



National Small Business Poll

NFIB National

Volume 7, Issue 5
2007

Small Business Poll

IT Issues

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



IT Issues

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National Small Business Poll



IT Issues

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Executive Summary

- The owner or manager is the technical expert on information technology (IT) in a plurality (44%) of small businesses. This is particularly true in the smallest. An employee assumes that mantle in 32 percent of cases with an outside IT services provider in 17 percent of them.
- Twenty-one (21) percent of small employers feel very comfortable with IT issues, problems, opportunities, etc., and another 45 percent feel comfortable with them. But 34 percent do not. Comfort is strongly associated with personal age of the owner-employer, the younger being more comfortable.
- In about two-thirds of small businesses, the owner or an employee of the firm is the person most likely to train new or existing employees in the firm's software and/or upgrades.
- Seventeen (17) percent of small businesses have at least one employee who spends at least half-time working on IT-related matters, such as installing and/or fixing hardware and software, handling network problems, etc. Of that amount, 63 percent have only one such person and 14 percent have two.
- IT service providers are important to a large share of the small-business population. One-third (32%) have a contract with a services provider or a consulting firm to handle their IT maintenance. However, another 30 percent have an on-going non-contractual relationship with an IT provider or consulting firm to provide such services.
- When IT problems arise, they are somewhat more likely to be software problems than hardware problems, though 48 percent of small employers think IT problems occur equally among hardware and software. Similarly, maintenance and operation are somewhat more problematic than installation and/or employee training on new purchases, even though 46 percent assess them alike.
- The most common very serious or serious problems small employers experience with their IT equipment are: filtering spam from e-mail (44%), hardware crashes (40%), back-up and/or data loss (37%), getting timely or prompt service when a problem arises (36%), and updating computer security (35%).
- Forty-six (46) percent of small employers do not think that their businesses would achieve any long-term benefit by increasing their use of IT. However, 7 percent think they would benefit very greatly by increasing its use and another 18 percent would benefit greatly from it.
- The most important constraint on those who think they would benefit from increased use of IT is budget or financial considerations. Twelve (12) percent who see a benefit or 5 percent of all small businesses cite a financial issue. Almost the same proportion cite the lack of time to explore new IT products and their use as a severe constraint.

IT Issues

Information Technology (IT) has revolutionized business operation throughout the world. And while IT's impact may be more pronounced among global firms than more localized small businesses, the latter also clearly feel its effects. Those effects present small-business owners opportunities as well as problems. One class of problem is the sales and marketing adjustments required due to the current IT-shaped competitive environment. Another is the actual purchase and operation of the technology itself. Given the new competitive climate, small-business owners and managers must identify and resolve an entire new set of problems. As a result, this edition of the *National Small Poll* centers on IT Issues.

Wired and Not

Eighty-eight (88) percent of small employers report that they have a stand-alone computer(s) or a computer(s) connected to a network system in their business (Q#1A). However, 39 percent of those who do not have a computer in the business have one at home that they use for business purposes (Q#1A3). Thus, about 91 percent of the entire small, employing business population has a computer that it utilizes. That figure is marginally low compared to other surveys in this series, though it is likely the result of survey sampling error rather than elimination of such technology.

Forty-one (41) percent of small, employing businesses computers located in their firms claim to have both stand-alone and networked computers (Q#1A1). Another 30 percent have just stand-alones while 26 percent have only a networked system(s). The majority (52%) of small, employing businesses with a computer use a combination of laptops and desktops (Q#11A2). Meanwhile, 45 percent have desktops exclusively and 3 percent laptops exclusively.

Not every small, employing business with at least one computer (including those using a computer at home for business purposes) is connected to the Internet. While 90 percent using computers have one or more e-mail addresses, 10 percent do not

(Q#1B). Similarly, 87 percent of that group are connected to the Internet by high-speed (Q#1C). Seventy-two (72) percent of small, employing businesses that are not connected by high-speed use a dial-up connection (Q#1C1). As a result, about 95 percent of small, employing businesses using computers are connected to the Internet.

Other Internet-related technologies are exploited less frequently. For example, 20 percent of small, employing businesses with a business computer use VOIP (Q#1D). Thirty-two (32) percent use mobile broadband (Q#1E).

Web sites are increasingly common among small businesses. Fifty-seven (57) percent of small, employing businesses with a business computer have one (Q#1F). That translates into just over half (52%) of the small employer population. Sixteen (16) percent of those sites are capable of conducting e-commerce, that is, accepting orders over the Internet and letting customers pay with a credit card through a secure connection (Q#1F1). Most (58%) of those sites were developed outside the firm (Q#1F3). Still, one in three (34%) developed them internally and another 6 percent helped an outside vendor with the task. About 20 percent or one in five small employers, therefore, had the technological sophistication in-house (and the time) to

either build a Web site or help do so. Two-thirds (67%) use a Web hosting company for their site while 29 percent host their own site (Q#1F2).

