



National Small Business Poll

NFIB National

Volume 13, Issue 2
2016

Small Business Poll

Cash Flow

NFIB National Small Business Poll

The **National Small Poll** is a series of regularly published survey reports based on data collected from national samples of small business employers. The initial volume was 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 looks into a 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 the 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.

Individual reports are publicly accessible on the NFIB web site www.411sbfacts.com. The 411 site also allows the user to search the entire data base. It searches all the questions in all of the individual **Polls** with a user-friendly key word, topic, or **Poll** sort facility.

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Small Business
Poll



Cash Flow

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National Small Business Poll



Cash Flow

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Executive Summary

Cash Flow

- About 36 percent of small employers report that cash flow is less of a business problem than it was three years ago. Still, about a quarter of small business owners report that cash flow is more of a problem than it was three years ago. About 40 percent experienced no change.
- About one-in-five (19%) small employers find cash flow a continuing or common problem in operating their business. Cash flow is an occasional problem for 43 percent of owners and 38 percent are not negatively impacted by the issue. A plurality of small business owners blame the difference in timing between expenses and receivables for their cash flow problems.
- Fifty-five percent report regularly stepping up efforts to collect receivables when confronted with a cash flow problem. Small employers also find this strategy the most important action they usually take to improve cash flow.
- Of those who borrowed money to resolve cash flow problems, the majority borrowed from a bank. Sixty-eight percent of small employers borrowed money from a bank compared to 19 percent who borrowed from another type of financial institution such as an investment firm.
- Of the population who borrow, 56 percent borrowed from a bank in the last 12 months and 6 percent looked into financing options from a non-traditional lender such as a crowd-sourcing company in the same time frame. Interest in non-traditional lenders was most popular among businesses in the 1 to 9 employee category.
- Another popular tool for small business owners in managing cash flow is a credit line from a financial institution. Over half of small business owners (56%) have an open credit line that they use for business purposes.
- Forty-six percent of small employers describe their sales as spread fairly evenly throughout the year. Thirty-six percent of small employers experience sales that are lumpy over a 12 month period with scattered strong and slow periods. About 8 percent report their sales as concentrated in one calendar quarter of the year and another 9 percent have sales largely occurring within a period of six consecutive months.

Cash Flow

Small business owners oversee, if not directly manage, all areas of their business. Arguably one of the most important areas to manage for an owner is cash flow. Cash is essential in all aspects of operating a business. Cash is what keeps the doors open, the inventory stocked, employees compensated and taxes paid. But managing the flow of cash is not as straightforward as it may appear. Owners have to balance expenses with receivables and their timing might not always line up. Cash flow interruptions are not always avoidable because of unforeseen expenses, unpredictable sales patterns, and business cycles such as the past recession. Many small business owners experienced severe cash flow disruptions during the recession. Consumers abruptly curtailed their spending, increasing the personal savings rate from 2.5 percent in November 2007 to nearly 8 percent six months later in May. In addition to the abrupt slowdown in sales, about half of small businesses owners experienced payments coming in more slowly, adding to the challenges of managing cash flow. However, owners do have some tools available to them to help manage the inflows and outflows of cash. This report examines how small employers manage cash flow.

The Cash Flow Problem and Its Causes

Many small employers find cash flow a critical issue in operating their business. In 2012, the Small Business Problems and Priorities survey found that small business owners ranked cash flow as the 13th most severe problem (out of 75 issues) facing their business, with 17 percent reporting it a “critical” issue.¹ Since 2012, it appears that the severity of the issue has abated somewhat as the economy slowly recovers. About 36 percent of small employers report that cash flow is less of a business problem than it was three years ago (Q#1). Still, some small business owners, about a quarter of them, report that cash flow is more of a problem than it was three years ago. About 40 percent experienced no change.

About one-in-five (19%) small employers find cash flow a continuing or common problem in operating their business (Q#2).

Cash flow is an occasional problem for 43 percent of owners and 38 percent are not negatively impacted by the issue. Cash flow problems arise from a variety of sources. The main culprit is the difference in timing between expenses and receivables. Twenty-eight percent of small employers view this as the primary reason for their cash flow problems (Q#3). Another 21 percent of small employers blame unexpected variations in sales as their primary reason followed by 20 percent reporting seasonality. This was certainly the case in the Great Recession, as the decline in sales was the most severe ever measured in the 42 year history of NFIB member surveys. The net percent of owners reporting positive sales trends (quarterly) plunged from a net 2 percent reporting rising sales in 2007 to a negative 34 percent in 2009, far worse than the experience in the 1980-82 period when the unemployment rate last exceeded 10 percent. In 2009,

¹ *Small Business Problems and Priorities*, Holly S. Wade, NFIB Research Foundation, 2012.

reports of worsening receivables collections exceeded reports of improved collections by 50 percentage points. Currently, that number is still a negative 25 percent reporting more success, improving slowly over the recovery.

