



National Small Business Poll

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Small Business Poll

Success, Satisfaction and Growth

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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Poll



Success, Satisfaction and Growth

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Executive Summary

- Small-business owners generally feel that their current businesses are successful. On a scale of “1” to “10” with “10” meaning “extreme success” and “1” meaning “total failure,” owners evaluate their firms as 7.3. Twenty-one (21) percent assess their ventures as a “9” or “10.” Only 17 percent rate theirs below the scale’s mid-point.
- Small-businessmen and women who feel that their businesses are highly successful identify “quality of products and/or services” and “treatment of employees, customers, and business associates” as the two factors that most influenced their evaluations. Those who feel their businesses are not successful most often cite “financial performance” as the factor most influencing theirs. “Personal satisfaction” and “growth performance” are comparatively infrequent bases on which owners rate their firms’ success.
- The personal satisfaction small employers realize from owning their businesses is 8.0 on a scale of “1” to “10” with “10” meaning “extremely satisfied” and “1” “extremely dissatisfied.” While personal satisfaction is positively related to business success, more satisfaction is achieved by small-business owners than success. Forty (40) percent rate their personal satisfaction from business ownership as a “9” or “10.”
- Forty-two (42) percent of small-businessmen and women spend the most time on a typical day in operations/making the product or service. Sales and marketing consume the most time for 22 percent while 15 percent volunteer that they just hop from task to task. Comparatively few typically spend most of their time in planning and strategy (10 percent), finance (6 percent) or personnel (3 percent).
- One likely reason that so many small employers receive so much personal satisfaction from business ownership is that a majority (51 percent) spend most of their time doing what they like to do best. The most popular type of activity is operations/making goods or services (35 percent) and marketing and sales (32 percent). The two areas where small-business owners as a group would like to spend more time and apparently cannot are sales and marketing (32 percent) and planning and strategy (17 percent).
- Small-businessmen and women are indifferent to the term used to describe them. More prefer “small-business owner” (47 percent) than “business owner” (26 percent) or “entrepreneur” (20 percent). But, comparatively few object to any one of the three. “Entrepreneur” draws the most objections (12 percent).
- Fifty-one (51) percent of small employers want to grow. However, most who want to grow have modest aspirations. Eight to 9 percent of all owners would like to become “growth” firms.
- Forty-three (43) percent of small employers prefer to remain the size that they are now. The most frequent reason for their preference is that they feel comfortable with the business as it is (44 percent). The lack of financial and/or human resources (22 percent), the risks expansion implies (14 percent), and a limited market (13 percent) are other frequent reasons. Three percent would like to contract.
- Terminating a business large enough to employ people is usually not a “spur-of-the-moment” decision. Twenty-three (23) percent of current owners say that they plan to get out in the next few years. Fifty-nine (59) percent of that group plan to sell. One-quarter intend to form another business.

Success, Satisfaction and Growth

Success in business is a subjective judgement. While rapid growth, market domination, and the owner’s personal satisfaction are likely aspects of it, no measures or ratios or checklists provide an objective determination. Success is a perception rooted in an individual’s value structure. As a result, individuals can reach different judgments about a venture’s success using identical criteria. When the criteria vary, as they usually do, their judgements vary even more. One business owner, for example, may judge a business highly successful because it provides him or her employment doing what the owner likes to do; another business owner may consider a \$100 million venture a bust because it failed to live up to its potential; an economic development administrator may determine both have failed because neither created employment in a particular political jurisdiction. Two properties often associated with success are business growth and owner satisfaction. Yet, neither may define or even help define success for the owner. Despite its mercurial properties, the perceived success of an owner’s business is important because it influences owner decisions. It causes some owners to carry on when they otherwise might not. It causes other owners to get out, perhaps avoiding a greater loss than might otherwise occur. It often causes non-owners to try to form their own business when alternative investment opportunities and employment are available. In effect, business success is a flexible yardstick against which the owner can judge his or her enterprise and subsequently adjust plans, operations and procedures. This issue of the *National Small Business Poll* is devoted to the business success of small employers and some of its varying aspects.

