more attentive to their cash flow and inventory status. Two-thirds now watch their cash flow more closely with 60 percent of that group attributing their action to a slowing economy. Of those with inventories, 52 percent have been watching them more closely. Forty-six (46) percent of those watching inventories more closely attribute their increased vigilance to a slowing economy.

- Twenty (20) percent of small employers have reduced, postponed or cancelled a planned investment(s) or reinvestment(s) in the last six months, though 11 percent increased plans. A slowing economy is the primary reason for the curbed investment in over half of cases. An absence of finance is practically never mentioned as a reason for reducing investment.

- Actions and behaviors stimulated by the economic slowdown or fear of a slowdown seem to fall roughly into cash, sales/marketing, and banking categories. But owners do not have a common plan or even an identifiable approach toward the slowing condition.

- Small employers view the current status and immediate prospects for their businesses favorably much more often than they do for other businesses in the area. A slim majority think business activity in their firm remains strong. However, a plurality sees business activity in their area growing weaker.

- Small employers who describe their current business activity as strong are less likely to make decisions based on a slowing economy than are those who think their business activity is so-so or weak. Yet, owners who experience strong business activity have been hedging against an economic slowdown and often cite the slowdown as the primary reason for their action.

- Seventy-five (75) percent of small employers watched the actions of the Federal Reserve Board over the last six months, though 11 percentage points watched distantly. As a result of the action they observed, 17 percent of Fed-watchers made a business decision. However, only a net 1 percent of the entire small employer population made an expansionary decision(s) directly based on action of the Federal Reserve Board.

Economic Downturn

The American economy has been sliding since the third quarter of 2007. Whether the country is currently in an economic recession is a matter of conjecture and not particularly important. But the decline in the real economy is important to the nation's small business population, though it affects individual small businesses differently. Yet, when the overall economy appears to be declining and the media is filled with foreboding news of imminent economic catastrophe, small business owners are caught between the reality of their own circumstances and warnings of impending doom. So long as owners' perceptions of their ventures' fortunes correspond with those forecast for the economy, the tenor of management decisions seems clear. But the more the two perspectives diverge, the more problematic decisions become. So, March 2008 appears the ideal time for the *National Small Business Poll* to examine the changes small business owners make when operating in an Economic Downturn.

The economy appears to have been sliding for the last six months or so. Since there are no baseline data against which to compare current actions and performance, the survey on which this report is based often asks small-employer respondents to compare today with six months ago. Recall is never a totally satisfactory means of obtaining data. However, six months is not a long time, their business actions during the period are important enough to not have been forgotten, and six months is the onset of the slide for the economy, if not the individual firm.

The State of the Economy

Small employers are in a quandary. They see their firms doing relatively well. Many, particularly those now doing well, even think business conditions are strengthening. Yet, many also see their local economy declining. Small employers obviously think they are doing better than the overall economy. But as will be shown later, their optimism about the prospects for their firm and their positive, but more restrained, assessment of the area's business activity, is betrayed to a significant degree by the precautionary steps they are taking in preparation for the slowdown or recession.

Fifty-one (51) percent of small employers assess their firm's business activity as very strong (7%) or strong (44%) (Q#16). Another 34 percent assess it as so-so, and 14 percent think their business activity is weak or very weak. That is a positive evaluation by any reasonable standard. They also often appear to expect business activity in their firm to improve, though not substantially. Just 18 percent see their firm's business activity getting weaker or much weaker (Q#17). Forty-three (43) percent anticipate no change while 37 percent think economic conditions in their market are growing stronger. Those currently reporting strong business activity usually think theirs is getting stronger while those currently reporting weak activity think the opposite; those currently with so-so conditions see no trend.

Small employers typically think that they are doing better than others in the area. Thirty-one (31) percent assess business activity in their local area as very strong

(3%) or strong (28%) (Q#14). In contrast, 27 percent judge area conditions as weak (19%) or very weak (8%). More small employers think area business activity is declining than improving. Thirty-nine (39) percent evaluate area business activity as getting weaker (33%) or much weaker (6%) (Q#15). The same percentage think there is no change. Just 19 percent view a positive change occurring.

Most small businesses operate almost exclusively within a small geographic area. Seventy-four (74) percent of them have 90 percent or more of their customers within a 50-mile radius (Q#18). When these owners evaluate local conditions therefore, they are evaluating their own market. However, 25 percent have more than 10 percent of their customers outside the 50-mile radius. When these owners evaluate local conditions therefore, they are not necessarily evaluating their market conditions.

Decisions in a Sliding Economy

Small business advisors often suggest that as the overall economy weakens, small employers should put more effort into sales and marketing if for no other reason than to hold current market share. Some small employers have pursued this course. But there has been no rush over the last six months to boost these activities.

Twenty (20) percent of small employers are advertising or otherwise promoting their business more today than six months ago (Q#1). However, almost as many, 15 percent, are doing less than six months ago. Sixty-four (64) percent made no change in advertising and promotion activities over the period.

Forty-one (41) percent of those who increased their advertising and promotion attribute their actions to a slowing overall economy (Q#1a). That translates into about 8 percent of the small employer population. But 17 percent attribute theirs to a unique sales opportunity, 14 percent to seasonal factors, 11 percent to available deals to promote the business, and 17 percent volunteered other reasons. Thus, a majority who increased advertising and promotion did so for reasons unrelated to an economic downturn.