Dealing with Cash Flow Problems

Small business owners handle cash flow problems in many ways. And most use a variety of actions in resolving cash flow problems although not necessarily at the same time. Some owners rely on specific actions more frequently, some are used on occasion and others not at all. The most frequent action taken by small employers in addressing a cash flow problem is stepping up efforts to collect money owed to them. Fifty-five percent report using this strategy regularly when confronted with a cash flow problem (Q#9). A quarter use this tactic occasionally. About one-in-five (19%) never apply more effort in collecting payments as a tool to manage a cash flow problem. Small employers also find this strategy the most important action they usually take to improve cash flow (Q#12). While this plan of action might induce a few more to pay more quickly, it is less effective during a business cycle downturn when everyone is trying to hang on to their cash as long as possible.

The second most frequently used action to resolve cash flow problems is adjusting scheduled purchases. Reevaluating the urgency of planned expenditures can buy the owner time in resolving more moderate cash flow issues. Roughly 30 percent use this tool regularly to help manage cash flow while half use it infrequently. Nineteen percent never use this tactic to resolve cash flow problems. One-quarter report that adjusting scheduled purchases is their most important tool for resolving a cash flow issue.

A group of four strategies are used at about the same frequency level among small employers. Personal resources and adjusting scheduled payments are both regularly used by about 17 percent of small employers to resolve cash flow problem. Sixteen percent report regularly borrowing money and 8 percent cash in investment held on behalf of the business. The least used tools in handling cash flow problems are employee layoffs and selling receivables. Eighty-five percent never sell their receivables to handle a cash flow problem and almost two-thirds never lay off

employees. While only 1 percent frequently lay off employees as a cash management tool, 36 percent do lay off employees infrequently to manage cash flow. The reduction of employment in the Great Recession was undoubtedly a response to severe cash flow issues.

Of those who borrowed money to resolve cash flow problems, the majority borrowed from a bank (Q#13). Sixty-eight percent of small employers borrowed money from a bank compared to 19 percent who borrowed from another type of financial institution such as an investment firm or a credit union. Eleven percent borrowed from family or friends and 3 percent borrowed using a credit card. Of the population who borrow, 56 percent borrowed from a bank in the last 12 months (Q#14) and 6 percent looked into financing options from a non-traditional lender such as a crowd-sourcing company in the same time frame. Interest in non-traditional lenders was most popular among businesses in the 1 to 9 employee category (Q#16).

Another popular tool for small business owners in managing cash flow is a credit line from a financial institution. Over half of small business owners (56%) have an open credit line that they use for business purposes (Q#17).

Cash flow management is certainly easier when sales are reasonably predictable and spread evenly throughout the year. Almost half of small employers are in this category (Q#18). Forty-six percent of small employers describe their sales as spread fairly evenly throughout the year. Thirty-six percent of small employers experience sales that are lumpy over a 12 month period with scattered strong and slow periods. And about 8 percent report their sales as concentrated in one calendar quarter of the year and another 9 percent have sales largely occurring within a period of six consecutive months. For those businesses with sales concentrated in one calendar quarter, sales most frequently peak in the third quarter (from July to September, 35%). Just under 30 percent report sales peaking in the fourth quarter.

Concluding Remarks

The management of cash flow for small business owners is often complex and stressful. Slow payments, uneven sales, unforeseen expenditures all contribute to the unpredictable nature of operating a business. Certainly the objective is to have cash flows match up,

but that isn't always possible. So when cash flow problems arise, small business owners use a variety of tools to resolve the problem depending on the nature and severity of problem. But many of the resources available to business owners are costly and those costs must be weighed against benefits of improved collections. Most small business owners appear to use the least invasive and cheapest routes to try and resolve cash flow issues before implementing more extreme measures. This report offers a better understanding of cash flow problems faced by small business owners and the remedies they invoke in trying to resolve them.