IT Capabilities and Human Resources

IT requires installation and maintenance of both software and hardware. Possession of this technology implies that small employers must have people available with the requisite technical skills to do such tasks as install new hardware and/or software, repair the old, fix network problems, manage a Web site, etc. Small employers find most of those IT skills outside the firm.

Seventeen (17) percent of small, employing businesses with business-based computers have at least one employee who works at least half-time on IT or IT-related matters (Q#2). Larger, small businesses, that is, those employing 20 or more people, are twice as likely (31%) to have at least one than smaller, small businesses, that is, those employing nine or fewer (15%). Of the small, employing businesses employing someone for this purpose, 63 percent have a single person and another 14 percent have just two (Q#2a). However, 13 percent more, or less than 2 percent of all small, employing businesses, have four or more such personnel. Likely, most of those businesses are in an IT-related industry.

The most expertise on a firm's computers typically rests with the owner or manager. Forty-four (44) percent think that they have the most expertise (Q#3). That phenomenon is particularly prevalent in the smallest firms (49%) compared to the largest (21%). An employee within the firm is the expert in 32 percent of small, employing firms. An employee as the expert is more frequent in larger (46%) than smaller (30%), small businesses. An outside services provider is the firm's expert in 17 percent of cases.

Just 21 percent of small employers personally feel "very comfortable" with IT issues, problems, opportunities, etc. (Q#4). Another 45 percent personally feel "comfortable" with them. That leaves 34 percent who are uncomfortable with them, 8 percent of which are very uncomfortable. Of those who identify themselves as the firm's expert in their computers, 76 percent are

also very comfortable or comfortable with the technology.

A strong and direct relationship appears between comfort with IT and an owner's age. The younger the owner, the more likely he or she will be comfortable with IT and vice versa. For example, 57 percent of those 55 and over are comfortable with IT while 43 percent are uncomfortable. Meanwhile, 72 percent of small employers between 35 and 54 are comfortable with 28 percent uncomfortable. There are relatively few cases of owners under 35 (n=51). Yet, 84 percent of them are comfortable with IT and 16 percent are not. The age relationship implies that over time the small-employer population will become increasingly familiar with IT problems and opportunities.

Outside Service Providers

Thirty-two (32) percent of employing, small businesses using a computer(s) have a contract with an outside services provider or consulting firm to provide on-going IT services (Q#8). However, firms employing 20 or more people do so in 59 percent of cases. Most of those contracts are long-standing. Fifty-eight (58) percent report that they have been in effect (including contract extensions) three years or more (Q#8b) compared to 11 percent who had them for a year or less.

The most frequent manner that these owners used to initially find their provider was a referral. Thirty-six (36) percent used a referral (Q#8a). Another important source was an IT purchase. The services contract effectively came as part of the purchase in 29 percent of cases. Six percent found their provider through the Yellow pages or some type of Internet directory. However, 20 percent located theirs from another source while 9 percent could not remember or refused to answer.

Forty-five (45) percent of the 67 percent who do not have a services contract (30 percent of all small, employing firms with a computer) have a non-contractual relationship with a services provider (Q#9). Half (50%) found their provider through a referral (Q#9a). Another 9 percent located theirs through the Yellow Pages or a similar Web-based directory. Twenty-eight (28) percent located theirs in other ways.

IT Problems

Small business IT problems are associated with software and with hardware. Forty-nine (49) percent of small employers report their computer problems exist among both in equal measure (Q#6). However, the remainder more often leans toward software as the culprit. Thirty-one (31) percent cite software as their principle problem, including 12 percent who think it creates a lot more problems than hardware. In contrast, just 12 percent identify hardware as the primary offender, including 5 percent who think it creates a lot more problems.

Small employers are also likely to consider new purchases and maintenance of existing IT as equal problems. Forty-six (46) percent claim that they are equal (Q#7). Meanwhile, 28 percent give maintenance and operation the nod as the bigger problem with 16 percent giving it to new purchases. For reference purposes, 8 percent of small employers with a business computer consider installation and testing of new hardware and software a very serious problem and another 18 percent consider it a somewhat serious problem (Q#5H). Thus, in the scheme of things, hardware or software installation is not one of the more pressing IT issues.

The specific problem that small employers most frequently cite as “very serious” is associated with hardware crashes and lost data. Twenty-four (24) percent of small employers using computers in their business cite computer hardware crashes as a very serious problem and another 16 percent cite it as somewhat serious (Q#5L). At the same time, 22 percent report backup and data loss as a very serious problem (Q#5F). Fifteen (15) percent more term it as a somewhat serious problem. The two difficulties are related, at least in the minds of the owners who find at least one of them troublesome. About two of three who cite one of these two problems as being very serious cite the other as very serious as well. Similarly, about 45 percent who cite one of the two as somewhat serious cite the other identically.