Forty-three (43) percent of small business owners who decreased their advertising and promotion attribute their actions to a slowing overall economy (Q#1b). As a result, a slower economy motivated almost the same percentage of those decreasing as those increasing. Since more overall increased advertising and promotion than decreased it (20% increased vs. 15% who decreased), small business employers are advertising and promoting marginally more often in response to weakening economic conditions. In addition to those reducing advertising and promotion due to a slowing economy, 30 percent cite the cost of promotion while another 18 percent identify an established market that requires less promotion.

a. Selling

All small business owners know that they must be prepared to fill all jobs in the firm, janitor to president, at any time. So, when the economy slows and sales growth is less certain, they often become more active on the sales side of the business. The purpose was to substitute for hiring a new sales employee, add a seasoned selling influence, and/or set an example encouraging others in the firm to also focus on sales and selling.

Thirty-six (36) percent of small employers now personally spend more time courting customers and potential customers than they did six months ago (Q#2). Only 5 percent spend less.

The most frequently cited (42%) reason for the increased time devoted to selling is a slowing overall economy (Q#2a). Eighteen (18) percent offer what appears to be the related reason - business is slow so you now have the time. Eleven (11) percent think that they need to understand their customers better. Twenty-seven (27) percent volunteer other reasons.

A third possible step in sales and marketing to respond to an economic slowdown is for the entire firm to put more emphasis on sales and selling. This strategy differs somewhat from more advertising and promotion and the responses from small employers to them are also different. Forty-eight (48) percent of small employers report a lot more (24%) or a little more (24%) emphasis on selling today then six months ago (Q#3). In contrast, just 4 percent report reduced emphasis.

The primary reason for the increased emphasis on sales in the last six months for 52 percent of those increasing sales emphasis, or 27 percent of the entire small employer population, is a slowing overall economy (Q#3a). Another 5 percent did so because they could shift employees to sales given their current slack workload. However, 17 percent put more emphasis on sales in their firms because they saw a unique or special sales opening and another 10 percent did so because of strong sales.

b. Finance

Most small employers are watching their financial situation more closely today than they did six months ago. For example, 49 percent are watching their cash flow a lot more carefully today than in September while another 17 percent are watching it more carefully (Q#5). The most cited reason (60%) for the increased scrutiny is a slowing overall economy (Q#5a). Thirteen (13) percent report new or added cash flow problems, for example, a slow-paying major customer. Another 13 percent need the information for business planning purposes.

Receivables can create a cash flow problem. Twenty-eight (28) percent are more aggressive collecting receivables today than they were six months ago, though 53 percent have made no change in collection efforts (Q#6). Since 17 percent have no receivables, about 34 percent of small employers who have receivables are collecting them more aggressively.

A slowing overall economy plays a smaller direct role in the decision to collect receivables more aggressively than it does for more carefully monitoring cash flow. Just 23 percent ascribe their actions on receivables primarily to the economy (Q#6a). However, other reasons given could be associated with it. For example, the most frequent response (41%), customers paying slower, could be associated with an economic downturn. But, 25 percent simply want to improve their cash flow and another 9 percent think that receivables have become a recurrent business problem that needs to be addressed.

The other side of receivables is payables. For the most part, disbursement of payables has changed little in the last six months. Seventy-seven (77) percent indicate that they have neither sped nor slowed their payables since last fall (Q#7). Fourteen (14) percent have slowed them while 7 percent have sped them. The survey did not ask the reason(s) behind any change in payables timing.

During a recession small employers often encounter a need to borrow, typically for cash flow purposes. But the need often corresponds with deterioration in the balance sheet making them less bankable. The problem is compounded at this time by fallout from the sub-prime issue. To date, the banks have done quite well by their small business customers. Still, 25 percent of small employers checked with their primary financial institution in the last six months to determine if there could be any issues obtaining credit in the immediate future should that become necessary (Q#13). Since half of small employers do not borrow in an average year, it appears that about half of those depending on banks have checked their status.

c. Productive Assets

Inventories have often been considered central to business cycles. When inventories accumulate in excess of sales, orders to factories and suppliers suddenly stop. Prices fall and profits erode. The current housing problem is an example. Shifts to the inventory-light service industries and just-in-time delivery mitigate the overall problem. Still, no one wants to be caught with inventories they cannot sell. Therefore, small business owners with inventories have a strong incentive to watch them closely when they anticipate economic change.

Twenty-one (21) percent of small employers are watching inventories a lot more closely today than they did six months ago and another 13 percent are watching them a little more closely (Q#10). However, inventories are applicable to only two-thirds of small, employing businesses; the remainder do not have any. Among those with inventories, 51 percent are watching their inventories more closely today than last fall. Virtually no one is watching them less closely.

The overall slowing economy is again cited more frequently than any other as their cause for action (Q#10a). Forty-six (46) percent name the economy as their reason. Other reasons given may or may not be associated. For example, 19 percent need to turn inventory more quickly and 14 percent indicate inventories are building more than desired. Finally, 11 percent see the composition of their inventory mix changing and another 9 percent have other reasons.

Business investment is another area that is likely affected by an economic slowdown. Thirty-eight (38) percent indicate that they had no business investment plans last fall to make major purchases of plant, equipment, vehicles or land (Q#11). Sixty-one (61) percent had them. Since last fall, almost half (30%) of those with plans for business investment have kept them on schedule. Eleven (11) percent increased their plans over the period. But 20 percent reduced, postponed or cancelled plans in the six months prior to the survey.