Success

Small-business owners generally feel that their current businesses are successful. On a scale of “1” to “10” with “10” meaning “extreme success” and “1” meaning “total failure,” owners rate their success on average as 7.3 (Q#3). Eleven (11) percent believe that their firms have been extremely successful (a “10”) and another 10 percent eval-

uate their enterprises as a “9.” Almost half rate theirs in the “7” to “8” range. In contrast, just 17 percent place their businesses below the mid-point on the success scale, i.e., < 6. Almost no one evaluates theirs as a “2” or a “1.” The most likely reason for the absence of cases at the bottom of the scale is that an extreme lack of success has forced them to the market’s sidelines already.

Success can be based on many reasonable criteria. As a result, the survey asked small employers to identify the two factors that most influenced their evaluations of their businesses' success. Significantly, the most frequent reasons involve the firm's contribution to others rather than its contribution directly to the owner. Forty-two (42) percent say that one of the two primary factors in their evaluation is the quality of products or services offered (Q#3a). The second most frequently cited reason is the treatment of employees, customers, and business associates (37 percent). Sixty-one (61) percent of all owners mention at least one of them.

The factor influencing evaluation of the firm's success cited with third greatest frequency (32 percent) is the firm's financial performance. Owners mention personal satisfaction fourth most often (25 percent). The least likely factors cited of those listed are growth performance (13 percent) and variance from initial expectations (5 percent). Note that while half would like to grow (Q#1), just 13 percent say that growth is one of the two most influential factors in evaluating the current success of their business.

Small-business owners who rate their success most highly ("9" or "10") are also the most likely (56 percent) to mention the quality of products and services offered as one of the two most important factors in their evaluation. They also are more likely than those less successful to mention the treatment of employees, customers, and business associates (44 percent). In fact, both reasons are directly related to success, the more often cited the higher rated on the success scale. The comparable figures for those rating themselves as "4" or less are 8 percent and 11 percent respectively.

Success is also directly tied to financial performance, but in the opposite direction. Forty-five (45) percent evaluating their firms with a "6" or lower choose financial performance as one of the two most important factors compared to 23 percent of those giving themselves a "9" or "10." Owners of less successful firms are also more likely to offer only one reason for evaluation instead of the two requested.

Personal satisfaction, growth performance, and variation from initial expectation

do not appear closely related to owner evaluation of success. Comparatively few cite them as one of the more important reasons in their evaluations. Thus, the primary bases for assessing success would appear to differ between business owners themselves and outside observers such as newspaper reporters, public officials, academics and even the general public.

Care must be taken to avoid the obvious, but incorrect interpretation of the reasons for the evaluation of success. These data do not suggest that those small-business owners who feel successful are primarily interested in "doing good" while those who feel less successful are primarily interested in financial performance. They suggest something more subtle. They suggest that there is a financial (and perhaps growth) minimum required to be successful. The minimum can vary notably depending on the owner. But once that threshold has been passed, less tangible factors take on new significance. Many firms that are rated by their owners as successful are not and will never be financial dynamos. But, they provide enough to allow the owner to operate and judge the firm's success on a variety of other criteria.

Personal Satisfaction

Personal satisfaction from something as time-consuming and economically relevant as owning and operating a business is obviously important to the individual. The difficulties inevitably encountered are much easier to tackle when the owner obtains personal gratification from efforts put forward. Most small-business owners, in fact, get a great deal of personal satisfaction from their businesses. On a scale of "1" to "10" with "10" meaning "extreme satisfaction" and "1" meaning "extreme dissatisfaction," 28 percent rate their personal satisfaction from the business as a "10" (Q#4). Two-thirds (67 percent) feel their personal satisfaction rates an "8" or higher compared to just 12 percent who rank it below the scale's mid-point.

There is a direct relationship between personal satisfaction from owning a business and the firm's success. People who tend to have more successful ventures (by their own evaluations) also tend to feel greater personal satisfaction from owning their firms. However, perceived business success

cannot be equated with personal satisfaction. The personal satisfaction achieved from business ownership is more highly rated on average than business success, 8.0 on a ten point scale for satisfaction compared to 7.3 for success. This difference helps explain why many owners who operate financially marginal enterprises remain in business.