Two other problems that appear in tandem are getting timely or prompt service and updating IT security. It is not clear that the inability to get timely service is principally for security matters or that the two

are simply common problems encountered by the same people. Regardless, 20 percent think that getting timely or prompt service is a very serious problem (Q#5I.). Twenty-nine (29) percent of larger, small employers, that is, those employing 20 or more people, who frequently use outside service providers as will be noted later, report very serious problems getting timely and/or prompt service. Another 16 percent of small employers with computers think the problem is somewhat serious.

Getting timely or prompt service is not the equivalent of lacking a place to ask basic IT-related questions. They are different problems. While 17 percent did think that no place to ask basic IT questions is a somewhat serious problem, just 9 percent think it is very serious (Q#5C).

Updating security is a very serious problem for 17 percent and somewhat serious for another 18 percent (Q#5E). Again, owners of larger, small firms are more likely to assess the problem as very serious (24%) compared to owners of smaller, small firms (16%). There are a number of potential reasons for the gap along the size dimension, including the importance attributed to information contained on computers and awareness of security issues.

Eighteen (18) percent of small employers using computers for business purposes report that filtering spam is a very serious problem for them and another 26 percent report filtering spam is a somewhat serious problem (Q#5D). In fact, spam becomes small businesses most serious IT problem when adding the “very serious” and “serious” responses. It is also a reason that some firms do not have e-mail addresses.

E-mail downtime (Q#5A) and a slow Internet connection (Q#5B) fall in the mid-range of IT problem evaluations. Twelve (12) percent of small employers evaluate each of the two as very serious. However, 14 percent evaluate the former and 20 percent evaluate the latter as somewhat serious. The more interesting problem is a slow Internet connection. Small employers without high-speed Internet are twice as likely as those with it to consider a slow Internet connection a very serious or a somewhat serious problem. Yet, 11 percent who claim to have high-speed indicate slow Internet speed is very serious and 17 percent think it is some-

what serious. So, the speed issue is not just that dial-up is too slow and high-speed does the job. It is much more subtle involving purpose and use patterns.

Extensive use of audio and/or video streaming can slow computer response significantly. However, just 4 percent report it as a very serious problem and 9 percent as somewhat serious (Q#5J).

Small employers are typically very busy people, making their time scarce and valuable. That condition can make keeping up on technological updates relevant to the firm problematic. Yet, just 10 percent think keeping up with technological change is a very serious problem (Q#5K). At the other extreme, 32 percent think it is not at all a problem, the second fewest of the potential IT problems evaluated. These data suggest that keeping up is one of those background issues that infrequently is pressing, but rarely absent, either.

Training employees is an essential part of installing (or upgrading) software. Ten (10) percent think training is a very serious problem, though 17 percent think it is somewhat serious (Q#5G). So, who trains employees to use the firm's software?

Training can involve acquainting current employees with new software as the question above references or it can involve training new employees. The owner is the one most likely to conduct software training for current employees. They assume that responsibility in 40 percent of cases (Q#11), though far more frequently in the smallest firms (44%) than in the largest (18%). An employee trains in 24 percent of firms. An IT services provider performs the function in 8 percent of cases and the vender of the new software in 8 percent of them. Very few use on-line instruction methods (2%). Thirteen (13) percent use other means.

The individuals training new employees in the firm's software generally mirror those training current employees in new software or software upgrades. The owner or an employee trains new hires in 67 percent of cases (Q#10). An IT services provider assumes the responsibility in 9 percent of cases. Eleven (11) percent of small employers draw on other methods. But, 6 percent either expect new hires to know the software or to learn it on their own. This seems low given the frequency of demands for

knowledge of basic Microsoft products that appears in many want ads (also see, "Training Employees" in this series).

Impediments to Increased Use of IT

The amount and type of IT that maximizes productivity is a calculation every small employers must make for his or her firm. The calculation obviously differs from business to business, both on an objective and subjective basis. At this time, 46 percent of small employers using computers do not believe that they would benefit long-term from increased use of IT (Q#12). In contrast, 7 percent think that increased use of IT would result in a much greater benefit to their business; 18 percent think it would yield a greater benefit; and, 27 percent think it would produce a modestly greater benefit than if no action were taken.

If small employers perceive no long-term benefit from increasing the use of IT, they are not likely to make new investments in it. However, a majority (53%) think greater IT use would benefit them. But if that is their view, what constrains them from employing IT to a greater extent than is now the case?

Sixty-nine (69) percent of small employers who think that they would benefit from greater use of IT or 37 percent of all small employers use less IT than they think optimal due to financial constraints (Q#13A). However, severe budget or financial constraints affect just 12 percent of them. That translates into about 5 to 6 percent of all small employers. More common are modest constraints (27%). Another 30 percent report reasonable (the middle tier) budget or financial constraints.

A second prominent constraint is the time required to explore new IT products and their use. Sixty-seven (67) percent of small employers who think that they would benefit from greater use of IT or 36 percent of all small employers use less IT than they would like due to the lack of time to investigate the potential of various IT-related technologies or products (Q#13D). The time problem severely constrained 11 percent.

