



# NFIB National Small Business Poll

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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](http://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.

NFIB National  
Small Business  
Poll



# *Payment Arrangements*

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# National Small Business Poll



## *Payment Arrangements*

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# Executive Summary

## Payment Arrangements

- The majority of small employers (39%) manage the business's financial records personally while a quarter of them (26%) delegate it to an employee. About 28 percent of small employers hire an outside accountant or bookkeeper to manage their financials.
- About half of small employers personally manage billing and collections. Just under 30 percent delegate the task to an employee and 16 percent hire someone outside the company. Delegating these tasks to an employee is more common among larger small businesses than small ones.
- Payment methods vary among small employers. About one-in-four small employer businesses collect payment exclusively at the point of sale and another quarter collect payment exclusively through invoicing. Collecting payments at the time of sale is more common among businesses with 1 – 9 employees compared to businesses with more than 20 employees.
- Invoicing customers often presents cash flow challenges as it can take anywhere from 1 to 4 weeks before getting paid. About 42 percent of small employers receive payment in 15-30 days after invoicing a customer. Just under one-third (30%) receive most invoice payments in 14 days or less.
- Adoption of the new payment technology continues to be somewhat limited among small employers. While about 17 percent of small employers have at least some customers who pay online, the vast majority (83%) do not.
- Checks are still a frequently used form of payment with about 90 percent of small businesses accepting checks as a form of payment. However, 21 percent of small employers expect the percent of sales paid by check to decline in the next three years.
- Two-thirds of small employers accept credit and debit cards as a form of payment and for 35 percent of them, payment cards account for over half of total sales. Of those accepting payment cards, 45 percent expect their volume of sales on payment cards will increase over the next three years.
- As consumers, small employers also use many different forms of payment to purchase goods and services for their business. About 16 percent of small employers usually or exclusively pre-pay for goods and services for their business. Thirty-five percent of small employers purchase goods and services for their business exclusively or usually at the point of sale while about 53 percent usually or exclusively purchase goods and services for their business by invoice.
- Thirty percent of small employers report that financial planning and budgeting is their greatest financial concern in operating their business. Even in today's low rate environment, interest rates are the greatest financial concern for 10 percent of small employers.



# Payment Arrangements

Payment transactions between customers and businesses take on a variety of forms including the type of payment accepted and the timing of the transaction. Small business owners must balance the benefits and costs of each, taking into consideration customer preferences and the businesses' cash flow requirements. However, attractive payment options for the buyer are not always attractive payment options for the seller and vice versa. Some small business owners offer a variety of payment methods and others restrict payment options to just one or two. Payment methods are also influenced by industry and the type of primary customer. Primary customers might be the general public, other business enterprises, third party payers, online purchases, government entities or a combination. And some of them will have their own established method of payment and terms that are non-negotiable. Small business owners must evaluate which options and terms work best for their businesses. But the payment landscape continues to change as new payment technologies offer small business owners a wider variety of options to consider. This edition of the *National Small Business Poll* focuses on the methods of payment small business owners accept.

## Business Financials

Small business owners are generally involved in all aspects of their business operations. The responsibility for managing the business' financial records is one task that many small business owners handle themselves. The majority of small employers (39%) manage this task personally while a quarter of them (26%) delegate it to an employee (Q#1). About 28 percent of small employers hire an outside accountant or bookkeeper to manage their financials. When it comes to billing and collections, about half of small employers personally manage this part of business operations (Q#2). Just under 30 percent delegate the task to an employee and 16 percent hire someone outside the company. Delegating these tasks to an employee is more common among larger small businesses than small ones.

## Timing of Payment

Payment methods vary among small employers. Some small businesses require payment at the point of sale while others

offer other arrangements including by invoice or payment by a third party. About one-in-four (27%) small employer businesses collect payment exclusively at the point of sale (Q#3), higher among retailers and transportation firms. About 15 percent of small employers (as high as 30% for professional and information firms) never collect at the point of sale and use an alternative method entirely such as invoicing. Just over half (56%) use both. Collecting payments at the time of sale is more common among businesses with 1 – 9 employees compared to businesses with more than 20 employees.

An alternative process for billing customers is invoicing. About the same percent of employers who exclusively receive payment at the point of sale receive payment by invoicing customers. Twenty-eight percent of small employers are exclusively paid through invoicing (Q#4). On the other end, about 24 percent never invoice customers for payment. And 46 percent use it in combination with other forms of payment.

