



National Small Business Poll

NEIB National

Volume 1, Issue 8
2001

Small Business Poll

Privacy

NFIB National Small Business Poll

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.

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NFIB National
Small Business
Poll



Privacy

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Volume 1, Issue 8
2001
ISSN - 1534-8326

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Privacy

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Executive Summary

- Fifty-seven (57) percent of all small employers are concerned about the loss of privacy in the United States. Of those concerned, nearly three-quarters (72 percent) feel the government should err on the side of privacy over economic efficiency if a trade-off must be made. However, a majority overall (58 percent) feel the government maintains a good balance between privacy and economic efficiency.
- The most frequently cited area where small-business owners feel a better balance between privacy and commerce needs to be maintained is stolen identity. Of those who cited stolen identity, half feel that the rights of business are too heavily favored and 36 percent feel that the rights of privacy are too heavily favored.
- Small-business owners are concerned about the unauthorized collection, release and use of both their business and personal information; 81 percent of those worried about privacy do not distinguish between the two.
- Business owners most frequently cite a credit-reporting agency (28 percent) as an entity that has abused their private information. The next most frequently cited entity is a financial institution (27 percent), followed by an on-line vendor (25 percent).
- Sixty-one (61) percent of small-business owners polled maintain a list of business customers or prospective customers. One-quarter of those owners notify people that they are collecting information.
- Just 33 percent of small employers feel “reasonable” people would consider the information they maintain to be personal or confidential. These owners are likely to take steps to protect that information. Eighty-eight (88) percent keep it in a locked file, room, area, or on a secure computer; 76 percent release information only upon written permission; 69 percent limit employee access; and 58 percent have a written privacy policy.
- The most frequently cited method used to compile customer lists is to reference billing or payment information (39 percent). Just 12 percent of owners employ browsers on Web sites and 6 percent use credit card information.
- A majority (56 percent) use their lists for promotional purposes. Many others use their lists to increase client goodwill, such as with greeting cards (47 percent), or to remind customers of appointments or check-ups (35 percent). Less than 1 percent sell their file to third parties.
- The overwhelming majority of small employers do not find their lists critical to the success of their businesses.
- A law requiring business owners to remove the name from their lists of any person requesting it in writing would have a varied impact on small businesses. It probably would not significantly alter the business practices of many firms. Twenty-nine (29) percent of owners say it would not affect their business and 23 percent would change operations just enough to comply.

Privacy

Privacy is an increasingly prominent issue. Despite efforts by many businesses to implement voluntary privacy policies, momentum is growing for congressional action to create a national privacy standard. Small-business owners find themselves in the middle of this debate. They are both business owners and consumers, and as such have conflicting interests on potential privacy legislation or regulation. The same rules designed to protect their personal information could be costly to implement and create legal challenges within their own firms. Some small-business owners may feel that privacy regulations are needed to protect their own personal information. They may want a prescribed, standard set of privacy rules to manage their customers' privacy concerns. Others may want to avoid the cost and hassle of implementing a federal privacy policy for their customer lists. They may feel that running their businesses without new regulations outweighs the benefits of having them. The issue will become increasingly salient for small firms as they adopt new technologies. Business owners who conduct transactions over the Internet may find both their off-line and on-line operations subjected to regulations designed to prevent on-line fraud. The Internet, therefore, also puts small-business owners in the middle. This issue of the *National Small Business Poll* focuses on the importance of the privacy issue to small-business owners, as well as the perceived impacts a government privacy policy could have on small-business operations.

The Scope and Nature of the Privacy Issue

Small-business owners are concerned about a loss of privacy in the United States by a margin of 3-2 (Q #1). However, not all of those who have privacy worries share the same level of concern. Seven percent are extremely concerned; 23 percent are very concerned; 15 percent are somewhat concerned; and 12 percent are just mildly concerned about the loss of privacy in the United States. Forty-two (42) percent of small-business owners are not concerned about it. Of those who are concerned, 72

percent feel the government should err on the side of privacy over economic efficiency if a trade-off must be made (Q#2).

a. *Issues of Concern*

The vast majority of small-business owners are equally worried about the unauthorized collection, release and use of their business and their personal information (Q#3). Nearly 81 percent of those who have privacy concerns are nervous about both. Just under 18 percent are concerned solely with personal data while 0.5 percent of small-business owners are uneasy only

about the unauthorized use of their business information.