Small employers who think that they would benefit from greater use of IT evaluate other possible constraints as much less frequent and important. For example, 55

percent indicate the lack of a trusted, knowledgeable IT advisor is not constraint at all (Q#13E). A likely reason is that they appear to make those decisions themselves in most cases. In contrast, just 3 percent think the lack of such an advisor is a severe constraint.

Discomfort with IT is another possible constraint that appears relatively unimportant compared to others. Either employers or employees could exhibit enough discomfort with IT to reduce its optimal use. Forty-eight (48) percent of small employers think that employee discomfort is not a problem at all (Q#13C) while 50 percent think employer discomfort is not a problem at all (Q#13B). They also think that discomfort with IT is a severe constraint among employees in 4 percent of firms and among employers in 4 percent of firms. For the most part (67%) respondents evaluate employers and employees as having an identical level of discomfort. In other words, if they evaluate employees as not at all comfortable, they will evaluate employers in the same way. Most of the remainder assessed the discomfort of employers and employees as only one classification removed from one another. Effectively, about one-quarter of all small employers using computers report that discomfort with IT places some constraint on IT's greater employment. But only about 2 percent think that impact is severe.

Final Comments

The owner or the manager is the IT expert in most small businesses. This phenomenon is particularly pronounced in the smallest businesses which lack the critical mass necessary to transfer the responsibility to a specialized employee(s) or the financial resources to employ outside expertise to handle IT issues for them. Yet, small-business owners are not likely to be concerned over the lack either of competent IT advisors or the resources necessary to procure the optimal amount of IT capacity.

The IT problems small-business owners most often face are common and therefore not likely to require firm-specific solutions. Still, small business supports a thriving IT support services industry. While attempting to economize to the extent possible through a do-it-yourself approach, small employers are periodically forced to reach out to a services provider or consulting firm for help

either formally through a contract or informally through a non-contractual relationship.

Nearly half of small employers think that their businesses have as much IT capability as they need. Very few think that they would greatly benefit from additional IT capabilities, although many admit they could modestly. The survey could not discern the accuracy of those evaluations. Regardless, the behavior of small employers will be governed by what they perceive to be the state of conditions rather than an objective measure of some kind. Thus, small employers are not likely to rush out and upgrade their IT. They are more likely to add capabilities over time as a new generation of owners takes over from an older one. This transition is critical for younger owners are increasingly comfortable with IT technology and are likely to avoid its problems and exploit its opportunities.

IT Issues

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

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

I. Do you have the following in your business? How about:?

A. A stand-alone computer(s) or a computer connected to a network system

1. Yes	85.4%	96.4%	96.1%	87.5%
2. No	14.0	3.6	3.9	12.0
3. (DK/Refused)	0.6	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

A1. Is that stand-alone, a networked system or both (If “Yes” in Q#1.)

1. Stand-alone	33.9%	21.3%	13.3%	30.3%
2. Networked System	24.4	31.3	34.7	26.3
3. Both	39.3	46.3	49.3	41.2
4. (DK/Refused)	2.4	1.3	2.7	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	301	190	194	685

A2. Are those computers laptops, desktops or a combination of the two

1. Laptop(s)	3.8%	2.5%	—%	3.3%
2. Desktop(s)	45.9	45.0	33.8	44.5
3. Combination	50.3	52.5	66.2	52.2
4. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	301	190	194	685

A3. Do you have access to a computer at home that you use for business purposes (If “No” in Q#1.)

1. Yes	38.3%	—%	—%	39.0%
2. No	61.7	—	—	61.0
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	50	11	7	68

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

B. One or more e-mail addresses (If “Yes” in Q#1 or “Yes” in Q#1A3.)

1. Yes	89.8%	93.9%	92.0%	90.4%
2. No	10.2	6.1	8.0	9.6
3. (DK/Refused)	—	—	—	0.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

C. A high-speed Internet connection

1. Yes	85.2%	90.1%	96.1%	86.8%
2. No	14.8	9.9	3.9	13.2
3. (DK/Refused)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

CI. Do you have a dial-up Internet connection (If “No” in Q#1C.)

1. Yes	—%	—%	—%	71.7%
2. No	—	—	—	28.3
3. (DK/Refused)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	47	24	7	78

D. Internet telephone, VOIP, or Voice Over

1. Yes	19.1%	16.0%	28.0%	19.7%
2. No	77.3	81.5	69.3	76.9
3. (DK/Refused)	3.6	2.5	2.7	3.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

E. Mobil broadband, such as WiFi

1. Yes	31.8%	26.8%	37.3%	31.8%
2. No	64.8	69.5	58.7	64.7
3. (DK/Refused)	3.4	3.7	4.0	3.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

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

F. A business Web site

1. Yes	53.6%	61.7%	78.9%	57.1%
2. No	46.1	38.3	21.1	42.7
3. (DK/Refused)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

F1. Is your Web site capable of conducting e-commerce, that is, accepting orders over the Internet and letting customers pay with a credit card through a secure Web connection? (If “Yes” in Q#1F.)