Fifty-six (56) percent of the small business owners who reduced, postponed or cancelled investment plans cite a slowing economy as the primary reason for their decision (Q#11a). Twenty-seven (27) percent indicate that they needed the funds for other purposes. Another 7 percent retrenched because of inflation, that is, the cost of making the investment increased unacceptably. Finally, for those concerned about credit availability, 5 percent curbing investment or 1 percent of all small employers failed to make the investment because they could not get financing.

Several owners accelerated or enhanced investment plans in the last 6 months. The most frequently cited reason for the further planned investment is the need for additional business capacity (45%) (Q#11b). These small employers think that they can make money on the investment even if made now. Another 22 percent need a greater investment to complete a planned project; rather than curbing the project, they increased the investment. Six percent report the new tax incentives influenced them more than any other reason. Five percent found the cost of investment lower than expected.

Changing business operating hours is another means to adjust for a slowing economy. Over the last six months, 75 percent of small employers did not change business operating hours (Q#9). Of those who did, 16 percentage points increased them and 10 percentage points reduced them.

Reducing operating hours lowers costs, but loses sales; increasing operating hours increases costs, but also increases sales. Owners must make this cost/benefit decision when determining operating hours. Thirty-eight (38) percent of those increasing hours did so to meet customer demand (Q#9a). This response reflects strong sales. Thirty-three (33) percent increased hours to stimulate sales, likely in response to a softening market. Sixteen (16) percent responded to seasonal factors and 4 percent cite competitive reasons.

Most reduction in business operating hours appears associated with a perceived economic slowdown. Forty-two (42) percent reduced hours primarily in response to slowing sales (Q#9b). Another 22 percent did so to cut operating costs. However, 26 percent mention seasonal factors and just 4 percent note increased productivity.

d. Employment

For as long as we have had data, small business has produced the overwhelming share of net new jobs during difficult economic times. During expansions, larger firms assumed a more prominent role. The data presented here exclude new formations. Still, small business appears to be reducing the number of people working for it.

Seventy (70) percent of small businesses have the same number of employees today as they did six months ago (Q#12). However 9 percent of small businesses have more employees compared to 21 percent with fewer. Seventy (70) percent of those with smaller labor forces blame slower business activity (Q#12a). Ten (10) percent say that seasonal factors are the reason. Nine percent cannot fill their vacancies.

Further, the average number of jobs lost in firms losing them appears higher in these data than jobs gained among firms adding them.

e. Personal Time

One response to a potential downturn in the economy is for the small employer to spend more time at the business. More time at the business allows the owner greater and more immediate oversight of operations and can aid rapid decision making. However, communications technology may moot many of those traditional grounds for a physical presence.

Forty-four (44) percent of small employers think they are spending more time at the business today than they did six months ago, including 27 percent who are spending a lot more time (Q#4). In contrast, 10 percent are spending less. The plurality, 47 percent, has not changed its hours.

The most frequent reason for expanding personal hours (41%) is that the slowing economy means more things to check on (Q#4a). However, 17 percent attribute their increased time at the business to being very busy. Another 16 percent mention new initiatives or special projects, making a total of 33 percent working more for positive reasons. Seasonal factors demand more time for 10 percent; 6 percent have employee issues.

The most frequent reason for contracting personal hours (34%) is also a slowing economy, because there is less to do (Q#4b). Twenty-three (23) percent present a more positive response. They now have more and/or better employees which takes some of the load off them. Twenty (20) percent cite personal matters which could range from personal health issues to family matters to individual preference for leisure over work. Seventeen (17) percent spend less time for seasonal reasons.

f. Prices

In general, the Federal Reserve fights inflation by weakening business activity, which puts competitive pressures on business and labor to hold down prices. However, efforts to stimulate the economy plus healthy increases in commodity prices appear to be undermining stiffer competition and are pushing the Consumer Price Index (CPI) higher than anyone would like. Fifty (50) percent of small businesses now have higher selling prices on average than six months ago (Q#8). Thirty-six (36) percent experience stable selling prices and 13 percent have lower ones.

Sixty-six (66) percent of small employers raising overall selling prices are doing so because their costs are higher (Q#8b). Seventeen (17) percent are raising them in order to maintain profit margins. The remaining 18 percent are divided evenly between those who are taking advantage of strong sales; competitors having raised prices allowing them to raise prices, too; and, miscellaneous answers.

Competition is the primary cause of lower selling prices, where lower prices exist. Forty-six (46) percent identify competition as forcing overall selling prices lower (Q#8a). But another 28 percent have lower prices in hopes of stimulating sales. They expect lower prices to attract more customers. Six percent had lower input costs allowing them to pass the savings along in the form of lower prices.

The Federal Reserve

With the current economic difficulty originating in the financial services industry, the mantle to stabilize the economy to the extent possible has fallen to the Federal Reserve. As a result, Fed-watching has become a favorite pastime for the nation's financial media and Wall Street's market analysts. Fed actions since early last fall, notably pushing down interest rates and rescuing Bear Stearns, have been met with restrained respect, but dissent has been growing and growing louder.

A majority of the small employer population followed the activity of the Federal Reserve Board over the last six months or so. Thirty-three (33) percent have followed it closely and another 31 percent have followed it somewhat closely (Q#19). Others have been less attentive. Eleven (11) percent have followed the Board's activity distantly. But one-quarter (25%) paid no attention.