The greatest concern for respondents who worry about privacy is having their identity stolen (Q#4). Nearly 36 percent of those who are concerned about the loss of privacy in the United States cite a stolen identity as the one part of their lives about which they are most anxious. Thirty (30) percent of those with privacy worries are concerned about financial matters. A much smaller number of small-business owners, 9 percent of those with privacy concerns, are anxious about the loss of privacy over health issues. Relatively few are worried about the security of their purchasing habits (6 percent), lifestyle issues (6 percent), or political activity (6 percent).

b. Privacy Violations

Small-business owners tend to be concerned about their privacy, particularly when it comes to stolen identity and financial matters. Personal experience has led them to be cautious. While nearly 60 percent of all respondents have privacy concerns, 49 percent of all owners cite at least one violation of their privacy in the last three years. Credit reporting agencies are most often blamed for having abused their private information; nearly 28 percent of all respondents identify credit reporting agencies (Q#5E). Twenty-seven (27) percent feel that a financial institution has misused their private information (Q#5B) and one-quarter (25 percent) assert that an on-line vendor has done so (Q#5D). Fewer small-business owners claim trouble with an insurance company (17 percent) (Q#5C) and just eight percent feel a grocery store has misused their information (Q#5F). Small-business owners are likely aware that insurance companies and grocery stores gather personal information. Therefore, the results suggest that small-business owners either feel that it is in the scope of business for insurance agencies and grocery stores to use their information or that small-business owners see value in sharing information with these types of industries.

While there is often media discussion about the federal government misusing personal information, nearly 80 percent of respondents are comfortable with the way the federal government treats their private information.

Lists

Sixty-one (61) percent of small-business owners develop and maintain lists of customers or prospective customers (Q#7). The sizes of the lists vary widely from business to business (Q#8). However, the sizes of the lists do not differ substantially based on the size of the business. Seventeen (17) percent of list-holding businesses keep fewer than 100 names; 33 percent hold between 100 and 499; 6 percent have 500-999; 26 percent keep between 1,000 and 9,999 people on their lists; 8 percent have over 10,000 names on theirs.

a. Source of Lists

Of the owners who maintain lists, 39 percent use billing or payment information of their customers to create them (Q#7A). Twenty-two (22) percent of those who keep lists each gather their information from printed or electronic directories (Q#7C), or obtain it directly from customers in return for discounts or prizes (Q#7E). Twelve (12) percent collect information through browsers on their Web sites (Q#7D) while 11 percent purchase names from other businesses (Q#7F). Six percent develop theirs from credit card information.

Customers are likely to be unaware that information about them is being collected and maintained by small-business owners. Just 25 percent of small-business owners who collect information on their customers notify people that they are on a list (Q#7b).

b. Use of Lists

Lists of customers and potential customers are often valuable commodities in today's aggressive marketing world. They can be one of the few cost-effective advertising vehicles for smaller firms. Lists can also be a useful small-business resource in many different ways. However, small-business owners are most likely to use their customer lists for direct promotional purposes. Fifty-six (56) percent send out promotional material to people on their lists (Q#7cA). Of those who want to alert clients of promotions or specials, regular mail is the first choice. Over half (56 percent) of the owners who send promotional materials do so through postal mail, while one third combine e-mail with their postal mailings (Q#7cA1). Though e-mail has become an increasingly used form

of communication, just 3 percent of small-business owners rely solely on e-mail for their promotional purposes.

Beside direct promotional approaches, small-business owners also take an indirect approach to increase sales by sending greeting cards on holidays, birthdays or special occasions to those customers on their lists. Forty-seven (47) percent of small-business owners who maintain client registers find them useful to promote sales through this type of client goodwill (Q#7cE). Small-business owners also find their customer lists handy when distributing non-promotional materials. Thirty-five (35) percent of those who have lists contact customers to remind them of appointments, check-ups, or annual servicing (Q#7cB).