A Satisfying Job

While most small-business owners receive considerable personal satisfaction from owning their businesses, not every aspect of the business is equally gratifying or even gratifying at all. Some parts of the job are simply more pleasant than others.

A plurality of small-business owners (42 percent) spend most of their time on a typical day working on operations or making goods and services (Q#5). A chef cooking in his restaurant, a teacher working with children in her day-care center, or a carpenter swinging a hammer in his home improvement business are examples. Though all have employees and run the business, their primary activity on a typical day is production. The second most frequent prevalent activity is sales and marketing. Twenty-two (22) percent report that they constitute the day's primary activity. Sales and marketing can include anything from waiting on customers to working on a radio ad.

Fifteen (15) percent volunteer that they do a little bit of everything; they do not spend most of their time on anything in particular. This is the "jack-of-all-trades" response that stereotypes, with a large element of truth, small-business owner activity. Another 10 percent say that they spend most of their time planning and developing strategy. While the percentage is surprisingly high, the minimal variation by firm size is more so. One would expect owners of larger, small firms to focus more on planning while those in the smallest firms would spend more time hopping from area to area. That does appear to happen. The two areas where small-business owners are least likely to spend the largest part of their day is in finance (6 percent) and personnel (3 percent).

One likely reason that so many receive so much personal satisfaction from business ownership is that a majority appear to spend most of their time doing the kinds of things

they like to do. Just over half (51 percent) say that they spend the largest part of their daily activity in the functional area they like most (data not shown). In fact, the proportions among the kind of tasks small-business owners actually perform and the kind of things that they like to perform are similar. Thirty-five (35) percent prefer making goods or services (doing), seven points short of those actually spending most of their time on it (Q#5b). The two areas where small employers as a group would like to spend more time than they are able are sales and marketing (32 percent) and planning and strategy (17 percent). In each, roughly 50 percent more would like to spend most of their time in the area than they actually do. Only five percent each most like to spend their time in finance and personnel. Relatively few (3 percent) volunteer that they prefer doing a little bit of everything.

The functional areas where small-business owners least like to spend their time are generally the opposite of the areas where they most like to spend their time. The two most dreaded functional areas are finance (34 percent) and personnel (20 percent) (Q#5a). The former helps explain the high incidence of professionals doing accounting and finance work in small businesses both as consultants and paid-employees. Sales and marketing, though highly desirable for many, is most disliked by 14 percent of owners and making goods and services by 12 percent. Curiously, 7 percent complain that the activity they like least is hopping from area to area. Of the 11 percent who say that they work most in the area they like least, over a third note that they spend most of their time doing a little bit of everything and like it least. They prefer more focused activity.

What's in a Name?

Poll after poll shows that small-business owners are a highly respected and admired category of Americans. But in an era of delicate sensibilities, the language used to refer to an individual is sometimes taken as a symbol of respect (or lack thereof). Efforts are therefore made to call groups of people what they wish to be called. Terms for people who own smaller businesses are no exception.

People who own and operate small businesses usually wish to be called small-busi-

ness owners, though it is doubtful that they really care. If given a choice, 47 percent prefer the term “small-business owner;” 26 percent prefer “business owner;” and, 20 percent prefer “entrepreneur” (Q#6). Six percent volunteer that they do not care or are indifferent.

More interesting is the reverse approach, asking these people what they do not want to be termed. Comparatively few object to being called any of the most common terms. Six percent object to being called a “small-business” owner (Q#6aA). Owners of enterprises employing more than 20 people are most likely to disdain the name. Five percent don’t want to be called a “business owner,” though it not clear why they do (Q#6aB). Finally, 12 percent object to the term “entrepreneur” (Q#6aC). Owners of larger firms, those who presumably would be most sympathetic to the term, are in fact the most likely to hold an unfavorable opinion of it. Two percent object to all three terms; 16 percent object to at least one, but 82 percent feel nothing is wrong with any of them.

Growth Dynamics

Business growth is another popular measure of business success. However, this measure is more common among outside observers than small-business owners themselves. Many in the public appear to assume that most small-business owners want to grow their businesses, and grow them substantially if only the opportunity and resources were available; only the aberrant small-business owner is not interested in growth. The data show that assumption is generally wrong. Many small employers are content with the current size of their businesses. Even those who want to grow more often than not would like to grow modestly. The owner who wants to grow aggressively, let alone possessing the ability and opportunity to do so, is the one who is aberrant.