Invoicing customers is often a necessary payment structure but presents cash flow challenges as it can take anywhere from 1 to 4 weeks before getting paid. About 42 percent of small employers receive payment in 15-30 days after invoicing a customer (Q#5). Just under one-third (30%) receive most invoice payments in 14 days or less. Some small business owners though have a longer wait that can exceed more than a month. In fact, 17 percent of those who invoice generally receive payments between 31 and 45 days later. About one-in-ten small employers wait over 46 days on average before receiving an invoice payment.

Small employers rely on predictable payment schedules to successfully manage their business' cash flow. Late payments can often create problems, prompting some owners to establish late payment policies. While 62 percent of small employers who invoice do not have a late payment policy, 11 percent charge late fees and another 15 percent charge interest on payments that are received beyond a designated time frame (Q#6). Twelve percent of invoicing small employers utilize both late fees and charge interest on late payments.

A less common but important type of payment structure is payment through a third party such as an insurance company. Very few small businesses (3%) are exclusively paid through a third party, but about 22 percent do receive third party payments on occasion. The vast majority though (71%) never use this type of payment structure. But for those who do, the time frame in which they receive payment is similar to those invoicing. The most common time frame in receiving payments is between 15-30 days after invoicing the third party. Twenty-eight percent general receive payments within 31-45 days and 13 percent incur a longer processing time frame of over 46 day on average.

Another popular payment structure among small employers is offering credit-type arrangements or extend special terms to customers (Q#10). Just over half (53%) of small employers offer this type of arrangement to customers, usually regular customers. While very few businesses extend credit on special terms as their sole system of payment, it is not uncommon for owners to use it sparingly for select customers. Forty-two percent of small employers extend credit periodically to customers compared to 5 percent who use

the practice for all customers. Just under half (46%) do not extend credit to anyone. Credit-type arrangement are most frequently used among owners in the wholesale trade industry.

The ability for customers to pay online is a fairly new option for small business owners. Adoption of the new technology continues to be somewhat limited among small employers but that could certainly change as consumers' interest in using online technology increases and the cost of online systems declines. Currently, about 17 percent of small employers have at least some customers who pay online (Q#13). The vast majority (83%) though do not.

Small businesses also take payments over the phone, but not often. Roughly 43 percent of small employers take payment information over the phone (Q#14) but very few take payments by phone regularly.

## Types of Payment

Small businesses generally accept one or more of following forms of payment: cash, credit cards and checks. Checks are still a frequently used form of payment with about 90 percent of small businesses accepting checks as a form of payment (Q#15). Checks are the sole form of payment for about 16 percent of small employers compared to 21 percent who report that less than 10 percent of total sales are paid by check (Q#16). However, 21 percent of small employers expect the percent of sales paid by check to decline in the next three years (Q#17). Owners in the retail industry are the least likely to accept checks as a form of payment compared to other broad industry categories.

Seventy-three percent of small employers accept cash as a form of payment (Q#18). And all but 7 percent of those accepting cash report that cash represents less than 50 percent of total sales. In fact, 55 percent of those accepting cash report that cash payments account for less than 10 percent of total sales (Q#19). And 20 percent expect the percent of sales paid in cash to decline in the next three years (Q#20).

Two-thirds of small employers accept credit and debit cards as a form of payment and for 35 percent of them, payment cards account for over half of total sales (Q#21-22). In fact, 10 percent of small employers are paid exclusively with payment cards. Of those accepting payment cards, 45 percent expect

their volume of sales on payment cards will increase over the next three years (Q#22). Small business owners in retail, manufacturing and wholesale trade have the highest percent of owners that accept debit and credit cards as a form of payment. Those in the construction and FIRE industries are the least likely to accept payment cards.

Small business owners accept payment cards for a variety of reason. Just over half (51%) of small employers accept card payments to improve cash flow (Q#24). Sixty-nine percent accept payment cards to attract customers and 57 percent accept cards to limit the amount of cash on hand (Q#25-26). Sixteen percent say that they accept payment cards because it costs less than other forms of payment (Q#27). Depending on the customer base, accepting checks can become an expensive payment mechanism with bounced checks and cash is often a security challenge.

On the flip side, the main reason small employers do not accept credit and debit cards as a form of payment (Q#28) is the often high fees and costs associated with payment cards. Where margins are very thin, transaction fees can lower the profit on a sale or eliminate it.

Fifty-six percent of small employers say that the most significant problem they face in getting paid is slow or late payments compared to 14 percent citing the cost of accepting payment cards and 6 percent citing bad or bounced checks (Q#29).