While tele-marketing and name swapping are integral parts of some types of businesses today, relatively few small-business owners who keep customer records use them to tele-market and virtually none sell names to third parties. Among owners who maintain lists, 11 percent tele-market to their clients (7 percent of all businesses) (Q#7cC) and a mere 0.9 percent sell information from their databases to outside businesses (0.6 percent of all businesses) (Q#7cD).

Although more than 61 percent of those polled maintain a list of customers, very few of these business owners rely heavily on lists for the success of their businesses (Q#9). Only 5 percent feel that their lists are “critical” for a successful business. Another 16 percent find them to be an “important” tool. One-third of those maintaining client databases consider lists “helpful” for a successful business and 24 percent feel that they are just “marginally useful.” Surprisingly, 25 percent of those who maintain lists consider their efforts to be a waste of time and money.

Confidential Customer Information

Small-business owners make a clear distinction between maintaining lists of customers and maintaining confidential information about customers. While 61 percent of owners maintain customer lists, only 33 percent of owners feel that they maintain information about customers or potential customers that “reasonable people would consider personal or confidential” (Q#6).

Small-business owners who keep confidential information about customers tend to take care while handling it. Eighty-eight (88) percent of those holding personal data keep it in a locked file, room, area, or on a secure computer (Q#6aB). Seventy-six (76) percent of those who have confidential information only allow its release with written permission of the person providing the information (Q#6aA). Sixty-nine (69) percent limit employee access to the information (Q#6aC). While the majority of small-businesses have not been subjected to a government mandate requiring a written privacy policy, over 58 percent voluntarily provide a written policy to those whose private information they maintain (Q#6aD).

The survey does not address how owners maintain their files of general, non-personal customer information.

Privacy Policy

Overall, small-business owners feel that the federal government does a good job balancing the protection of privacy rights and commercial rights. Fifty-nine (59) percent of all respondents answered that government policy balances the two interests (Q#11). However, of those who feel that the government’s policy is out of balance, by a margin of two to one small employers are more likely to believe government policy favors commerce over privacy. Within the group of respondents who believe there is partiality toward commerce (20 percent), just 20 percent believe this preference is a good thing (Q#11a). Among those who feel that the government leans too far toward the protection of privacy rights (10 percent), half consider this good public policy and half consider it bad.

Respondents on each side of the issue share the same level of concern: 60 percent on each side feel very strongly that there is an imbalance. The remaining 40 percent on each side do not hold a deep-seated opinion.

The area where small-business owners feel that the rights of privacy and commercial activity needs a better balance is stolen identity (Q#12). Nearly 29 percent pinpoint stolen identity as their greatest concern. However, within this group, not all feel that the rights of commerce prevail. Half feel that commercial rights are favored but 36 per-

cent feel that privacy rights are (Q#12a). The second most frequently cited area (19 percent) where owners feel the need for a better balance between privacy and commerce appears in financial matters. Of those concerned about financial matters, over 68 percent feel commercial interests are too heavily favored and 26 percent say that privacy rights are. Seventeen (17) percent feel that the rights of privacy and business are out of kilter on health issues. Of these small-business owners, 60 percent say business concerns actually take precedence while 35 percent say privacy issues predominate. A majority of owners, therefore, believe that in the area where rights are most out of balance, the balance lists toward commerce. It protects privacy insufficiently. However, a sizeable contingent feels the opposite. The generally mixed result reinforces the general tenor of the data throughout, i.e., there is some concern among small-business owners over the loss of privacy, but it is neither alarming nor unanimous.

If small-business owners were faced with a law that would require them to remove from their lists the name of any person who asked them in writing to do so, many feel it would not have a significant affect on their businesses (Q#10). Nearly 29 percent report that such a law would not affect them. Most of the remaining owners would make changes to their operations in ways to comply. Twenty-three (23) percent would change operations enough to comply with the regulation. However, 16 percent of small-business owners would curb or eliminate their use of lists. Six percent would reduce the use of lists; another six percent would no longer add names to their lists or would not create new customer lists; almost four percent would no longer use lists.