Just 14 percent offer business growth as one of the two most influential factors in assessing their venture’s success. That is not surprising. Relatively few firms grow substantially once they have leveled from the growth spurt that often occurs almost immediately following birth. The data in the survey show that 18 percent increased sales over the last two years by 30 percent or more (15

percent annually) (Q#D2). Another 17 percent increased theirs by 20 to 29 percent. The real volume sales of 31 percent appear to have at best stayed about even with inflation and many have not done that.

Still, business growth is an objective for about half of current small employers. Fifty-one (51) percent indicate that they want to grow their businesses (Q#1). In contrast, 46 percent do not. Forty-three (43) percent want to keep their firms approximately the same size and three percent would actually like to contract them. Owners of different size firms exhibit virtually no difference in the basic growth objective. However, those who have owned the firm comparatively few years are much more likely to possess the desire to grow than are those who have owned their firms for many years (data not shown).

The growth envisioned by most small-business owners wishing it is modest. Fourteen (14) percent say that they would like to grow sales, but their growth objective is a level that remains under one million dollars (Q#1a). Another 23 percent would like their sales to ultimately rise to between one and five million. In contrast, 9 percent want them to grow to over \$100 million and 6 percent say they want to grow sales as much as possible. Thus, about 8 to 9 percent of the entire population clearly want to own a “growth” firm. The large number (12 to 13 percent of all owners) who cannot or will not give a sales growth target are assumed to have modest growth objectives since they appear not to have focused on the growth issue. Since no more than 5 percent of all businesses can be called “growth firms,” the number intending to grow and the number actually growing differ. That raises questions about why those who want to grow do not. Is it a lack of skills, resources or market opportunity, or is it the lack of an intense desire to become larger?

There is no special reason why small-business owners choose their desired growth level. Fifty-five (55) percent who express interest in growing say that they just want the business to grow and they have arbitrarily chosen a growth target (perhaps only because they were asked to do so). In contrast, 20 percent say that they chose a particular sales level because the level is necessary to provide the desired amount of

personal income. A small construction business, for example, may not provide enough income with \$100,000 in sales; the owner therefore targets \$750,000 in sales so that it does. Eight percent say that they chose a growth level because a business has to be at least a specified size for it to survive. Reasons involving eventual disposal of the business are less frequently offered.

A firm may become so promising or so strong that it reaches the public stock exchanges. Sixteen (16) percent of those who want to grow also claim that they would eventually like to have their firms publicly traded (Q#1c). That is approximately the same number who would like their firms to eventually reach at least \$100 million in sales. Nothing like that number will ever be listed. Yet, the number expressing an interest shows that many small-business owners have big ideas.

The owners of many firms with the potential to “go public” choose to remain private. The reasons vary. Most are personal, but usually involve retaining control of the business. While the data do not tell us whether the owners who say they want to “go public” are actually more attractive candidates for the exchanges than those who do not, the overwhelming majority intending to grow want their firms to remain in private hands.

Unchanging by Choice

Over two in five small-business owners say that they are happy with the current size of their businesses. Probing further, 44 percent of this group or 19 percent of all respondents indicate that they are comfortable with their business as it is (Q#1e). They do not want its size to change. Another 14 percent feel that expansion requires risks that they are not willing to assume. Thirteen (13) percent more claim that the market is limited; they may have a nice business, but there is no room for a larger one. Still, 22 percent express no desire to grow because the financial or people resources are not available. These latter owners are probably not candidates for growth despite the reason provided. While they may be open to growth if the additional resources become available, their response suggests a passive approach that is probably not conducive for growth.

The proportion of small employers who want to get smaller is minuscule. As a result, it is not possible to quantify the reasons for their outlook (Q#1d).

Leaving the Business

A tiny fraction of operating businesses will go bankrupt. Only a few more will close their firms owing debts to a creditor. At the same time, business turnover is considerable and business owner turnover is even higher. Small-business owners are constantly in the process of leaving businesses that they have formed, though not necessarily due to the lack of success.