Cash Flow

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

	Employee Size of Firm			
	1-9 emp	10-19 emp	20+ emp	All Firms
1. Compared to three years ago, is cash flow much more, slightly more, about the same, slightly less, or much less of a business problem?				
1. Much more	6.7%	7.5%	7.0%	6.8%
2. Slightly more	16.1	15.0	21.1	16.5
3. About the same	38.5	40.0	38.0	38.6
4. Slightly less	19.3	20.0	18.3	19.3
5. Much less	17.3	13.8	12.7	16.5
6. (DK/Refuse)	2.0	3.8	2.8	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
2. Is cash flow a continuing, common, occasional or never a business problem for you?				
1. Continuing	9.4%	7.6%	15.5%	9.8%
2. Common	9.9	3.8	4.2	8.7
3. Occasional	42.3	50.6	36.6	42.6
4. Never	37.5	35.4	42.3	37.8
5. (DK/Refuse)	0.8	2.5	1.4	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
3. Is the primary reason for cash flow problems in your business generally associated with:				
1. Difference in timing between expenses and when customers pay	26.4%	31.3%	35.0%	27.7%
2. Unexpected variations in sales	22.1	20.8	10.0	20.9
3. Periodically need to make large capital investments	3.3	14.6	2.5	4.4
4. Seasonality	19.9	16.7	22.5	19.8
5. Unexpected variation in costs	3.5	8.3	12.5	10.1
6. Weak sales	13.4	—	7.5	11.4
7. Difficulty collecting money owed to you	10.1	8.3	12.5	10.1
8. (DK/Refuse)	1.4	—	2.5	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

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

When handling cash flow problems do you:

4. Draw on personal resources?

1. Usually	18.3%	10.4%	15.4%	17.2%
2. Seldom	33.6	29.2	33.3	33.1
3. Never	47.0	58.3	48.7	48.3
4. (DK/Refuse)	1.1	2.1	2.6	1.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

5. Cash in investments held on behalf of the business?

1. Usually	7.3%	8.3%	15.4%	8.1%
2. Seldom	28.8	14.6	35.9	27.9
3. Never	62.5	75.0	43.6	62.2
4. (DK/Refuse)	0.8	2.1	5.1	1.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

6. Borrow money?

1. Usually	17.2%	10.6%	15.4%	16.4%
2. Seldom	46.2	48.9	51.3	46.9
3. Never	35.8	38.3	33.3	35.8
4. (DK/Refuse)	0.8	2.1	—	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

7. Adjust scheduled payments?

1. Usually	17.7%	10.4%	12.5%	16.5%
2. Seldom	46.3	50.0	42.5	46.4
3. Never	35.1	37.5	42.5	36.0
4. (DK/Refuse)	0.8	2.1	2.5	1.1
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

8. Adjust scheduled purchases?

1. Usually	32.0%	25.0%	20.5%	30.2%
2. Seldom	50.8	43.8	56.4	50.6
3. Never	16.7	29.2	23.1	18.5
4. (DK/Refuse)	0.5	2.1	—	0.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

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

9. Try harder to collect money owed to you?

1. Usually	57.4%	38.8%	56.4%	55.3%
2. Seldom	24.3	36.7	17.9	25.1
3. Never	18.3	24.5	25.6	19.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

10. Lay off employees?

1. Usually	0.8%	—%	5.1%	1.1%
2. Seldom	34.7	29.2	56.4	36.0
3. Never	64.5	70.8	38.5	62.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

11. Sell your receivables?

1. Usually	1.4%	—%	—%	1.1%
2. Seldom	14.7	8.5	7.7	13.5
3. Never	83.7	91.5	92.3	85.2
4. (DK/Refuse)	0.3	—	—	0.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

12. Of the actions just mentioned, which is the one most important action you usually take to resolve a cash flow problem?

1. Draw on personal resources	15.8%	10.6%	10.0%	14.8%
2. Cash in investments held on behalf of the business	0.5	—	2.5	0.7
3. Borrow money	16.9	8.5	20.0	16.3
4. Adjust scheduled payments	12.3	17.0	12.5	12.8
5. Adjust scheduled purchases	24.9	27.7	22.5	24.9
6. Try harder to collect money owed you	24.9	31.9	27.5	25.8
7. Lay off employees	1.4	—	—	1.1
8. Sell your receivables	1.4	—	—	1.1
9. Other	0.5	—	—	0.4
10. (DK/Refuse)	1.4	4.3	5.0	2.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	219	116	113	448

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

13. When you borrow for a cash flow problem, what is the most likely source?

1. A bank	63.5%	75.0%	100.0%	67.6%
2. Another financial institution	22.2	—	—	18.9
3. A credit card	3.2	—	—	2.7
4. Family or friends	11.1	25.0	—	10.8
Total	100.0%	100.0%	100.0%	100.0%
N	36	11	26	73