Several chose not to give their reaction to such a law, but their opinion of it. And, they favored it by over a 3-1 margin. Eighteen (18) percent volunteered that they approved of such a law while five percent opposed it.

Final Comments

Small-business owners generally feel that government maintains a reasonable balance between the often-competing rights of privacy and commerce. However, those who feel there is an imbalance favor increased privacy protections over commercial protections.

This is not illogical. Small-business owners are private citizens as well as business owners and often respond in the former role. They also occasionally witness confidential information from their privately-held business revealed. Both consumer roles encourage them to be concerned about privacy.

As business owners, most do not feel that they maintain personal or confidential customer information. Without such private information, they are not likely to feel threatened by potential restrictions on it. While about one-quarter say that they do maintain personal information, almost all of those have some type of security policy even if it is just locking the information in a file drawer. Privacy gains, therefore, appear possible with little downside risk. But, this is only true if legislators or regulators view privacy issues from the same frame of reference as small-business owners. Owners likely will not feel the same if the definition of private/confidential information differs from theirs, or rigorous standards of information handling are required.

It must be remembered that small-business owners are currently concerned about a narrow field of privacy issues. Their apprehension remains focused on protecting themselves from stolen identity, misuse of financial information, and healthcare privacy. They are less concerned about other matters and that puts them at odds with some of the more ardent privacy advocates.

Privacy is a very large issue area. This survey focused on privacy concerns and the use of lists. A host of other, relevant-privacy related topics could not be addressed due to space limitations. For example, there can be a trade-off between security and privacy. How far should the employer be allowed to go to discover information that may protect one employee from another? How far do small employers go now? There are also questions about revealing the work performance of prior employees. Small employers do remarkably little reference checking. Do they believe that prior employers feel constrained to provide useful information? Or, are there other reasons? Do they provide employee references? Other questions could include workplace surveillance, computer system security, etc. The list is long, but important, and will require further investigation at a later date.

Privacy

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

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Are you concerned about the loss of privacy in the United States? Are you extremely concerned, very concerned, somewhat concerned, or mildly concerned? (If "yes" in Q#1.)				
1. Yes	58.1%	50.0%	53.3%	56.8%
[Extremely concerned]	[7.8]	[5.0]	[1.3]	[7.2]
[Very concerned]	[23.5]	[21.3]	[24.0]	[23.3]
[Somewhat concerned]	[14.5]	[12.5]	[16.0]	[14.5]
[Mildly concerned]	[12.2]	[11.3]	[9.3]	[11.8]
2. No	40.7	47.5	45.3	41.9
3. (DK/Refuse)	1.2	2.5	1.3	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

2. A trade-off sometimes exists between privacy on the one hand and economic efficiencies that result in such things as lower costs on the other. When a trade-off exists, should government officials err on the side of privacy OR on the side of economic efficiency? Do you feel that way strongly? (If "yes" in Q#1.)

1. Strongly privacy	53.6%	52.5%	56.4%	53.8%
2. Not strongly privacy	18.2	12.5	23.1	18.1
3. Not strongly economic efficiency	9.8	7.5	5.1	9.2
4. Strongly economic efficiency	8.4	15.0	10.3	9.2
5. (DK/Refuse)	10.1	12.5	5.2	9.8
Total	100.0%	100.0%	100.0%	100.0%
N	204	102	107	413

3. Are you more concerned about the unauthorized collection, release and use of your business information OR your personal information? Or, are you equally concerned about both?