1. Yes	15.7%	16.0%	18.3%	16.1%
2. No	83.1	84.0	78.3	82.5
3. (DK/Refused)	1.3	—	3.3	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	169	117	155	441

F2. Do you use a Web hosting company OR do you host your Web site on your own server?

1. Use Web hosting company	68.8%	72.0%	55.9%	67.4%
2. Host own Web site	27.7	24.0	40.7	29.1
3. (DK/Refused)	3.5	4.0	3.4	3.5
Total	100.0%	100.0%	100.0%	100.0%
N	169	117	155	441

F3. Did someone in your business develop your Web site or did you hire someone on the outside to develop it for you?

1. Internally developed	35.8%	33.3%	25.4%	34.0%
2. Externally developed	57.4	54.9	61.0	57.7
3. (Combination)	4.8	7.8	10.2	5.9
4. (DK/Refused)	1.9	3.9	3.4	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	169	117	155	441

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

2. Do you have one or more employees on your staff who spend at least half of his or her time on Information Technology or IT-related matters, such as installing and fixing computer hardware and software, fixing network problems, managing a Web site, teaching and training employees how to use the equipment and software, etc.?

1. Yes	15.0%	14.6%	30.7%	16.6%
2. No	5.0	85.4	69.3	83.4
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

2a. How many employees spend at least half of their time on IT-related matters? ("If "Yes" in Q#2.)

1. One	—%	—%	47.6%	63.2%
2. Two	—	—	14.3	13.7
3. Three	—	—	14.3	7.7
4. Four or more	—	—	19.0	12.8
5. (DK/Refuse)	—	—	4.8	2.6
Total	100.0%	100.0%	100.0%	100.0%
N	48	28	62	138

3. Who has the most expertise on your firm's computer(s) or computer system?

1. You	49.0%	33.3%	21.1%	44.4%
2. An employee in the firm	29.9	37.0	46.1	32.3
3. An outside IT services provider you use	15.4	23.5	26.3	17.4
4. Someone else	5.6	6.2	5.3	5.7
5. (DK/Refuse)	0.2	—	1.3	0.2
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

4. How comfortable personally are you with IT issues, problems, opportunities, etc.?

1. Very comfortable	21.4%	18.3%	21.1%	21.0%
2. Comfortable	43.8	47.6	47.4	44.5
3. Not too comfortable	26.3	23.2	22.4	25.6
4. Not at all comfortable	7.7	11.0	9.2	8.2
5. (DK/Refuse)	0.9	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

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

5. Are the following IT problems very serious, somewhat serious, not too serious, or not at all serious for your business? How about:?

A. E-mail downtime

1. Very serious	11.9%	11.1%	15.6%	12.2%
2. Somewhat serious	13.5	13.6	14.3	13.6
3. Not too serious	28.2	29.6	28.6	28.4
4. Not at all serious	44.2	45.7	40.3	44.0
5. (DK/Refuse)	2.2	—	1.3	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

B. Internet connection too slow

1. Very serious	12.5	7.4%	10.5%	11.7%
2. Somewhat serious	20.3	25.9	14.5	20.3
3. Not too serious	23.5	24.7	27.6	24.1
4. Not at all serious	43.0	42.0	46.1	43.2
5. (DK/Refuse)	0.6	—	1.3	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

C. Nowhere to ask basic IT questions

1. Very serious	8.9%	7.3%	8.0%	8.6%
2. Somewhat serious	17.8	14.6	13.3	17.0
3. Not too serious	27.5	28.0	32.0	28.0
4. Not at all serious	44.1	50.0	45.3	44.9
5. (DK/Refuse)	1.7	—	1.3	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

D. Filtering spam from e-mail

1. Very serious	17.1	19.5	18.7	17.5
2. Somewhat serious	26.7	23.2	28.0	26.4
3. Not too serious	24.4	24.4	24.0	24.4
4. Not at all serious	30.8	29.3	26.7	30.2
5. (DK/Refuse)	1.0	3.6	2.7	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

E. Updating security on your computer

1. Very serious	15.6%	17.3%	23.7%	16.6%
2. Somewhat serious	18.1	17.3	13.2	17.5
3. Not too serious	26.7	24.7	27.6	26.5
4. Not at all serious	38.6	38.2	32.9	38.0
5. (DK/Refuse)	1.0	2.5	2.6	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

F. Back-up and/or data loss

1. Very serious	20.5%	22.0%	30.3%	21.7%
2. Somewhat serious	16.1	11.0	9.2	14.8
3. Not too serious	23.8	20.7	26.3	23.7
4. Not at all serious	38.6	45.1	32.9	38.8
5. (DK/Refuse)	1.0	1.2	1.3	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