## Owners as Consumers

As consumers, small employers also use many different forms of payment to purchase goods and services for their business. About 47 percent of small employers occasionally pre-pay for goods and services compared to 16 percent that pre-pay more frequently or exclusively for business related purchases (Q#30). About half of those who pre-pay use a credit or debit card, 33 percent primarily use checks and 15 percent have an established trade credit account (Q#31).

About 35 percent of small employers purchase goods and services for their business exclusively or usually at the point of sale (Q#32). Fourteen percent never pay at the time of sale and the remaining half of employers only occasionally make payment at the point of sale. Most small employers (52%) who purchase at the point of sale use a credit or debit card, 37 percent primarily

use checks. As for invoices, 18 percent of small employers purchase business related goods and services exclusively by invoice and another 35 percent usually purchase by invoice. The most common form of payment used to pay invoices is by check. About 78 percent of small employers who purchase by invoice pay by check and 14 percent pay using a payment card (Q#35).

As for the type of payment card most used by small employers, 74 percent use a business credit card and 26 percent use a business debit card. Fifteen percent of small employers use a personal credit card and 7 percent use a personal debit card. Only 10 percent of small employers do not use a credit card but over half (66%) do not use a debit card for any business related purchases (Q#36-37).

Financial issues are often a point of consternation for small business owners. Thirty percent of small employers report that financial planning and budgeting is their greatest financial concern in operating their business (Q#38). Even in today's low rate environment, interest rates are the greatest concern for 10 percent of small employers. For these owners, Federal Reserve Bank policy is a major source of concern.

## Conclusion

Small business owners select customer payment options by balancing the interests of the business and consumers. Most businesses accept a variety of payment options to achieve the most optimal mix of mechanisms. However the payment landscape appears to be shifting towards credit and debit cards supported by new technologies as small businesses anticipate an increase in these forms of payment in next few year.

Businesses must offer and manage different types of payment systems. Payment at the point of sales through third parties, by invoice, etc. all pose unique challenges and advantages. The timing and predictability of payments is a critical issue for business owners in managing cash flow. The simplest system is the simultaneous occurrence of sale and payment. But that is not always possible, depending on the product or service. In those circumstances, the owner must plan on financing the payment gap internally or with the assistance of a financial institution.

# Payment Arrangements

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

	Employee Size of Firm			All Firms
	1-9 emp	10-19 emp	20+ emp	
<b>1. Who is the person primarily responsible for maintaining your business's financial records?</b>				
1. Owner/Manager	39.2%	41.0%	31.0%	38.6%
2. A family member	6.2	3.8	4.2	5.8
3. An employee	24.9	23.1	39.4	26.1
4. Someone outside the business like a bookkeeper or accountant	27.4	30.8	25.4	27.6
5. (DK/Refuse)	2.2	1.3	—	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
<b>2. Who is the person primarily responsible for billing and collections?</b>				
1. Owner/Manager	53.8%	46.8%	35.7%	51.3%
2. A family member	1.0	2.6	4.3	1.5
3. An employee	26.2	32.5	47.1	28.8
4. Someone outside the business like a bookkeeper or accountant	16.1	15.6	11.4	15.6
5. Not applicable; never bill	1.3	1.3	1.4	1.3
6. (DK/Refuse)	1.5	1.3	—	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750
<b>3. Do customers pay you at the time of sale?</b>				
1. Exclusively	28.7%	16.7%	22.9%	26.9%
2. Usually	29.1	28.2	18.6	28.0
3. Sometimes	26.9	34.6	25.7	27.6
4. Never	12.3	19.2	32.9	14.9
5. (DK/Refuse)	3.0	1.3	—	2.6
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**

**4. Do customers pay you by invoices or statements?**

1. Exclusively	25.7%	35.9%	40.0%	28.1%
2. Usually	26.9	17.9	21.4	25.4
3. Sometimes	21.5	26.9	14.3	21.4
4. Never	24.7	17.9	24.3	24.0
5. (DK/Refuse)	1.2	1.3	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**5. Once you have invoiced a customer, on average, how many days is it before you get paid?**

1. 14 days or less	30.2%	21.9%	27.8%	29.1%
2. 15 – 30 days	42.7	39.1	38.9	41.9
3. 31 – 45 days	14.2	32.8	24.1	17.3
4. 46 days or more	11.7	4.7	9.3	10.7
5. (DK/Refuse)	1.1	1.6	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	272	156	157	585