1. Business	0.6%	—%	—%	0.5%
2. Personal	17.6	17.9	17.9	17.6
3. Both	80.4	82.1	82.1	80.7
4. (DK/Refuse)	0.6	2.5	2.6	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	204	102	107	413

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

4. In which one part of life are you most concerned over potential for the loss of privacy? Would you say:

1. Health issues	9.5%	7.7%	7.5%	9.2%
2. Financial matters	29.7	30.8	30.0	29.8
3. Purchasing habits	6.1	5.1	5.0	5.9
4. Lifestyle issues	6.1	5.1	5.0	5.9
5. Political activity	4.9	7.7	5.0	5.2
6. Stolen identity	35.2	33.3	42.5	35.7
7. (None of these)	2.6	2.6	—	2.3
8. (DK/Refuse)	6.0	7.7	5.0	6.1
Total	100.0%	100.0%	100.0%	100.0%
N	204	102	107	413

5. Within the last three years, do you feel that any of the following have abused the private personal or private business information that they have obtained about you or your business?

How about:

A. The federal government?

1. Yes	15.5%	18.5%	17.6%	16.0%
2. No	79.8	76.5	79.7	79.4
3. (DK/Refuse)	4.7	4.9	2.7	4.5
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

B. A financial institution?

1. Yes	27.5%	22.5%	24.3%	26.7%
2. No	70.1	72.5	75.7	70.9
3. (DK/Refuse)	2.3	5.0	—	4.5
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

C. An insurance company?

1. Yes	17.0%	18.8%	18.9%	17.4%
2. No	80.8	77.5	79.7	80.4
3. (DK/Refuse)	2.2	3.8	1.4	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
D. An on-line vendor?				
1. Yes	25.4%	22.5%	25.3%	25.1%
2. No	71.0	72.5	72.0	71.2
3. (DK/Refuse)	2.2	3.8	1.4	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

E. A credit reporting agency?

1. Yes	28.4%	23.8%	25.7%	27.6%
2. No	68.4	70.0	73.0	69.1
3. (DK/Refuse)	3.2	6.3	1.4	3.3
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

F. A grocery store?

1. Yes	8.3%	4.9%	6.8%	7.8%
2. No	89.5	91.4	91.9	89.9
3. (DK/Refuse)	2.2	3.7	1.4	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

6. Do you maintain information on your customers or prospective customers that reasonable people would consider personal or confidential?

1. Yes	33.6%	36.3%	27.0%	33.2%
2. No	66.3	62.5	73.0	66.5
3. (DK/Refuse)	0.2	1.3	—	0.2
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

6a. How do you treat that information? Do you: (If “yes” in Q#6.)

A. Allow its release only with written permission of the person providing the information?

1. Yes	76.1%	75.9%	75.0%	76.0%
2. No	21.4	20.7	20.0	21.2
3. (DK/Refuse)	2.5	3.4	5.0	2.8
Total	100.0%	100.0%	100.0%	100.0%
N	121	73	58	252

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

B. Keep it in a locked file, room, area or on a secure computer?

1. Yes	87.5%	89.7%	90.0%	88.0%
2. No	10.5	10.3	10.0	10.4
3. (DK/Refuse)	2.0	—	—	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	121	73	58	252

C. Limit employee access to it?

1. Yes	65.0%	82.8%	90.0%	69.1%
2. No	34.0	17.2	10.0	30.1
3. (DK/Refuse)	1.0	—	—	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	121	73	58	252

D. Provide a written policy to all whose private information you maintain?

1. Yes	59.7%	44.8%	61.9%	58.2%
2. No	40.3	55.2	38.1	41.8
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	121	73	58	252

7. Do you develop and maintain a list or lists of business customers or prospective customers?

1. Yes	59.4%	67.5%	67.6%	61.1%
2. No	40.4	32.5	32.4	38.8
3. (DK/Refuse)	0.2	—	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

7a. Did you develop that list from: (If “yes” in Q#7.)

A. Billing or payment information?

1. Yes	39.0%	40.7%	39.2%	39.3%
2. No	60.4	59.3	60.8	60.3
3. (DK/Refuse)	0.6	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

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

B. Credit card information?

1. Yes	7.0%	1.9%	4.0%	6.1%
2. No	93.0	98.1	96.0	93.9
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

C. Printed or electronic directories?

1. Yes	21.1%	20.4%	34.0%	22.4%
2. No	78.0	79.6	66.0	77.2
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

D. Browsers on your Web site?

1. Yes	11.5%	11.1%	16.0%	11.9%
2. No	88.0	88.9	84.0	87.6
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

E. Information provided by customers or others in return for discounts, prizes, etc.

1. Yes	23.0%	16.7%	20.0%	22.0%
2. No	76.1	83.3	80.0	77.4
3. (DK/Refuse)	0.9	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

F. Names purchased from list compilers or other businesses?

1. Yes	10.4%	11.1%	18.0%	11.3%
2. No	89.6	88.9	82.0	88.7
3. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

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

7b. Do you notify people that they are on the list that you are collecting and compiling information about them?