14. In the last 12 months, have you had to borrow money from a bank to address cash flow issues?

1. Yes	52.5%	33.3%	85.7%	56.0%
2. No	47.5	66.7	14.3	44.0
Total	100.0%	100.0%	100.0%	100.0%
N	23	8	25	56

15. Did you receive adequate financing from a bank to address your cash flow issues?

1. Yes	*	*	*	*
2. No	*	*	*	*
Total	100.0%	100.0%	100.0%	100.0%
N	13	3	22	38

16. In the last 12 months, have you looked into financing options from a non-traditional lender such as crowd-sourcing companies?

1. Yes	6.8%	—%	—%	5.6%
2. No	93.2	100.0	100.0	94.4
Total	100.0%	100.0%	100.0%	100.0%
N	26	6	23	55

17. Do you maintain a credit line at a financial institution?

1. Yes	54.3%	59.0%	70.4%	56.3%
2. No	43.7	38.5	26.8	41.5
3. (DK/Refuse)	2.0	2.6	2.8	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

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

18. Which one of the following most accurately describes your sales?

1. Concentrated in one calendar quarter of the year	8.4%	3.8%	5.7%	7.7%
2. Largely occurring within a period of six consecutive months	9.2	11.5	5.7	9.2
3. Spread pretty evenly throughout the year	44.5	46.2	58.6	46.0
4. Lumpy, with scattered strong periods and slow periods	36.3	37.2	28.6	35.7
5. (DK/Refuse)	1.5	1.3	1.4	1.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

19. When do your strong sales occur?

1. January - March	17.0%	16.7%	22.2%	17.3%
2. April - June	17.9	25.0	22.2	18.9
3. July - September	34.9	33.3	33.3	34.6
4. October - December	30.2	25.0	22.2	29.1
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	59	29	22	110

Cash Flow Demographics

	Employee Size of Firm			All Firms
	1-9 emp	10-19 emp	20+ emp	
D1. What title best describes your position in the business?				
1. Owner and Manager	48.5%	53.8%	44.3%	48.7%
2. Owner, but not a Manager	2.5	2.6	1.4	2.4
3. Manager, but not an Owner	49.0	43.6	54.3	48.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
D2. What is your age?				
1. Less than 25 years old	2.0%	1.3%	4.2%	2.1%
2. 25 – 34 years old	12.1	11.5	11.3	11.9
3. 35 – 44 years old	15.6	14.1	12.7	15.2
4. 45 – 54 years old	25.2	24.4	28.2	25.2
5. 55 – 64 years old	29.5	33.3	29.6	29.9
6. 65 years or older	15.6	15.4	14.1	15.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
D3. What is your highest level of formal education?				
1. High school diploma/GED	11.9%	10.3%	12.7%	11.8
2. Some college or an associate's degree	27.9	30.8	29.6	28.4
3. Vocational or technical school degree	4.2	6.4	4.2	4.4
4. College diploma	40.5	35.9	38.0	39.8
5. Advanced or professional degree	15.5	16.7	15.5	15.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
D4. Sex.				
1. Male	56.3%	51.3%	57.1%	55.9%
2. Female	43.7	48.7	42.9	44.1
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

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

D5. How long have you owned, operated or been employed by this business?

1. 1 – 2 years	7.9%	7.7%	7.0%	7.8%
2. 3 – 5 years	9.3	7.7	11.3	9.3
3. 6 – 10 years	16.3	19.2	14.1	16.4
4. 11 – 20 years	24.4	20.5	21.1	23.7
5. 21 – 30 years	16.7	15.4	18.3	16.7
6. 31 or more years	22.6	25.6	25.4	23.1
7. (DK/Refuse)	2.9	3.8	2.8	3.0
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

D6. Is this business operated primarily from the home, including any associated structures such as a garage or a barn?

1. Yes	14.3%	5.1%	2.9%	12.2%
2. No	85.7	94.9	97.1	87.8
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

D7. What is the zip code of your business?

1. Northeast (zips 010 - 219)	19.5%	15.4%	25.7%	19.7%
2. Southeast (zips 220 - 427)	28.7	26.9	18.6	27.6
3. Midwest (zips 430 - 567, 600 - 658)	21.8	23.1	20.0	21.8
4. Central (zips 570 - 599, 660 - 898)	16.5	20.5	20.0	17.2
5. West (zips 900 - 998)	13.4	14.1	15.7	13.7
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

D8. How would you describe your business location?