**6. Do you charge a late fee, interest, or both a late fee and interest for late payment?**

1. Yes, a late fee	10.2%	9.5%	17.0%	10.8%
2. Yes, interest charges	13.8	22.2	15.1	14.9
3. Yes, both	12.7	4.8	15.1	12.0
4. No	62.2	63.5	52.8	61.5
5. (DK/Refuse)	1.1	—	—	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	272	156	157	585

**7. Do customers pay you by invoice through a third-party, such as an insurance company?**

1. Exclusively	2.2%	6.5%	4.2%	2.8%
2. Usually	2.3	10.4	1.4	3.1
3. Sometimes	23.7	13.0	18.3	22.0
4. Never	71.0	70.1	74.6	71.2
5. (DK/Refuse)	0.8	—	1.4	0.8
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**

**8. Once you have invoiced a third-party payer, on average, how many days is it before you get paid?**

1. 14 days or less	13.7%	39.1%	17.6%	16.8%
2. 15 – 30 days	43.5	34.8	29.4	41.3
3. 31 – 45 days	27.4	26.1	35.3	27.9
4. 46 days or more	14.3	—	17.6	13.0
5. (DK/Refuse)	1.2	—	—	1.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>100</b>	<b>56</b>	<b>51</b>	<b>207</b>

**9. Do you charge a late fee, interest, or both a late fee and interest for late payment?**

1. Yes, a late fee	12.0%	4.3%	5.9%	10.6%
2. Yes, interest charges	21.6	8.7	5.9	18.8
3. Yes, both	3.0	4.3	11.8	3.9
4. No	63.5	82.6	76.5	66.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>100</b>	<b>56</b>	<b>51</b>	<b>207</b>

**10. Do customers pay you through credit-type arrangements or special terms that you extend?**

1. Exclusively	3.9%	11.4%	4.2%	4.7%
2. Usually	5.5	6.3	8.5	5.9
3. Sometimes	44.5	35.4	31.0	42.3
4. Never	45.2	46.8	54.9	46.3
5. (DK/Refuse)	0.8	—	1.4	0.8
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

**11. On average, how many days is it before you get paid?**

1. 14 days or less	29.3%	14.3%	19.4%	26.9%
2. 15 – 30 days	39.9	40.5	38.7	39.8
3. 31 – 45 days	15.9	35.7	22.6	18.5
4. 46 days or more	13.7	7.1	19.4	13.5
5. (DK/Refuse)	1.2	2.4	—	1.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>194</b>	<b>103</b>	<b>91</b>	<b>388</b>

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

**12. Do you charge a late fee, interest, or both a late fee and interest for late payment?**

1. Yes, a late fee	10.9%	14.3%	13.3%	11.5%
2. Yes, interest charges	17.1	14.3	23.3	17.3
3. Yes, both	4.4	2.4	16.7	5.1
4. No	67.6	69.0	46.7	66.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	194	103	91	388

**13. Do customers pay you on-line, such as paying through PayPal?**

1. Exclusively	0.3%	—%	—%	0.3%
2. Usually	1.0	1.3	1.4	1.1
3. Sometimes	15.8	15.6	17.1	15.9
4. Never	82.5	83.1	81.4	82.5
5. (DK/Refuse)	0.3	—	—	0.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**14. Do customers pay you by phone?**

1. Exclusively	0.5%	—%	—%	0.4%
2. Usually	3.2	1.3	2.9	3.0
3. Sometimes	43.4	39.7	40.0	42.7
4. Never	52.3	59.0	57.1	53.4
5. (DK/Refuse)	0.7	—	—	0.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**15. Do you accept personal or business checks for payment?**

1. Yes	89.6%	93.7%	85.7%	89.7%
2. No	10.4	6.3	14.3	10.3
<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**

**16. Approximately what percent of your total sales are from personal or business checks?**

1. 10 percent or less	19.9%	25.7%	25.8%	21.0%
2. 11 – 15 percent	11.8	10.8	6.5	11.2
3. 26 – 50 percent	13.3	12.2	12.9	13.1
4. 51 – 75 percent	10.3	13.5	12.9	10.9
5. 76 – 99 percent	27.7	25.7	27.4	27.5
6. 100 percent	16.5	10.8	12.9	15.5
7. (DK/Refuse)	0.6	1.4	1.6	0.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>322</b>	<b>179</b>	<b>173</b>	<b>674</b>