G. Teaching employees to use the software you use

1. Very serious	9.1%	8.6%	14.7%	9.6%
2. Somewhat serious	16.4	18.5	22.7	17.3
3. Not too serious	26.9	22.2	30.7	26.8
4. Not at all serious	44.7	50.6	32.0	44.1
5. (DK/Refuse)	2.9	—	—	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

H. Installing and testing new computer hardware and software

1. Very serious	7.7%	6.3%	8.0%	7.6%
2. Somewhat serious	17.6	16.3	18.7	17.5
3. Not too serious	30.0	28.8	33.3	30.2
4. Not at all serious	43.2	48.8	38.7	43.3
5. (DK/Refuse)	1.5	—	1.3	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

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

I. Getting timely or prompt service when you have a problem

1. Very serious	19.7%	18.5%	28.9%	20.3%
2. Somewhat serious	17.3	13.2	10.5	16.2
3. Not too serious	22.9	23.2	25.0	23.1
4. Not at all serious	39.7	43.9	35.5	39.7
5. (DK/Refuse)	0.6	1.2	—	0.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

J. Online audio or video streaming ties up your system

1. Very serious	3.6%	3.7%	3.9%	3.6%
2. Somewhat serious	9.7	7.3	6.6	9.1
3. Not too serious	27.8	24.4	28.9	27.6
4. Not at all serious	54.3	62.2	56.6	55.4
5. (DK/Refuse)	4.6	2.4	3.9	4.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

K. Keeping up with the speed of technological advances in IT

1. Very serious	9.9%	7.3%	11.7%	9.8%
2. Somewhat serious	27.4	24.4	28.6	27.2
3. Not too serious	29.4	34.1	31.2	30.1
4. Not at all serious	32.3	31.7	26.0	31.6
5. (DK/Refuse)	1.0	2.4	2.6	1.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

L. Computer hardware crashes

1. Very serious	22.9%	25.0%	26.7%	23.5%
2. Somewhat serious	16.4	13.8	12.0	15.7
3. Not too serious	23.4	27.5	29.3	24.5
4. Not at all serious	36.1	32.5	30.7	35.1
5. (DK/Refuse)	1.2	1.3	1.3	1.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

6. Are most of your IT problems primarily associated with hardware, software, or both equally? Would that be a lot more or a few more?

1. Hardware – a lot more	4.8%	4.9%	3.9%	4.7%
2. Hardware – a few more	6.3	12.3	10.5	7.4
3. Both equally	47.7	50.6	55.3	48.8
4. Software – a few more	19.0	16.0	18.4	18.6
5. Software – a lot more	13.0	7.4	9.2	12.0
6. (DK/Refuse)	9.3	8.6	2.6	8.5
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

7. Are your most serious IT problems primarily associated with new purchases, their installation and employee training in their use; with maintenance and operation of existing purchases; or with both equally? Would that be a lot more or a few more?

1. New purchases – a lot more	7.5%	3.7%	3.9%	6.7%
2. New purchases – a few more	9.6	9.9	10.4	9.7
3. Both equally	44.4	50.6	49.4	45.6
4. Maintenance/operation – a few more	21.7	19.8	20.8	21.4
5. Maintenance/operation – a lot more	5.8	7.4	7.8	6.2
6. (DK/Refuse)	11.0	8.6	7.8	10.3
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

8. Do you have a contract with a service provider or consulting firm to handle your IT maintenance and any network, hardware, or software problems your business may encounter?

1. Yes	28.0%	37.8%	59.2%	32.3%
2. No	70.8	61.0	40.8	66.6
3. (DK/Refuse)	1.2	1.2	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

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

8a. How did you find that services provider?

1. Came as part of IT purchase	30.5%	25.8%	27.3%	29.3%
2. A referral	34.8	35.5	38.6	35.6
3. Looked one up on the Web/Yellow pages	7.9	6.5	—	6.3
4. (Other)	18.9	22.6	22.7	20.1
5. (DK/Refuse)	7.9	9.7	11.4	8.7
Total	100.0%	100.0%	100.0%	100.0%
N	93	75	120	288

8b. About how long have you had this contract, including contract extensions?

1. < 6 months	6.7%	3.4%	4.4%	5.9%
2. 6 months – < 1 year	5.5	6.9	4.4	5.5
3. 1 year - < 2 years	11.0	17.2	13.3	12.2
4. 2 years - < 3 years	18.9	10.3	6.7	15.5
5. 3 years or more	53.7	62.1	68.9	57.6
6. (DK/Refuse)	4.2	—	2.2	3.4
Total	100.0%	100.0%	100.0%	100.0%
N	93	75	120	288

9. Do you have a non-contractual on-going relationship with an IT service provider or consulting firm to handle your IT maintenance and any network, hardware, or software problems your business may encounter?

1. Yes	43.2%	51.0%	56.7%	44.8%
2. No	54.9	49.0	43.3	53.6
3. (DK/Refuse)	1.9	—	—	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	288	119	78	425

9a. How did you find that services provider or consulting firm? (If “Yes” in Q#9.)