1. Yes	25.0%	22.6%	28.0%	25.1%
2. No	74.4	75.5	68.0	73.9
3. (DK/Refuse)	0.6	1.9	4.0	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

7c. What do you do with your lists? Do you:

A. Send out promotional material to people on it?

1. Yes	57.3%	42.6%	60.8%	56.0%
2. No	42.1	57.4	39.2	43.6
3. (DK/Refuse)	0.6	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

A1. Do you do that by regular mail, e-mail, or both? (If “yes” in Q#7cA.)

1. Regular mail	60.8%	63.6%	70.0%	62.1%
2. E-mail	2.9	4.5	3.3	3.1
3. Both	34.3	31.8	26.7	33.2
4. (Other)	1.0	—	—	0.8
5. (DK/Refuse)	1.0	—	—	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	113	57	83	253

B. Send out non-promotional material such as reminders of appointments, annual check-ups, annual serving, etc. to people on it?

1 Yes	36.0%	32.1%	32.0%	35.1%
2. No	63.2	67.9	68.0	64.3
3. (DK/Refuse)	0.9	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

C. Use the list to tele-market?

1 Yes	8.7%	16.7%	19.6%	10.8%
2. No	90.7	83.3	80.4	88.7
3. (DK/Refuse)	0.6	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
D. Sell the list to third parties?				
1 Yes	1.1%	—%	—%	0.9%
2. No	98.3	100.0	100.0	98.7
3. (DK/Refuse)	0.6	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

E. Send greetings on holidays, birthdays, or special occasions to people on it?				
1 Yes	45.3%	52.8%	47.1%	47.2%
2. No	53.1	47.2	52.9	52.4
3. (DK/Refuse)	0.6	—	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

8. Approximately how many total names are currently on all your lists combined?

1. <100	18.0%	11.3%	12.0%	16.6%
2. 100-499	33.4	32.1	30.0	32.9
3. 500-999	5.1	9.4	10.0	6.1
4. 1,000-9,999	26.4	24.5	24.0	25.9
5. 10,000+	8.1	5.7	12.0	8.3
6. (DK/Refuse)	9.0	17.0	12.0	10.2
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

9. How important are your lists to the success of your business? Are they:

1. Critical	4.8%	3.8%	3.8%	4.6%
2. Important	16.6	13.2	15.4	16.1
3. Helpful	29.8	30.2	25.0	29.3
4. Marginally useful	24.7	22.6	21.2	24.1
5. Waste of time and money for the most part	23.3	26.4	32.7	24.7
6. (DK/Refuse)	0.8	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

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

10. How would you react if Congress passed a law requiring that you remove from your list or lists the name of any person who asks you in writing to do so?

1. Change my operation only enough to comply	25.7%	22.4%	20.4%	23.3%
2. No longer add names to my list(s) or develop new ones	4.4	4.5	8.8	5.7
3. Reduce the use of my lists	8.7	3.0	5.1	6.1
4. No longer use my lists	1.5	6.0	4.4	3.6
5. Not affect my business	27.2	29.1	31.4	28.9
6. (Approve of the law)	19.4	17.2	16.1	17.8
7. (Disapprove of the law)	4.9	4.5	6.6	5.2
8. (Other)	3.9	5.2	2.9	4.0
9. (DK/Refuse)	4.4	8.2	4.4	5.5
Total	100.0%	100.0%	100.0%	100.0%
N	206	134	137	477

11. As a business owner and private citizen, do you feel government policy leans too heavily toward the protection of privacy rights OR toward the protection of rights to conduct business activity? Or do you feel they are appropriately balanced? Do you feel that way strongly? (If “privacy” or “conduct business” in Q#11.)