While three in four small employers paid attention, at least from afar, few made a business decision directly resulting from an action taken by the Board. The phrase "direct action" in the question is important. Small employer decisions based directly on Board action are much less likely than decisions based on a flow-through, such as longer-term change in interest rates or perceived market stability. Still, just 17 percent of those following Fed action or 13 percent of the entire small employer population made one or more business decisions over the last six months as a direct result (Q#19a). The remaining 83 percent did not. However, the 13 percent is not an inconsequential number, particularly since the Federal Reserve typically operates behind the scenes, modifying interest rates and credit availability to impact borrowing and pricing decisions.

Board actions throughout the last several months have been intended to stabilize markets and stimulate growth. However, not all small employers have responded positively to Fed actions, that is, invested more, hired more, etc. Of the 15 percent directly responding to Fed actions, 29 percent made decisions to expand business activity while

19 percent made decisions to contract business activity (Q#19a1). That means about a net 1 percent of the population responded with expansionary business decisions linked directly to Federal Reserve Board action. The tenor of the most common business decision (46%) in direct response to Federal Reserve Board action was to take actions that exhibited no particular direction.

Final Comments

The economy is in transition, or at least small business owners are reacting as if it is. Their assessments of business activity in their firms are reasonably good, but their actions and the reasons given for their actions provide a very different view. They see growing weakness and are responding with increasing surveillance and hedges. The former is the more significant at this time. Small employers are monitoring cash flow and inventory in particular. They are also spending more time at their business, presumably spending more time going over details, reviewing options, etc. And, it does appear that some retrenchment is going on. Employment and investment/reinvestment have fallen in the last six months. In about half of all cases, blame for the action rests with a slowing economy.

Hedging better describes small employer action than retrenching. Change is normal and is not disquieting. It is the amount of change and reasons for change that are the critical factors. For example, three in four did not change operating hours. Of those who did, about 5 percentage points changed for seasonal reasons. About 4 percent were clearly in response to slow sales. Another 6 percent or so were responding to customer demand. The remaining 10 percent could and did occur for positive as well as negative reasons, though the latter appears to dominate. Similarly, 48 percent have been putting more emphasis on sales and selling in the last six months. Fifty-seven (57) percent of that group took action due to slow sales, but 27 percent did so for positive reasons, such as keeping up with high sales demand. Thus, modest precautions are being taken by small business owners, but those measures appear neither abrupt nor drastic.

Small business owners appear to have no overall, let alone a common strategy, to face an economic downturn. The steps they do take, when they take them, appear to be individualized and strongly associated with their current condition. However, two sets of related steps emerge. If an owner takes one of them, there is a reasonable chance he will also take a second similar step. The best example is watching cash. If an owner watches cash flow more carefully due to a slowing economy, there is a reasonable chance he will also curb investment, watch inventory more carefully, or collect receivables more aggressively for the same reason. Similarly, if an owner changes advertising and promotion due to a slowing economy, he is likely to spend more personal time in the business, change operating hours, etc., again for the same reason. The downturn has been gradual. The effect the measured tempo of change has had on owner decisions to prepare is unclear. Perhaps if the change came more quickly, noticeable preparation patterns would emerge. And then again, perhaps they would not.

Economic Downturn

(Please review notes at the table's end.)

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

1. Compared to six months ago, are you advertising or otherwise promoting your business today a lot more, a little more, a little less, a lot less, or has there been no change?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	7.5%	8.4%	13.2%	8.1%
2. A little more	12.3	9.6	14.5	12.2
3. No change	61.9	74.7	65.8	63.7
4. A little less	9.7	4.8	3.9	8.6
5. A lot less	7.9	2.4	2.6	6.8
6. (DK/Refuse)	0.6	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

1a. Is the most important reason for the promotion increase:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A unique sales opportunity	15.7%	—%	19.0%	16.7%
2. Good deals to promote the business now available	10.7	—	14.3	10.9
3. Seasonal factors	14.9	—	9.5	13.5
4. A slowing overall economy	41.3	—	33.3	41.0
5. (Other)	15.7	—	23.8	16.7
6. (DK/Refuse)	1.7	—	—	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	66	36	54	156

1b. Is the most important reason for the promotion reduction:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Market is established and you need less promotion	17.6%	—%	—%	17.5%
2. Cost of promotion	30.6	—	—	30.0
3. Seasonal factors	1.9	—	—	3.3
4. A slowing overal economy	43.5	—	—	43.3
5. (Other)	6.5	—	—	5.8
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	64	18	14	96

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

2. **Compared to six months ago, are you personally spending a lot more time, a little more time, a little less time, or a lot less time courting customers or potential customers, or has there been no change?**

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	21.2%	19.3%	18.4%	20.7%
2. A little more	13.8	26.5	18.4	15.6
3. No change	58.4	49.4	60.5	57.7
4. A little less	2.6	3.6	1.3	2.6
5. A lot less	3.2	1.2	—	2.7
6. (DK/Refuse)	0.8	—	1.3	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

2a. **Is the most important reason for the increase:?**

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Business is slow so you now have time	18.6%	18.4%	10.7%	17.8%
2. You need to better understand customers	9.8	13.2	17.9	11.0
3. A slowing overall economy	41.9	39.5	50.0	42.3
4. (Other)	28.4	26.3	21.4	27.4
5. (DK/Refuse)	1.4	2.6	—	1.5
Total	100.0%	100.0%	100.0%	100.0%
N	117	90	72	279