1. Came as part of IT purchase	6.6%	4.2%	—%	6.3%
2. A referral	49.5	50.0	—	50.0
3. Looked one u on the Web/Yellow pages	8.2	8.3	—	8.6
4. (Other)	27.5	29.2	—	27.5
5. (DK/Refuse)	8.2	8.3	—	7.7
Total	100.0%	100.0%	100.0%	100.0%
N	100	61	42	203

10. Who teaches or trains new employees on the IT equipment and software you have?

1. You or an employee	66.3%	72.8%	69.3%	67.3%
2. An IT services provider	8.7	8.6	12.0	9.0
3. A school seminar or short course	0.7	—	1.3	0.7
4. Teach themselves	5.3	4.9	1.3	4.9
5. Expect them to operate it when hired	1.5	1.2	1.3	1.5
6. (Other)	10.6	9.9	10.7	10.5
7. (DK/Refuse)	6.8	2.5	4.0	6.1
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

11. Who teaches or trains existing employees on any new equipment or software you purchase?

1. The vendor	7.5%	5.0%	10.5%	7.5%
2. An employee	20.0	36.3	40.8	23.9
3. An IT services provider	7.7	8.8	13.2	8.4
4. Online instruction	1.5	2.5	—	1.5
5. You	44.0	33.8	18.4	40.3
6. (Other)	13.0	8.8	13.1	12.5
7. (DK/Refuse)	6.3	5.0	3.9	5.9
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

12. Would your business realize much greater, greater, modestly greater or no greater long-term benefit by increasing its use of IT (information technology)?

1. Much greater	7.5%	2.5%	9.3%	7.2%
2. Greater	18.3	16.0	21.3	18.4
3. Modestly greater	26.8	29.6	28.0	27.3
4. No greater	45.8	48.1	40.0	45.5
5. (DK/Refuse)	2.9	1.2	1.3	2.5
Total	100.0%	100.0%	100.0%	100.0%
N	321	194	198	713

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

13. **What constraints do you have in the greater use of IT? Does _____ constrain your use of more information technology severely, reasonably, modestly or not at all? (If “Much greater,” “Greater,” or “Modestly greater” in Q#12.)**

A. Budget or finance considerations

1. Severely	13.0%	8.1%	8.9%	12.1%
2. Reasonably	29.5	32.4	31.1	30.0
3. Modestly	24.7	37.8	35.6	27.2
4. Not at all	31.5	21.6	22.2	29.5
5. (DK/Refuse)	1.3	—	2.2	1.3
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	164	91	114	369

B. Management discomfort with IT

1. Severely	3.2%	5.1%	4.5%	3.6%
2. Reasonably	14.6	15.4	15.9	14.8
3. Modestly	30.2	30.8	25.0	29.7
4. Not at all	50.0	48.7	54.5	50.4
5. (DK/Refuse)	1.9	—	—	1.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	164	91	114	369

C. Employee discomfort with IT

1. Severely	4.5%	—%	4.5%	4.1%
2. Reasonably	15.3	21.1	9.1	15.1
3. Modestly	29.9	36.8	36.4	31.1
4. Not at all	48.4	42.1	47.7	47.7
5. (DK/Refuse)				
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	164	91	114	369

D. No time to explore new IT products and their use

1. Severely	12.9%	5.1%	4.5%	11.2%
2. Reasonably	26.5	33.3	15.9	26.0
3. Modestly	27.5	30.8	43.2	29.6
4. Not at all	32.0	30.8	36.4	32.4
5. (DK/Refuse)	1.0	—	—	0.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	164	91	114	369

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

E. Lack of trusted, knowledgeable IT advisor

1. Severely	3.2%	—%	4.5%	3.1%
2. Reasonably	15.6	16.2	11.4	15.2
3. Modestly	24.7	24.3	22.7	24.4
4. Not at all	54.5	59.5	56.8	55.3
5. (DK/Refuse)	1.9	—	4.5	2.1
Total	100.0%	100.0%	100.0%	100.0%
N	164	91	114	369

Demographics

D1. Which best describes your position in the business?