1. Strongly privacy rights	5.8%	6.3%	8.1%	6.1%
2. Not so strongly privacy rights	3.7	5.0	5.4	4.0
3. Balanced	58.4	56.3	60.8	58.4
4. Not so strongly conduct business activity	7.5	8.8	6.8	7.6
5. Strongly conduct business activity	14.5	12.5	9.5	13.8
6. (DK/Refuse)	10.0	11.3	9.5	10.1
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

11a. Is this a good thing or a bad thing? (If “privacy” or “conduct business” in Q#11.)

1. Lean to privacy rights	30.2%	34.6%	45.5%	31.9%
[Good thing]	[13.2]	[15.4]	[22.7]	[14.3]
[Bad thing]	[13.8]	[15.4]	[22.7]	[14.7]
[DK/Refuse]	[3.1]	[3.8]	[—]	[2.9]
2. Lean to business activity	69.8	65.4	54.5	68.1
[Good thing]	[23.8]	[15.4]	[9.0]	[13.9]
[Bad thing]	[39.7]	[42.3]	[45.5]	[48.3]
[DK/Refuse]	[6.3]	[7.7]	[—]	[5.9]
Total	100.0%	100.0%	100.0%	100.0%
N	111	62	62	238

12. In which ONE part of life do the competing rights of privacy and business activity MOST need better balance? Would you say: (If "part" specified, In this area, does it lean too far to privacy OR to business activity?)

1. Health issues	16.6%	16.5%	16.0%	16.5%
[Privacy]	[37.4]			[34.7]
[Business activity]	[57.6]			[59.7]
[(DK/Refuse)]	[5.0]			[5.6]
2. Financial matters	18.1	22.8	20.0	18.8
[Privacy]	[22.2]			[26.1]
[Business activity]	[72.2]			[68.3]
[(DK/Refuse)]	[5.6]			[5.6]
3. Purchasing habits	7.0	3.8	9.3	6.9
4. Lifestyle issues	6.0	6.3	4.0	5.9
5. Political activity	8.7	8.9	8.0	8.7
6. Stolen identity	28.8	27.8	28.0	28.6
[Privacy]	[34.1]	[45.5]	[42.9]	[36.0]
[Business activity]	[50.3]	[45.5]	[47.6]	[50.0]
[(DK/Refuse)]	[15.7]	[9.0]	[9.5]	[14.0]
7. (Other)	3.7	1.3	2.7	3.3
8. (None of these)	3.4	3.8	2.7	3.3
9. (DK/Refuse)	7.7	8.8	9.3	8.0
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

Demographics

D1. Is your primary business activity:

1. Construction	6.9%	13.6%	11.0%	8.0%
2. Manufacturing	6.7	9.9	16.4	8.0
3. Wholesale	6.2	3.7	6.8	6.0
4. Retail	24.0	18.5	24.7	23.4
5. Transportation	3.7	2.5	4.1	3.6
6. Communication	3.4	3.7	—	3.1
7. Financial Services	5.7	6.2	5.5	5.7
8. Services	36.3	35.8	27.4	35.4
A. Non-professional, e.g., lodging, auto repair, garages, recreation	(30.3)	(32.1)	(28.5)	(30.3)
B. Professional, e.g., health, legal, education, engineering	(40.4)	(35.7)	(28.5)	(39.0)
C. Business, e.g., advertising, mail, employment agencies, computer services, security, equipment rental	(15.6)	(14.3)	(19.0)	(15.7)
D. Personal, e.g., laundries, beauty shop, photography, funeral services, child care	(13.8)	(17.9)	(19.0)	(14.6)
E. (Refuse)	(—)	(—)	(4.8)	(0.4)
9. Agriculture, forestry, fishing	3.4	1.2	1.4	2.9
10. (Other)	1.1	2.5	1.4	1.3
11. (DK/Refuse)	2.7	2.5	1.4	2.5
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D2. Over the last two years, have your real volume sales:

1. Increased by 30 percent or more?	16.9%	12.9%	13.9%	15.1%
2. Increased by 20 to 29 percent?	12.7	14.4	14.9	13.7
3. Increased by 10 to 19 percent?	18.9	25.9	30.8	23.9
4. Changed less than 10 percent one way or the other?	25.1	24.4	25.9	25.1
5. Decreased by 10 percent or more?	18.6	13.4	8.5	14.5
6. (DK/Refuse)	7.9	9.0	6.0	7.6
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D3. Is this business operated primarily from the home, including any associated structures such as a garage or a barn?