3. **Compared to six months ago, is your entire firm putting a lot more emphasis on sales and selling, or a lot less emphasis on sales and selling, or has there been no change in selling efforts?**

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	22.3%	27.4%	30.3%	23.7%
2. A little more	23.8	27.4	25.0	24.3
3. No change	49.0	41.7	40.8	47.4
4. A little less	2.8	1.2	2.6	2.6
5. A lot less	1.9	1.2	1.3	1.8
6. (DK/Refuse)	0.2	1.2	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

3a. Is the reason for putting more emphasis on selling because:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. You see a unique or special sales opening	16.8%	17.8%	18.6%	17.2%
2. You can shift people to sales due to slack workloads	5.6	4.4	2.3	5.1
3. Keeping up with high sales demand	9.5	11.1	14.0	10.2
4. A slowing overall economy	51.6	53.3	51.2	51.7
5. (Other)	16.1	11.1	14.0	10.2
6. (DK/Refuse)	0.4	2.2	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	156	106	110	372

4. Compared to six months ago, are you personally spending a lot more time working for the business, a little more time, a little less time, or a lot less time, or has there been no change?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	27.4%	21.7%	26.3%	26.7%
2. A little more	14.9	28.9	18.4	16.8
3. No change	46.8	43.4	48.7	46.6
4. A little less	7.9	3.6	5.3	7.2
5. A lot less	2.8	2.4	1.3	2.6
6. (DK/Refuse)	0.2	—	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

4a. Why? Is it because:? (If "Yes" in Q#4.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Of employee problems or issues	5.3%	9.3%	8.8%	6.2%
2. Of a new initiative or special project	15.6	18.6	14.7	15.9
3. The business is very busy	16.0	18.6	23.5	17.1
4. Of seasonal factors	10.3	9.3	5.9	9.7
5. A slowing economy means more things to check on	41.6	39.5	35.3	40.7
6. (Other)	10.3	4.7	11.8	9.7
7. (DK/Refuse)	0.8	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	148	100	88	336

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

4b. Why? Is it because:? (If "No" in Q#4.)

1. Of having more or better employees working for you	—%	—%	—%	23.4%
2. Of personal matters	—	—	—	19.5
3. Of seasonal factors	—	—	—	16.9
4. A slowing economy makes less to do	—	—	—	33.8
5. (Other)	—	—	—	6.5
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	39	14	14	67

5. Compared to six months ago, are you watching your cash flow today a lot more carefully, a little more carefully, a little less carefully, or a lot less carefully, or has there been no change?

1. A lot more	50.3%	50.6%	40.8%	49.4%
2. A little more	16.2	19.3	21.1	17.0
3. No change	30.9	30.1	35.5	31.3
4. A little less	1.9	—	2.6	1.6
5. A lot less	0.3	—	—	0.3
6. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

5a. Why? Is it because:? (If "Yes" in Q#5.)

1. New, inexperienced or untrustworthy employees are involved	2.2%	5.2%	2.1%	2.5%
2. You are making plans and projections and need the information	11.9	15.5	19.1	13.0
3. Of new or added cash flow problems	13.6	12.1	12.8	13.4
4. Of a slowing economy	60.8	60.3	55.3	60.3
5. (Other)	10.5	6.9	8.5	9.9
6. (DK/Refuse)	1.0	—	2.1	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	235	140	122	497

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

6. Compared to six months ago, are you or someone on your behalf collecting your receivables a lot more aggressively today, a little more aggressively, a little less aggressively, a lot less aggressively, has there been no change, or are receivables really not applicable to your business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	11.7%	14.5%	15.8%	12.4%
2. A little more	14.3	25.3	21.1	16.1
3. No change	54.6	45.8	46.1	52.8
4. A little less	0.8	—	1.3	0.8
5. A lot less	1.1	—	—	0.9
6. Not applicable	17.2	14.5	15.8	16.8
7. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

6a. Why are you doing that? Is it because:? (If "More" in Q#6.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. You want to improve cash flow	25.6%	24.2%	22.2%	25.0%
2. Receivables are a problem that has to be addressed	7.5	12.1	11.1	8.6
3. Customers are paying slower	39.4	42.6	48.1	40.9
4. Of a slowing overall economy	24.4	18.2	18.5	22.7
5. (Other)	2.5	3.0	—	2.3
6. (DK/Refuse)	0.6	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	88	79	74	241

7. Compared to six months ago, are you slowing payments to vendors today a lot more often, a little more often, a little less often, or a lot less often, or has there been no change?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	4.9%	6.0%	3.8%	4.9%
2. A little more	8.4	9.6	10.3	8.7
3. No change	77.3	78.3	76.9	77.4
4. A little less	6.5	6.0	5.1	6.3
5. A lot less	1.5	—	2.6	1.4
6. (DK/Refuse)	1.4	—	1.3	1.2
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

8. Compared to six months ago, are your overall selling prices generally a lot lower today, a little lower, a little higher, a lot higher, or has there been no change?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot lower	2.8%	1.2%	2.6%	2.6%
2. A little lower	9.7	14.3	7.9	10.1
3. No change	35.6	40.5	38.2	36.3
4. A little higher	42.7	38.1	43.4	42.3
5. A lot higher	7.8	6.0	6.6	7.5
6. (DK/Refuse)	1.4	—	1.3	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