1. Owner/Manager	89.1%	81.0%	71.8%	86.6%
2. Owner, but not manager	4.0	3.6	3.8	4.0
3. Manager, but not owner	6.8	15.5	24.4	9.4
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. Agriculture, forestry, fishing	2.5%	3.6%	1.3%	2.4%
2. Construction	8.5	10.7	8.0	9.3
3. Manufacturing, mining	7.7	17.9	13.3	8.9
4. Wholesale trade	6.5	6.0	2.7	4.9
5. Retail trade	18.6	16.7	13.3	17.1
6. Transportation and warehousing	1.6	2.4	5.3	2.7
7. Information	2.8	2.4	2.7	2.4
8. Finance and insurance	6.4	2.4	5.3	4.6
9. Real estate and rental/leasing	6.5	3.6	4.0	4.9
10. Professional/scientific/ technical services	14.1	8.3	4.0	10.1
11. Admin. support/waste management services	5.0	3.6	4.0	4.2
12. Educational services	0.5	—	—	0.4
13. Health care and social assistance	2.5	4.8	13.3	7.0
14. Arts, entertainment or recreation	1.9	1.2	2.7	2.1
15. Accommodations or food service	4.2	11.9	16.0	9.7
16. Other service, incl. repair, personal service	9.9	2.4	2.7	9.7
17. Other	0.9	—	1.3	0.8
18. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. Increased by 30 percent or more	12.4%	14.6%	12.8%	12.7%
2. Increased by 20 to 29 percent	8.9	15.9	19.2	10.6
3. Increased by 10 to 19 percent	26.4	28.0	25.6	26.5
4. Increased by < 10 percent	17.0	18.3	17.9	13.2
5. Decreased by < 10 percent	13.2	9.8	9.0	12.5
6. Decreased by more than 10 percent	14.8	7.3	6.4	13.2
7. (DK/Refuse)	7.4	6.1	8.9	7.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. Yes	27.5%	8.3%	3.9%	23.3%
2. No	71.4	89.3	93.5	75.4
3. (DK/Refuse)	1.1	2.4	2.6	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D5. How long have you operated this business?

1. < 6 years	20.6%	14.5%	18.2%	19.7%
2. 6 – 10 years	20.6	15.7	20.8	20.1
3. 11 – 20 years	28.7	31.3	23.4	28.4
4. 21 – 30 years	20.1	20.5	18.2	20.0
5. 31 + years	9.4	15.7	16.9	10.7
6. (DK/Refuse)	0.6	2.4	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D6. What is your highest level of formal education?

1. < H.S.	0.6%	—%	1.3%	0.6%
2. H.S. diploma/GED	16.2	11.9	9.2	15.1
3. Some college or associate's degree	24.0	26.2	18.4	23.7
4. Vocational or technical school degree	4.2	6.0	2.6	4.2
5. College diploma	36.1	41.7	47.4	37.7
6. Advanced or professional degree	18.0	10.7	18.4	17.3
7. (DK/Refuse)	0.9	3.6	2.6	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

D7. Please tell me your age

1. <25 years	0.5%	—%	1.3%	0.5%
2. 25 – 34 years	6.2	3.6	6.6	6.0
3. 35 – 44 years	16.9	14.3	13.2	16.3
4. 45 – 54 years	28.0	29.8	35.5	28.9
5. 55 – 64 years	28.4	33.3	30.3	29.1
6. 65+ years	16.0	15.5	9.2	15.3
7. (Refuse)	4.0	3.6	3.9	4.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D8. What is the zip code of your business?

1. East (zips 010-219)	20.2%	16.7%	15.6%	19.4%
2. South (zips (220-427)	19.4	19.0	15.6	19.0
3. Mid-West (zips 430-567, 600-658)	23.1	31.0	27.3	24.3
4. Central (zips 570-599, 660-898)	22.2	19.0	26.0	22.2
5. West (zips 900-999)	13.4	11.9	13.0	13.2
6. (DK/Refuse)	1.7	2.4	2.6	1.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D9. Urbanization (Derived from zip code.)

1. Highly Urban	12.6%	14.3%	14.5%	13.0%
2. Urban	18.8	16.7	19.7	18.7
3. Fringe Urban	17.0	19.0	21.1	17.6
4. Small Cities/Towns	22.1	17.9	19.7	21.4
5. Rural	23.2	27.4	21.1	23.4
6. (Not Known)	6.4	4.8	3.9	6.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. High performer	16.5%	16.5%	28.9%	17.6%
2. Somewhat high performer	21.4	34.1	31.6	23.7
3. Moderate performer	41.9	36.5	26.3	39.9
4. Somewhat low performer	3.4	3.5	5.3	3.6
5. Low performer	11.0	4.7	2.6	9.6
6. (Haven't been in business three years)	1.6	—	—	1.2
7. (DK/Refuse)	4.2	4.7	5.2	4.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D11. Sex

1. Male	83.4%	81.2%	84.4%	83.2%
2. Female	16.6	18.8	15.6	16.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

Table Notes

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

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

Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between October 17 - November 13, 2007 from a sample of small employers. “Small employer” was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation’s direction from the files of the Dun & Bradstreet Corporation, an imperfect file but the best currently available for public use. A random stratified sample design is typically employed to compensate for the highly

skewed distribution of small-business owners by employee size of firm (Table A1). Almost 60 percent of employers in the United States employ just one to four people meaning that a random sample would yield comparatively few larger small employers to interview. Since size within the small-business population is often an important differentiating variable, it is important that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small-business owners are arbitrary but adequate to allow independent examination of the 10-19 and 20-249 employee size classes as well as the 1-9 employee size group.

Table A1

Sample Composition Under Varying Scenarios

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	351	46
10-19	82	11	200	27	201	27
20-249	75	10	200	27	201	27
All Firms	750	100	750	101	753	100

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

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