1. Yes	22.2%	6.3%	2.7%	18.6%
2. No	74.8	91.3	94.6	78.5
3. (DK/Refuse)	3.0	2.5	2.7	2.9
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D4. How long have you owned or operated this business?

1. < 6 years	26.9%	19.8%	24.3%	25.9%
2. 6-10 years	19.4	22.2	16.2	19.4
3. 11-20 years	23.7	23.5	27.0	24.0
4. 21-30 years	17.9	17.3	17.6	17.8
5. 31 years+	8.7	12.3	10.8	9.3
6. (DK/Refuse)	3.3	4.9	4.1	3.6
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D5. What is your highest level of formal education?

1. Did not complete high school	2.3%	2.5%	—%	2.1%
2. High school diploma/GED	17.2	24.7	13.5	17.6
3. Some college or an associates degree	23.2	21.0	27.0	23.3
4. Vocational or technical school degree	3.3	2.5	2.7	3.2
5. College Diploma	30.9	30.9	41.9	32.0
6. Advanced or professional degree	19.4	14.8	12.2	18.2
7. (DK/Refuse)	3.7	3.7	2.7	3.6
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D6. Please tell me your age.

1. <25	1.8%	2.4%	1.3%	1.9%
2. 25-34	12.8	16.3	12.0	13.1
3. 35-44	22.0	26.3	30.7	23.3
4. 45-54	31.2	23.8	32.0	30.5
5. 55-64	20.7	18.8	16.0	20.0
6. 65+	7.2	6.2	5.3	6.9
7. (DK/Refuse)	4.3	6.2	2.7	4.4
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

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

D7. What is the zip code of your business?

1. East (zips 010-219)	16.7%	20.0%	21.6%	17.5%
2. South (zips 220-427)	22.5	18.8	21.6	22.0
3. Mid-West (zips 430-567, 600-658)	20.5	26.3	25.7	21.6
4. Central (zips 570-599, 660-898)	25.2	18.8	18.9	23.9
5. West (zips 900-999)	15.2	16.2	12.2	15.0
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D8. What were your gross sales in the most recent calendar or fiscal year?

1. <\$100,000	17.7%	2.4%	1.3%	14.4%
2. \$100,000 - \$249,999	16.2	3.8	2.6	13.5
3. \$250,000 - \$499,999	13.0	8.8	5.3	11.8
4. \$500,000 - \$999,999	11.9	16.3	11.8	12.3
5. \$1 million - \$4.9 million	10.4	28.8	27.6	14.0
6. \$5 million - \$9.9 million	0.3	2.4	7.9	1.3
7. \$10 million or more	0.7	2.4	17.1	2.5
8. (DK/Refuse)	29.8	35.1	26.3	30.1
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

D9. Sex

Male	73.3%	75.0%	76.0%	73.8%
Female	26.7	25.0	24.0	26.2
Total	100.0%	100.0%	100.0%	100.0%
N	355	201	201	757

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 Education Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between November 1 and November 30, 2001 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 was employed to compensate for the highly skewed dis-

tribution 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 were 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

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	593	79	350	47	355	47
10-19	82	11	200	27	201	27
20-249	75	10	200	27	201	27
All Firms	750	100	750	101	757	101

*Sample universe developed from special runs supplied to the NFIB Research Foundation by the Bureau of the Census (1997 data).

Previous Publications in This Series

- Volume 1, Issue 1 *The Changing Search
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- Issue 2 *The Use and Value of Web Sites*
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