8a. Is it because:? (If "Lower" in Q#8.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Your costs are lower	—%	—%	—%	6.3%
2. Competition is forcing prices lower	—	—	—	45.8
3. You expect lower prices to stimulate sales	—	—	—	28.1
4. (Other)	—	—	—	19.8
5. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	42	30	20	92

8b. Is it because:? (If "Higher" in Q#8.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Your costs are higher	62.7%	80.6%	76.3%	65.7%
2. Sales are strong	6.1	2.8	5.3	5.7
3. You have to keep your profit margin	18.3	8.3	10.5	16.6
4. Competitors have raised prices	6.8	5.6	2.6	6.2
5. (Other)	6.1	2.8	5.3	5.7
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	168	86	100	354

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

9. Compared to six months ago, have your business operating hours increased a lot or a little; have they been reduced a little or a lot, or has there been no change?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Increased a lot	6.5%	3.6%	5.2%	6.0%
2. Increased a little	9.9	9.6	6.5	9.5
3. No change	73.5	77.1	80.5	74.6
4. Reduced a little	7.3	8.4	6.5	7.3
5. Reduced a lot	2.9	1.2	1.3	2.6
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

9a. Did you increase operating hours:? (If "Increased" in Q#5.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. To meet customer demand	37.4%	—%	—%	38.1%
2. To stimulate sales	36.4	—	—	33.1
3. Because competitors increased theirs	4.0	—	—	4.2
4. Because of seasonal factors	13.1	—	—	16.1
5. (Other)	7.1	—	—	5.9
6. (DK/Refuse)	2.0	—	—	2.5
Total	100.0%	100.0%	100.0%	100.0%
N	55	27	22	104

9b. Did you reduce operating hours:? (If "Reduced" in Q#5.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. To cut operating costs	—%	—%	—%	22.1%
2. In response to slower sales	—	—	—	41.6
3. Because your business is more productive and needs fewer hours	—	—	—	3.9
4. Because of seasonal factors	—	—	—	26.0
5. (Other)	—	—	—	6.5
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	37	19	16	72

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

10. Compared to six months ago, are you watching your inventory levels a lot more closely, a little more closely, a little less closely, or a lot less closely, has there been no change, or are inventories really not applicable to your business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. A lot more	20.9%	24.1%	22.1%	21.4%
2. A little more	12.5	12.0	20.8	13.3
3. No change	30.0	31.3	32.5	30.4
4. A little less	1.6	1.2	1.3	1.5
5. A lot less	—	—	—	—
6. Not applicable	34.7	31.3	23.4	33.3
7. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

10a. Are you watching your inventories more carefully because:? (If "More Closely" in Q#10.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Inventory composition is changing	9.8%	9.7%	18.8%	10.8%
2. Inventory is beginning to build more than desirable	15.6	6.5	9.4	13.8
3. You need to turn inventory faster	17.1	29.0	25.0	19.4
4. The overall economy is slowing	47.3	45.2	34.4	45.5
5. (Other)	8.3	9.7	12.5	9.0
6. (DK/Refuse)	2.0	—	—	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	116	73	83	274

11. Including major purchases of plant, equipment, vehicles or land – have you reduced, postponed or cancelled plans that you had six months ago to invest or reinvest in this business substantially or a little, increased plans a little or substantially, plans have pretty much remained on schedule, or you didn't have any investment plans.

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Reduced, postponed or cancelled substantially	10.4%	14.5%	7.7%	10.5%
2. Reduced, postponed or cancelled a little	9.4	9.6	6.4	9.1
3. Remained on schedule	28.5	28.9	39.7	29.7
4. Increased a little	5.3	7.2	12.8	6.3
5. Increased a lot	4.7	4.8	6.4	4.9
6. Had no investment plans	40.7	34.9	24.4	38.4
7. (DK/Refuse)	1.0	—	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

11a. Did you reduce, postpone, or cancel your planned increase investment because:? (If "Reduced, Postponed, or Cancelled" in Q#11.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. You could not get credit or financing	5.0%	—%	—%	4.6%
2. Unit costs were higher than expected	9.1	—	—	7.3
3. The slowing economy made investments not advisable	52.9	—	—	56.3
4. You needed the funds for other purposes	28.1	—	—	27.2
5. (Other)	5.0	—	—	4.6
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	65	46	28	139

11b. Did you increase your planned investment because:? (If "Increased" in Q#11.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. You needed more investment to complete a job or a project	—%	—%	—%	22.1%
2. Unit prices were lower than expected	—	—	—	4.7
3. You needed the extra business capacity	—	—	—	45.3
4. New tax incentives were available	—	—	—	5.8
5. (Other)	—	—	—	20.9
6. (DK/Refuse)	—	—	—	1.2
Total	100.0%	100.0%	100.0%	100.0%
N	35	22	38	95

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

12. Compared to six months ago, is the total number of employees working for you today more or less, or is it the same? (If "More" or "Less" in Q#12.) About how many more/less?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. More	6.3%	13.1%	26.3%	9.0%
(One employee)	—	—	—	(3.0)
(Two employees)	—	—	—	(2.8)
(3 – 5 employees)	—	—	—	(1.9)
(> 5 employees)	—	—	—	(1.3)
(DK/Refused)	—	—	—	(—)
2. Same	72.2	63.1	57.9	69.8
3. Less	21.5	23.8	15.8	21.3
(One employee)	—	—	—	(4.9)
(Two employees)	—	—	—	(5.1)
(3 – 5 employees)	—	—	—	(7.7)
(> 5 employees)	—	—	—	(3.0)
(DK/Refused)	—	—	—	(0.3)
4. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