Twenty-three (23) percent of small employers indicate that they plan to get out of their current business within the next few years (Q#2). Of that group, almost 59 percent intend to sell the firm as their way of leaving (Q#2a). Sixteen (16) percent plan to pass their enterprise to an heir and 15 percent will shut theirs down. While sale is preferred to closure or abandonment, many owners intent on selling their businesses are likely to be disappointed. The Wells Fargo/NFIB *Series on Business Starts and Stops* indicates that only three of every eight employers sell or transfer their firms while five of every eight either close or abandon them.

The sizeable number intending to exit their businesses also suggests that many, if not most, termination decisions are well-considered rather than “spur-of-the-moment.” (A general rule of thumb is that somewhat more than one in 10 employers leave in any year even though exit is “front-loaded.”) That means many business owners plan to leave well before the time they actually do. Perhaps the reason for the time interval is that finding a buyer for the business takes time. Perhaps the reason is that hope springs eternal and it still might be possible to reverse adverse trends. An important factor is that most do not seem pressured into leaving. Those intending to leave soon rate their businesses as 7.0 on the success scale compared to 7.4 among those having no such plans. Whatever the reason for leaving, many expect to get out long before they actually do.

One reason to leave a current business is to start another business. About one in

four (25 percent) of those who intend to get out in the next few years plan to start another business after they leave their current endeavor (Q#2b).

Final Comments

Small-business owners do not have to own a large or rapidly growing business to feel that theirs is successful. In fact, four times as many believe that they have a highly successful venture as can be considered a “growth” firm. Moreover, financial reward does not necessarily determine the owner’s evaluation of success. While some financial minimum, albeit an arbitrary minimum, is necessary to continue operating, many factors besides financial performance contribute to the success of their enterprises. Certainly, the very high level of personal satisfaction associated with owning a firm and the fact that a majority spend most of their time doing what they like to do helps create a positive feeling about their ventures. So is the idea that their firms produce quality products or services, and treat people “right.” Someone once observed that a good business is about makin’ a little money, havin’ a little fun, and doin’ a little good. Small-business owners as a group appear to subscribe to that philosophy in a big way.

Success, Satisfaction and Growth

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

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Over the next few years, do you intend to grow your business, to make it smaller, or to keep it about the same size as it is now?				
1. Grow	50.4%	51.9%	57.5%	51.3%
2. Make smaller (contract)	3.2	2.5	1.4	2.9
3. Stay about the same	43.0	42.0	39.7	42.5
4. (DK/Refuse)	3.5	3.7	1.4	3.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

1a. In terms of annual sales, how large would you eventually like your firm to be? A broad estimate is fine. (If "grow" in Q#1.)

1. < \$1 million	16.2%	7.8%	6.6%	14.2%
2. \$1 - \$4.9 million	22.9	38.9	8.4	23.1
3. \$5 - \$24.9 million	16.5	19.8	23.3	17.6
4. \$25 - \$99.9 million	3.9	2.4	13.0	4.3
5. \$100 million or more	9.2	9.6	14.6	9.8
6. As large as possible	6.0	1.8	6.4	5.6
7. (DK/Refuse)	25.3	19.8	31.6	25.4
Total	100.0%	100.0%	100.0%	100.0%
N	173	99	115	387

1b. Why do you want to see your business grow to that size? Does it have to be that size to: (If not "DK/Refuse" in Q#1a.)

1. Survive	7.7%	3.9%	9.1%	8.0%
2. Provide the desired level of personal income	23.9	26.3	13.0	20.4
3. Be able to divide the business among possible heirs	4.3	5.3	3.9	3.9
4. Sell it for a reasonable return, OR	5.1	5.3	5.2	3.9
5. You just want the business to grow and that is your size objective	52.1	53.9	61.0	55.4
6. (Other)	5.1	3.9	7.8	4.6
7. (DK/Refuse)	1.7	1.3	—	3.9
Total	100.0%	100.0%	100.0%	100.0%
N	126	76	77	279

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

1c. Would you eventually like to have your firm “go public,” i.e., have its stock traded on one of the public exchanges?