1. Downtown/Major city	27.1%	25.3%	21.4%	26.3%
2. Urban	9.2	11.4	15.7	10.1
3. Inner suburban	10.3	19.0	17.1	11.8
4. Outer suburban	14.6	11.4	11.4	14.0
5. Small town	24.4	22.8	27.1	24.5
6. Rural	12.3	7.6	5.7	11.2
7. (DK/Refuse)	2.2	2.5	1.4	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

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

D9. For the last calendar year, what were the gross sales for your business?

1. Less than \$250,000	13.9%	5.1%	1.4%	11.8%
2. \$250,000 - \$499,999	19.6	6.4	4.2	16.8
3. \$500,000 - \$999,999	24.8	12.8	6.9	21.8
4. \$1 million - \$4.9 million	15.3	34.6	33.3	19.0
5. \$5 million - \$9.9 million	3.4	10.3	9.7	4.7
6. \$10 million or higher	4.5	7.7	19.4	6.3
7. (DK/Refuse)	18.5	23.1	25.0	19.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

D10. Over the last two years, how have your real volume sales changed?

1. Increased by 30 percent or more	8.1%	8.9%	9.9%	8.3%
2. Increased by 20-29 percent	7.9	10.1	8.5	8.2
3. Increased by 10-19 percent	26.4	26.6	26.8	26.4
4. Increased by less than 10 percent	20.7	20.3	21.1	20.7
5. Decreased by less than 10 percent	10.9	11.4	9.9	10.9
6. Decreased by 10 percent or more	10.6	6.3	4.2	9.5
7. (DK/Refuse)	15.5	16.5	19.7	16.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

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

D11. What is your primary business activity or function?

	1-9 emp	10-19 emp	20+ emp	All Firms
1. Agriculture, Forestry, Fishing and Hunting	2.2%	6.4%	5.7%	3.0%
2. Mining	—	—	—	0.0
3. Utilities	—	—	1.4	0.1
4. Construction	6.2	6.4	7.1	6.3
5. Manufacturing	8.2	11.5	10.0	8.7
6. Wholesale Trade	8.1	11.5	10.0	8.6
7. Retail Trade	19.1	102.8	12.9	17.9
8. Transportation and Warehousing	4.5	3.8	5.7	4.6
9. Information	2.9	3.8	2.9	3.0
10. Finance and Insurance	4.7	9.0	7.1	5.4
11. Real Estate Rental and Leasing	7.0	6.4	5.7	6.9
12. Professional, Scientific, and Technical Services	10.2	9.0	8.6	9.9
13. Management of Companies and Enterprises	0.5	—	—	0.4
14. Administrative and Support and Waste Management and Remediation Services	0.8	1.3	2.9	1.1
15. Educational Services	1.5	1.3	1.4	1.5
16. Health Care and Social Assistance	10.9	6.4	8.6	10.2
17. Arts, Entertainment, and Recreation	1.3	2.6	1.4	1.5
18. Accommodation and Food Services	4.5	3.8	5.7	4.6
19. Other Services	6.9	3.8	2.9	6.2
20. Public Administration	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	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 Mason-Dixon Polling and Research. The interviews for this edition of the *Poll* were conducted between November 3 - 23, 2015 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 distribution of small busi-

ness 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	359	47
10-19	82	11	200	27	191	26
20-249	75	10	200	27	200	27
All Firms	750	100	750	101	750	100

* Sample universe developed from the U.S. Small Business Administration’s Office of Advocacy data on Statistics of U.S. Businesses.

The Sponsors

The **NFIB Research Foundation** is a small business oriented research organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, D.C., the Foundation was established in 1980 to explore the policy related problems small business owners encounter. It's periodic reports include ***Small Business Economic Trends, Small Business Problems and Priorities***, and the ***National Small Business Poll*** series. The Foundation also produced ad hoc reports on issues of concern to small-business owners including regulatory analyses of selected proposed regulations through its Business Size Insight Module (BSIM).

This study was conducted with support from **Visa Inc.**, a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. Visa operates one of the world's most advanced processing networks — VisaNet — that is capable of handling more than 65,000 transaction messages a second, with fraud protection for consumers and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for consumers. Visa's innovations, however, enable its financial institution customers to offer consumers more choices: pay now with debit, pay ahead with prepaid or pay later with credit products. For more information, visit usa.visa.com.



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