**17. Do you expect this percentage to increase, decrease or remain the same over the next 3 years?**

1. Increase	5.8%	9.8%	6.5%	6.3%
2. Decrease	21.9	17.8	21.0	21.4
3. Remain the same	71.3	72.6	69.4	71.3
4. (DK/Refuse)	0.9	—	3.2	1.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>322</b>	<b>179</b>	<b>173</b>	<b>674</b>

**18. Do you accept cash for payment?**

1. Yes	73.2%	71.8%	68.6%	72.6%
2. No	26.8	28.2	31.4	27.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

**19. Approximately what percent of your total sales are paid for with cash?**

1. 10 percent or less	51.4%	67.9%	75.0%	55.2%
2. 11 – 15 percent	23.4	16.1	8.3	21.3
3. 26 – 50 percent	16.1	8.9	8.3	14.6
4. 51 – 75 percent	7.1	5.4	8.3	7.0
5. 76 – 99 percent	—	1.8	—	0.2
6. (DK/Refuse)	2.1	—	—	1.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>261</b>	<b>134</b>	<b>135</b>	<b>530</b>

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

**20. Do you expect this percentage to increase, decrease or remain the same over the next 3 years?**

1. Increase	2.1%	1.8%	—%	1.8%
2. Decrease	19.7	21.4	20.4	20.0
3. Remain the same	77.5	75.0	79.6	77.4
4. (DK/Refuse)	0.7	1.8	—	0.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	261	134	135	530

**21. Do you accept credit and debit cards for payment?**

1. Yes	64.0%	66.7%	66.2%	64.5%
2. No	36.0	33.3	33.8	35.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**22. Approximately what percent of your total sales are from credit and debit card sales?**

1. 10 percent or less	23.7%	19.6%	27.7%	23.6%
2. 11 – 15 percent	18.4	33.3	25.5	20.7
3. 26 – 50 percent	20.3	19.6	19.1	20.1
4. 51 – 75 percent	27.6	17.6	8.5	24.7
5. 76 – 99 percent	8.9	9.8	17.0	9.8
6. (DK/Refuse)	1.1	—	2.1	1.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

**23. Do you expect this percentage to increase, decrease or remain the same over the next 3 years?**

1. Increase	45.7%	32.7%	47.8%	44.5%
2. Decrease	2.4	1.9	2.2	2.3
3. Remain the same	51.7	65.4	50.0	53.0
4. (DK/Refuse)	0.3	—	—	0.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

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

**Do you accept credit and debit cards because:**

**24. Payment cards improve cash flow?**

1. Yes	51.2%	50.0%	47.8%	50.7%
2. No	42.3	40.4	47.8	42.6
3. (DK/Refuse)	6.6	9.6	4.3	6.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

**25. Payment cards enlarge your market by making payment from a distance easier?**

1. Yes	68.8%	71.2%	66.0%	68.8%
2. No	20.2	19.2	25.5	20.6
3. (DK/Refuse)	11.0	9.6	8.5	10.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

**26. Payment cards reduce the need to keep large amounts of cash on the premises?**

1. Yes	59.2%	47.2%	53.2%	57.3%
2. No	34.7	39.6	44.7	36.3
3. (DK/Refuse)	6.1	13.2	2.1	6.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

**27. Payment cards end up costing less than other forms of payment?**

1. Yes	13.4%	19.2%	32.6%	15.9%
2. No	69.6	65.4	65.2	68.7
3. (DK/Refuse)	17.1	15.4	2.2	15.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	233	128	132	493

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

**28. What is the primary reason that you do not accept credit and debit cards?**

1. Fees & costs are too expensive	24.1%	23.1%	13.0%	23.0%
2. Invoices are typically larger than credit card limits	4.2	11.5	13.0	5.7
3. Not usually done in this type of business	34.7	26.9	52.2	35.5
4. Customers don't use them	5.6	7.7	—	5.3
5. Too much hassle with existing receivables process	6.9	3.8	4.3	6.4
6. Too difficult to set up card processing system	4.2	11.5	—	4.5
7. No interest or need	17.1	15.4	13.0	16.6
8. Other	0.9	—	—	0.8
9. (DK/Refuse)	2.3	—	4.3	2.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>126</b>	<b>63</b>	<b>68</b>	<b>257</b>

**29. What is the most significant problem you face getting paid?**

1. Slow or late payment	54.8%	61.5%	59.2%	55.9%
2. Cost of using credit and debit cards	14.1	12.8	14.1	14.0
3. Bounced or bad checks	5.9	3.8	7.0	5.8
4. Bankruptcies	4.7	5.1	5.6	4.8
5. Other	13.8	12.8	9.9	13.3
6. (DK/Refuse)	6.7	3.8	4.2	6.2
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