1. Yes	15.8%	14.3%	20.9%	16.2%
2. No	81.3	78.6	74.4	80.2
3. (DK/Refuse)	3.0	7.1	4.7	3.6
Total	100.0%	100.0%	100.0%	100.0%
N	173	99	115	387

1d. Why do you want your business to get smaller? Is it because: (If “make smaller” in Q#1.)

1. There are too many headaches managing current-sized business
2. You can't now spend time doing the things you want to do
3. There is too much fat in the current operation and it needs retrenchment
4. You are phasing down so you can get out of this business
5. (Other)
6. (DK/Refuse)

Total	100.0%	100.0%	100.0%	100.0%
N	12	7	3	22

1e. Why do you want to keep your business about the same size? Is it because: (If “stay same” in Q#1.)

- | | | | | |
|--|-------|-------|-------|-------|
| 1. The market is limited | 12.5% | 14.7% | 10.7% | 12.5% |
| 2. You are comfortable with your business as it is | 44.4 | 41.2 | 42.9 | 43.9 |
| 3. Expansion requires risks that you do not want to take | 13.2 | 14.7 | 14.3 | 13.5 |
| 4. The financial and/or people resources for expansion are not available | 21.8 | 23.5 | 25.0 | 22.3 |
| 5. (Other) | 6.3 | 2.9 | 3.6 | 5.6 |
| 6. (DK/Refuse) | 1.9 | 2.9 | 3.6 | 2.2 |

Total	100.0%	100.0%	100.0%	100.0%
N	154	88	80	322

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

2. Do you intend to get out of your business within the next few years?

1. Yes	23.3%	23.5%	15.1%	22.6%
2. No	72.4	74.1	79.5	73.2
3. (DK/Refuse)	4.3	2.5	5.5	4.2
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

2a. Do you intend to get out by: (If “phasing down” in Q#1d or “yes” in Q#2.)

1. Selling it	58.9%			58.7%
2. Shutting it down	17.0			15.1
3. Passing it to an heir	14.9			16.3
4. (DK/Refuse)	9.2			9.9
Total	100.0%			100.0%
N	82			158

2b. Do you plan to start another business after you leave this one?

1. Yes	28.4%			25.1%
2. No	66.7			70.2
3. (DK/Refuse)	5.0			4.7
Total	100.0%			100.0%
N	82			158

3. On a scale of one-to-ten where “10” means extreme success and “1” means total failure, how successful is your business?

1. Ten	11.1%	9.9%	13.5%	11.2%
2. Nine	9.0	11.1	14.9	9.8
3. Eight	26.5	33.3	37.8	28.4
4. Seven	22.9	23.5	20.3	22.7
5. Six	9.3	9.9	5.4	9.0
6. Five	11.6	8.6	2.7	10.4
7. Four to one	7.9	3.7	4.0	7.1
8. (DK/Refuse)	1.7	—	1.4	1.5
Total	100.0%	100.0%	100.0%	100.0%
Average	7.2	7.5	7.9	7.3
N	351	201	200	752

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

3a. What are the TWO most important factors influencing the rating you just made of your firm's success? (If response given in Q#3.)

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Financial performance	31.5%	36.2%	29.2%	31.8%
2. Growth performance	12.6	20.0	18.1	13.9
3. Quality of products or services offered	41.6	41.3	41.7	41.6
4. Treatment of employees, customers, business associates	35.5	38.8	48.6	37.1
5. Personal satisfaction	26.4	22.5	15.3	24.9
6. Variance from initial expectation	5.4	3.8	4.2	5.1
7. (Other)	7.7	3.8	8.3	7.4
8. (No second reason)	36.7	32.6	33.3	35.9
9. (DK/Refuse)	2.5	1.3	1.4	2.3
Total	200.0%	200.0%	200.0%	200.0%
N	345	200	197	742

4. On a scale of one-to-ten where "10" means extreme satisfaction and "1" means extreme dissatisfaction, how much personal satisfaction have you received from owning this business?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Ten	28.6%	19.0%	27.0%	27.5%
2. Nine	10.8	16.5	18.9	12.2
3. Eight	26.5	32.9	28.4	27.3
4. Seven	12.6	10.1	6.8	11.8
5. Six	5.5	3.8	6.8	5.4
6. Five	7.8	6.3	2.7	7.2
7. Four to one	4.7	5.1	2.7	4.6
8. (DK/Refuse)	3.5	6.3	6.8	4.1
Total	100.0%	100.0%	100.0%	100.0%
Average	8.0	7.8	8.3	8.0
N	351	201	200	752