12a. Is the primary reason for the smaller number of employees because of:? (If "Less" in Q#12.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Slower business activity	69.2%	—%	—%	69.9%
2. Can't fill vacancies	9.8	—	—	8.6
3. Seasonal factors	8.3	—	—	10.4
4. (Other)	12.8	—	—	11.0
5. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	74	44	32	150

13. In the last six months, have you checked with your primary financial institution to determine if there could be any issues obtaining credit in the immediate future should borrowing become necessary?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Yes	22.9%	28.6%	34.2%	24.6%
2. No	71.4	67.9	57.9	69.8
3. (Won't need credit; not an issue)	4.4	2.4	5.3	4.2
4. (DK/Refuse)	1.2	1.2	2.6	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

14. Is business activity in your local area:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Very strong	3.1%	3.5%	5.3%	3.3%
2. Strong	26.9	35.3	28.9	28.0
3. So-so	38.3	31.8	42.1	38.0
4. Weak	19.6	16.5	17.1	19.0
5. Very weak	8.9	8.2	3.9	8.3
6. (DK/Refuse)	3.2	4.7	2.6	3.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

15. Is business activity in your area getting:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Much stronger	1.6%	1.2%	2.6%	1.7%
2. Stronger	14.6	23.8	27.3	16.8
3. Not changing	40.3	33.3	32.5	38.8
4. Weaker	33.5	33.3	29.9	33.1
5. Much weaker	7.0	4.8	3.9	6.4
6. (DK/Refuse)	3.0	3.6	3.9	3.2
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

16. Is your firm's business activity:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Very strong	6.0%	8.4%	11.8%	6.8%
2. Strong	43.0	45.8	50.0	44.0
3. So-so	35.1	31.3	27.6	33.9
4. Weak	10.4	10.8	9.2	10.3
5. Very weak	4.4	2.4	—	3.7
6. (DK/Refuse)	1.1	1.2	1.3	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

17. Is your firm's business activity getting:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Much stronger	4.0%	4.8%	8.0%	4.5%
2. Stronger	30.9	34.9	42.7	32.5
3. Not changing	44.2	41.0	37.3	43.4
4. Weaker	14.9	19.3	10.7	14.9
5. Much weaker	3.4	—	—	2.7
6. (DK/Refuse)	2.6	—	1.3	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

18. Are 90 percent or more of your sales made to customers located within 50 miles of your business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Yes	75.0%	72.6%	64.5%	73.7%
2. No	24.1	27.4	35.5	25.6
3. (DK/Refuse)	0.8	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

19. Over the last six months or so, have you followed the activity of the Federal Reserve Board:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Closely	32.4%	32.9%	41.6%	33.4%
2. Somewhat closely	29.7	37.6	29.9	30.6
3. Distantly, or	10.5	9.4	11.7	10.5
4. Have you paid no attention	26.9	18.8	15.6	24.9
5. (DK/Refuse)	0.5	1.2	1.3	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

19a. In the last six months have you made any business decisions as a direct result of action taken by the Federal Reserve Board? (If "Paid Attention" in Q#18.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Yes	15.8%	7.9%	23.8%	16.9%
2. No	84.2	82.1	76.2	83.1
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	250	155	163	568

19a1. Is the tone of the decision or decisions you made based on Federal Reserve action to:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Contract business activity	—%	—%	—%	19.4%
2. Expand business activity	—	—	—	28.6
3. Shuffle things around	—	—	—	45.9
4. (DK/Refuse)	—	—	—	6.1
Total	100.0%	100.0%	100.0%	100.0%
N	35	27	39	101

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

Demographics

D1. Which best describes your position in the business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Owner/Manager	87.9%	81.0%	84.2%	86.8%
2. Owner, but not manager	3.9	7.1	5.3	4.4
3. Manager, but not owner	8.3	11.9	10.5	8.9
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D2. Is your primary business activity: (NAICs code)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Agriculture, forestry, fishing	3.1%	1.2%	2.6%	2.8%
2. Construction	12.8	12.3	7.8	12.3
3. Manufacturing, mining	11.4	12.3	9.0	11.4
4. Wholesale trade	6.6	7.4	11.7	7.2
5. Retail trade	14.7	14.9	11.7	14.5
6. Transportation and warehousing	1.9	3.7	3.9	2.4
7. Information	2.3	3.7	1.3	2.3
8. Finance and insurance	5.2	2.5	2.6	4.6
9. Real estate and rental/leasing	5.5	1.2	3.9	4.9
10. Professional/scientific/ technical services	13.8	13.6	11.7	13.5
11. Admin. support/waste management services	6.0	3.7	6.5	5.8
12. Educational services	0.3	—	—	0.3
13. Health care and social assistance	3.1	7.4	5.2	3.7
14. Arts, entertainment or recreation	2.3	1.2	2.6	2.2
15. Accommodations or food service	3.4	9.9	11.7	4.9
16. Other service, incl. repair, personal service	7.5	4.9	6.5	7.1
17. Other	—	—	1.3	0.1
18. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

D3. Over the last two years, have your real volume sales:?