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

**When making purchases for your business:**

**30. Do you prepay before receipt of good and services?**

1. Exclusively	8.6%	5.1%	5.7%	7.9%
2. Usually	8.2	10.1	5.7	8.2
3. Sometimes	45.0	49.4	55.7	46.5
4. Never	36.0	31.6	32.9	35.2
5. (DK/Refuse)	2.2	3.8	—	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**31. When prepaying, do you generally pay by?**

1. Cash	0.8%	—%	—%	0.6%
2. Credit or debit card	51.0	37.3	44.7	48.8
3. Check	31.1	39.2	36.2	32.5
4. Established trade credit account	13.9	21.6	19.1	15.2
5. Other	0.8	—	—	0.6
6. (DK/Refuse)	2.5	2.0	—	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	224	124	132	480

**32. Do you pay at the time of sale?**

1. Exclusively	15.8%	9.0%	14.3%	14.9%
2. Usually	20.0	26.9	15.7	20.3
3. Sometimes	49.7	46.2	54.3	49.8
4. Never	13.1	17.9	15.7	13.9
5. (DK/Refuse)	1.3	—	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**33. When paying at the time of sale do you generally pay by?**

1. Cash	0.8%	—%	—%	0.6%
2. Credit or debit card	52.8	47.6	45.8	51.7
3. Check	36.0	41.3	42.4	37.1
4. Established trade credit account	8.4	11.1	10.2	8.9
5. Other	0.6	—	—	0.5
6. (DK/Refuse)	1.4	—	1.7	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	305	157	166	628

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

**34. Do you pay by invoices or statements that are due upon receipt?**

1. Exclusively	16.6%	24.4%	23.9%	18.1%
2. Usually	36.6	29.5	25.4	34.8
3. Sometimes	37.9	41.0	42.3	38.7
4. Never	7.6	5.1	8.5	7.4
5. (DK/Refuse)	1.3	—	—	1.1
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

**35. When paying an invoice or statement, do you generally pay by?**

1. Cash	1.3%	—%	—%	1.0%
2. Credit or debit card	14.4	10.7	15.6	14.1
3. Check	77.3	82.7	76.6	77.8
4. Established trade credit account	6.3	6.7	7.8	6.5
5. Other	0.4	—	—	0.3
6. (DK/Refuse)	0.4	—	—	0.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>329</b>	<b>181</b>	<b>182</b>	<b>692</b>

**36. Which of the following best describes your use of a credit card account related to your business?**

1. Have and use business credit card	72.6%	77.2%	80.3	73.8%
2. Do not have a business credit card but use personal credit card	15.8	12.7	12.7	15.2
3. Do not have or use any credit card for business purchases	10.8	8.9	7.0	10.2
4. (DK/Refuse)	0.8	1.3	—	0.8
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

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

**37. Which of the following best describes your use of a debit card account related to your business?**

1. Have and use business debit card	27.4%	22.8%	15.7	25.8%
2. Do not have a business debit card but use personal debit card	6.1	7.6	10.0	6.6
3. Do not have or use any debit card for business purchases	65.0	67.1	72.9	66.0
4. (DK/Refuse)	1.5	2.5	1.4	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

**38. Which one of the following financial issues is the greatest concern for your company?**

1. Financial planning/budgeting	30.8%	30.4%	25.0%	30.2%
2. Reconciling bills	9.8	10.1	6.9	9.5
3. Managing employee spending	6.7	8.9	11.1	7.4
4. Benefits administration	6.7	13.9	12.5	8.1
5. Securing financing	9.1	6.3	6.9	8.6
6. Interest rates	10.8	6.3	11.1	10.3
7. Other	7.1	3.8	6.9	6.7
8. (DK/Refuse)	19.0	20.3	19.4	19.2
Total	100.0%	100.0%	100.0%	100.0%
N	359	191	200	750

## Payments Demographics

	Employee Size of Firm			All Firms
	1-9 emp	10-19 emp	20+ emp	
<b>D1. What title best describes your position in the business?</b>				
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
<b>D2. What is your age?</b>				
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
<b>D3. What is your highest level of formal education?</b>				
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
<b>D4. Gender</b>				
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
<hr/>				
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
<hr/>				
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
<hr/>				
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
<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**

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**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
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>359</b>	<b>191</b>	<b>200</b>	<b>750</b>

**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

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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](http://usa.visa.com).



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