5. During a typical day, in what area of the business do you spend most of your time?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Sales and marketing	22.7%	22.5%	15.1%	22.0%
2. Personnel	3.2	3.8	5.5	3.4
3. Finance	5.3	8.8	12.3	6.3
4. Operations or making goods and services	43.0	40.0	38.4	42.2
5. Planning and strategy	10.0	8.8	15.1	10.3
6. (Little of everything; no special area)	14.8	15.0	13.7	14.7
7. (DK/Refuse)	1.1	1.2	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

5a. In what area of the business do you LEAST like to spend your time?

1. Sales and marketing	13.2%	18.8%	13.7%	13.9%
2. Personnel	17.2	28.8	34.2	20.1
3. Finance	36.3	25.0	23.3	33.8
4. Operations or making goods and services	12.1	12.5	8.2	11.8
5. Planning and strategy	6.5	3.7	5.5	6.1
6. (Little of everything; no special area)	7.3	8.8	6.8	7.4
7. (DK/Refuse)	7.4	2.5	8.2	7.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

5b. In what area of the business do you MOST like to spend your time?

1. Sales and marketing	31.5%	35.0%	27.4%	31.5%
2. Personnel	4.8	7.5	5.5	5.2
3. Finance	3.6	11.3	12.3	5.3
4. Operations or making goods and services	37.0	26.3	30.1	35.2
5. Planning and strategy	16.7	15.0	20.5	16.9
6. (Little of everything; no special area)	3.3	2.5	2.7	3.2
7. (DK/Refuse)	3.0	2.5	1.4	2.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

6. Several terms are used to describe people who own and operate smaller businesses. As one of those people, which of the following terms do you prefer?

1. Small-business owner	49.2%	44.4%	32.4%	47.0%
2. Business owner	23.8	29.6	35.1	25.5
3. Entrepreneur	20.1	21.0	20.3	20.2
4. (Indifferent; Don't care)	6.1	3.7	5.4	5.8
5. (DK/Refuse)	0.8	1.2	6.8	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

6a. Do you object to being called:

A. A small-business owner

1. Yes	5.5%	4.9%	10.8%	5.9%
2. No	94.2	92.7	85.1	93.1
3. (DK/Refuse)	0.3	2.4	4.1	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

B. A business owner

1. Yes	5.1%	1.2%	5.5%	4.7%
2. No	94.5	96.3	91.8	94.5
3. (DK/Refuse)	0.3	2.4	2.8	0.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

C. An entrepreneur

1. Yes	11.3%	11.1%	13.7%	11.5%
2. No	86.7	86.4	82.2	86.3
3. (DK/Refuse)	2.0	2.4	4.1	2.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

Demographics

D1. Is your primary business activity:

1. Construction	9.6%	11.3%	10.8%	9.9%
2. Manufacturing	7.8	16.3	13.5	9.2
3. Wholesale	5.8	6.3	5.4	5.8
4. Retail	21.1	23.8	25.7	21.8
5. Transportation	4.3	2.5	5.4	4.2
6. Communication	3.5	1.2	2.7	3.2
7. Financial Services	6.8	3.8	2.7	6.1
8. Services	35.2	30.0	28.4	33.9
A. Non-professional, e.g., lodging, auto repair, garages, recreation	(19.2)	(33.3)	(27.3)	(21.2)
B. Professional, e.g., health, legal, education, engineering	(36.4)	(29.2)	(31.8)	(35.4)
C. Business, e.g., advertising, mail, employment agencies, computer services, security, equipment rental	(28.0)	(25.0)	(22.7)	(27.3)
D. Personal, e.g., laundries, beauty shop, photography, funeral services, child care	(16.4)	(12.5)	(18.2)	(16.2)
9. Agriculture, forestry, fishing	4.3	2.5	2.7	4.0
10. (Other)	1.0	1.2	1.3	1.1
11. (DK/Refuse)	0.7	1.2	1.3	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