1. Increased by 30 percent or more	10.7%	13.1%	11.5%	11.0%
2. Increased by 20 to 29 percent	10.2	8.3	14.1	10.4
3. Increased by 10 to 19 percent	20.4	28.6	26.9	21.9
4. Increased by < 10 percent	19.6	21.4	26.9	20.5
5. Decreased by < 10 percent	9.2	10.7	6.4	9.1
6. Decreased by 10 percent or more	21.5	11.9	10.3	19.4
7. (DK/Refuse)	8.4	6.0	3.9	7.6
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D4. Is this business operated primarily from the home, including any associated structures such as a garage or barn?

1. Yes	27.8%	4.8%	5.3%	23.2%
2. No	70.7	95.2	94.7	75.7
3. (DK/Refuse)	1.5	—	—	1.2
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D5. How long have you operated this business?

1. < 6 years	18.8%	13.3%	15.8%	17.9%
2. 6 – 10 years	19.7	18.1	19.7	19.6
3. 11 – 20 years	31.6	28.9	25.0	30.7
4. 21 – 30 years	18.3	20.5	21.1	18.8
5. 31+ years	9.6	19.3	18.4	11.5
6. (DK/Refuse)	2.0	—	—	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

D6. What is your highest level of formal education?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. < H.S.	2.8%	2.4%	1.3%	2.6%
2. H.S. diploma/GED	19.7	17.9	10.5	18.6
3. Some college or associate's degree	19.6	19.0	14.5	19.0
4. Vocational or technical school degree	6.6	3.6	5.3	6.2
5. College diploma	31.7	38.1	42.1	33.4
6. Advanced or professional degree	17.5	19.0	25.0	18.4
7. (DK/Refuse)	2.1	—	1.3	1.8
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D7. Please tell me your age

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. < 25 years	0.5%	—%	—%	0.4%
2. 25 – 34 years	3.4	3.6	7.9	3.9
3. 35 – 44 years	15.7	17.9	15.8	16.0
4. 45 – 54 years	31.3	34.5	28.9	31.4
5. 55 – 64 years	31.0	29.8	28.9	30.6
6. 65+ years	15.1	14.3	15.8	15.1
7. (Refuse)	3.1	—	2.6	2.7
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D8. What is the zip code of your business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. East (zips 010-219)	21.1%	17.9%	21.1%	20.7%
2. South (zips (220-427)	20.6	19.0	22.4	20.6
3. Mid-West (zips 430-567, 600-658)	24.4	23.8	23.7	24.3
4. Central (zips 570-599, 660-898)	18.9	25.0	21.1	19.8
5. West (zips 900-999)	13.1	14.3	10.5	13.0
6. (DK/Refuse)	1.9	—	1.3	1.7
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

	1-9 emp	10-19 emp	20-249 emp	All Firms
	Employee Size of Firm			

D9. Urbanization (Derived from zip code.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Highly Urban	10.2%	13.3%	13.0%	10.8%
2. Urban	18.8	20.5	19.5	19.0
3. Fringe Urban	19.3	19.3	18.2	19.2
4. Small Cities/Towns	20.1	19.3	18.2	19.8
5. Rural	26.5	25.3	23.4	26.1
6. (Not Known)	5.2	2.4	7.8	5.1
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D10. Compared to your competitors over the last three years, do you think the overall performance of your business in terms of sales and net profits makes it a:?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. High performer	21.4%	26.5%	32.5%	23.0%
2. Somewhat high performer	20.6	24.1	28.6	21.8
3. Moderate performer	37.9	41.0	29.9	37.5
4. Somewhat low performer	2.9	1.2	1.3	2.6
5. Low performer	11.8	4.8	3.9	10.3
6. (Haven't been in business three years)	0.3	—	—	0.3
7. (DK/Refuse)	5.0	2.4	3.9	4.7
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

D11. Sex

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Male	78.8%	81.0%	84.4%	79.6%
2. Female	21.1	19.0	15.6	20.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	200	750

Table Notes

1. All percentages appearing are based on **weighted** data.
2. All "Ns" appearing are based on **unweighted** data.
3. Data are not presented where there are fewer than 50 unweighted cases.
4. ( )s around an answer indicate a volunteered response.

WARNING – When reviewing the table, care should be taken to distinguish between the percentage of the population and the percentage of those asked a particular question. Not every respondent was asked every question. All percentages appearing on the table use the number asked the question as the denominator.

Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between March 5 to April 3, 2008 from a sample of small employers. "Small employer" was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation's direction from the files of the Dun & Bradstreet Corporation, an imperfect file but the best currently available for public use. A random stratified sample design is typically employed to compensate for the highly skewed distribution of small-business owners by employee size of firm (Table A1). Almost 60 percent of employers in the United States employ just one to four people meaning that a random sample would yield comparatively few larger small employers to interview. Since size within the small-business population is often an important differentiating variable, it is important that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small business owners are arbitrary but adequate to allow independent examination of the 10-19 and 20-249 employee size classes as well as the 1-9 employee size group.

Table A1

Sample Composition Under Varying Scenarios

	Expected from Random Sample*		Obtained from Stratified Random Sample			
Employee Size of Firm	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	593	79	350	47	350	46
10-19	82	11	200	27	200	27
20-249	75	10	200	27	200	27
All Firms	750	100	750	101	750	100

* *Sample universe developed from the Bureau of the Census (2002 data) and published by the Office of Advocacy at the Small Business Administration.*

The Sponsor

The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy related problems small business owners encounter. Its periodic reports include *Small Business Economic Trends, Small Business Problems and Priorities*, and now the *National Small Business Poll.* The Foundation also publishes ad hoc reports on issues of concern to small business owners.

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