1. Increased by 30 percent or more?	16.7%	17.3%	26.0%	17.7%
2. Increased by 20 to 29 percent?	17.6	14.8	17.8	17.3
3. Increased by 10 to 19 percent?	27.9	28.4	21.9	27.3
4. Changed less than 10 percent one way or the other?	18.9	21.0	17.8	19.0
5. Decreased by 10 percent or more?	13.1	12.3	6.8	12.4
6. (DK/Refuse)	5.8	6.2	9.6	6.2
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

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

1. Yes	26.4%	4.9%	2.7%	21.8%
2. No	72.0	92.6	94.5	76.4
3. (DK/Refuse)	1.7	2.5	2.7	1.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

1. < 6 years	32.0%	22.2%	21.9%	29.9%
2. 6-10 years	18.2	16.0	17.8	17.9
3. 11-20 years	30.0	29.7	20.5	29.0
4. 21-30 years	8.3	14.8	24.7	10.6
5. 31 years+	9.4	12.3	11.0	9.9
6. (DK/Refuse)	2.2	4.9	4.1	2.6
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D5. What is your highest level of formal education?

1. Did not complete high school	2.7%	3.7%	2.7%	2.8%
2. High school diploma/GED	22.7	14.8	16.2	21.2
3. Some college or an associates degree	20.1	23.5	21.6	20.6
4. Vocational or technical school degree	3.3	3.7	2.7	3.3
5. College Diploma	33.8	39.5	39.2	35.0
6. Advanced or professional degree	15.8	11.1	14.9	15.2
7. (DK/Refuse)	1.7	3.7	2.7	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D6. Please tell me your age.

1. <25	1.2%	2.5%	1.4%	1.3%
2. 25-34	11.3	14.8	11.1	11.7
3. 35-44	24.6	25.9	33.3	25.6
4. 45-54	31.7	27.2	26.4	30.7
5. 55-64	18.4	14.8	18.1	18.0
6. 65+	9.6	8.6	5.6	9.1
7. (DK/Refuse)	3.2	6.2	4.2	3.6
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
D7. What is the zip code of your business?				
1. East (zips 010-219)	7.3%	12.3%	9.5%	8.0%
2. South (zips 220-427)	25.0	18.5	17.6	23.6
3. Mid-West (zips 430-567, 600-658)	26.0	30.9	24.3	26.4
4. Central (zips 570-599, 600-898)	25.0	22.2	28.4	25.0
5. West (zips 900-999)	16.7	16.0	20.3	17.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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

1. <\$100,000	15.2%	1.2%	1.4%	12.4%
2. \$100,000 - \$249,999	15.4	3.8	2.7	12.9
3. \$250,000 - \$499,999	13.1	5.0	5.4	11.5
4. \$500,000 - \$999,999	7.1	16.3	2.7	7.7
5. \$1 million - \$4.9 million	14.9	38.8	37.8	19.7
6. \$5 million - \$9.9 million	1.7	2.5	12.2	2.8
7. \$10 million or more	0.3	1.2	8.1	1.1
8. (DK/Refuse)	32.3	31.3	29.8	32.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

D9. Sex

Male	75.7%	76.5%	74.3%	75.6%
Female	24.3	23.5	25.7	24.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752

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 September 7 and October 11, 2001 from a sample of small employers. “Small employer” was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

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

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

Table A1

Sample Composition Under Varying Scenarios

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	593	79	350	47	351	47
10-19	82	11	200	27	201	27
20-249	75	10	200	27	200	27
All Firms	750	100	750	101	752	101

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

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Publications
in This Series

- Volume 1, Issue 1 *The Changing Search
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- Issue 2 *The Use and Value of Web Sites*
- Issue 3 *The Cash Flow Problem*
- Issue 4 *Adjusting to Cost Increases*
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The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy related problems small-business owners encounter. Its periodic reports include *Small Business Economic Trends*, *Small Business Problems and Priorities*, and now the *National Small Business Poll*. The Foundation also publishes ad hoc reports on issues of concern to small-business owners. Included are analyses of selected proposed regulations using its Regulatory Impact Model (RIM). The Foundation's functions were recently transferred from the NFIB Education Foundation.

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