



August 2016

SMALL BUSINESS PROBLEMS & PRIORITIES

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FOREWORD

This is the ninth edition of *Small Business Problems and Priorities*. The first edition was published in 1982 followed by editions in 1986, 1991, 1996, 2000, 2004, 2008 and 2012. The volumes are among the NFIB Research Foundation's most popular publications and therefore have become a staple. Current plans project a tenth edition to be published in the spring of 2020.

This publication is based on a research procedure that has remained fundamentally unchanged. A large sample of small-business owners, all members of the National Federation of Independent Business (NFIB), is sent a mail questionnaire.¹ The questionnaire presents 75 potential business problems, encountered in the private marketplace and from government regulatory activities. Respondents are asked to rate the severity of each potential problem on a scale of 1 to 7 anchored by "Critical Problem" on one end and "Not a Problem" on the other.

The array of potential problems presented to small-business owners for evaluation has undergone minor changes over the years to account for shifts in business conditions, technologies, and expressed concerns. The 2016 survey substituted two new potential problems for two that elicited minimal interest in previous editions. The list of potential business problems assessed in 2016 closely resembles the list produced in prior years. The publication format is also similar in all editions.

The publication begins with an overview of results from the total population of small-business owner respondents. It then examines the most important problems, the least important problems, problems on which there is most and least consensus, the relative importance of various problems clustered by topic, and changes in ranking from prior surveys. The bulk of the publication reviews owner assessments of the problem list with respondents divided by standard owner and firm classifications, such as employment size and industry.

The purpose of this research is twofold. First, the survey and publication establish the relative importance of small-business owner concerns and thereby a de facto issue priority list for NFIB. The organization uses this list to help prioritize advocacy efforts to best reflect the concerns of the membership. NFIB was founded on the principle that the membership governs. Policy positions are established by member vote rather than by committee or other means. *Problems and Priorities* is designed to help accomplish that objective.

A second purpose for conducting the survey is to provide parties outside NFIB an accurate picture of small-business owner concerns. Claims are often made regarding the problems and interests of small-business owners with little or no empirical evidence to support them. If there is no systematically collected data to establish a benchmark, these claims can mislead and attribute concern when little exists (and vice versa). The data in *Problems and Priorities* therefore provide a standard against which others can measure their hypotheses.

Problems and Priorities identifies problems, not solutions. The survey is intended to establish the relative importance of business problems as small-business owners see them. It is not intended to develop solutions or to argue for one solution over another. A problem list can suggest that certain problems should be addressed which can indirectly imply a solution. But the data and arguments for a particular solution to a problem and establishing the problem are separate issues.

¹ This procedure differs from most surveys produced by the NFIB Research Foundation. Most are conducted across a nationally representative sample of small employers.



Problems and Priorities has three characteristics that make it unique. The first is that the survey has a large number of respondents. Two thousand eight hundred and thirty-one (2,831) small-business owners returned useable questionnaires out of 20,000 surveys mailed. The sizable response allows break-outs into a large number of respondent categories or groups with adequate returns to analyze and compare them. It is thereby possible to identify where the responses of those in different categories or groups vary from the entire population and among each other.

The second characteristic making the study unique is that most surveys of this genre are limited to comparatively few problems. *Problems and Priorities* lists 75 problems for evaluation. The list includes two basic types of problems; those heavily influenced by government including various types of taxes and regulations, and problems more associated with the operations side of the business including the owners' ability to manage their time and keeping up with market trends. The combination provides broad context and allows observers and analysts a better understanding of the relative importance of problems affecting small-business owners that are internally and externally generated.

Finally, the sample for this study is one of the most representative groups of small-business owners used to produce problem rankings and priorities. Many published surveys of this nature confine themselves to particular segments of the business population. Focusing on one component is not debilitating for the survey per se. It simply warrants caution and appreciation for what the survey does and does not represent. A brief comparison between respondents and the small-business population produced by administrative records of federal agencies can be found in the Appendix. There are two major variances between the small-business population and NFIB population. First, the NFIB population includes farmers and related businesses whereas the Census does not in defining the small-business population. Also, NFIB members are more populated in the interior states and are less represented on the East and West coasts compared to the general population.

The data for *Problems and Priorities* are presented in 20 tables. The tables constitute the most important part of the publication. Commentary is intended to point out differences and patterns of differences in the tables that may not be immediately obvious to the reader.

Special mention must be made of NFIB personnel, particularly those in Mail and Supply, who participated in this project. This publication would not have been possible without their capable hard work. It is recognized and appreciated.

Copies of *Small Business Problems and Priorities* can be obtained from the NFIB Research Foundation located at 1201 "F" Street, NW, Suite 200, Washington, D.C., 20004

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EXECUTIVE SUMMARY

- The 10 most severe problems for small-business owners of the 75 business problems assessed are in order: “Cost of Health Insurance,” “Unreasonable Government Regulations,” “Federal Taxes on Business Income,” “Uncertainty over Economic Conditions,” “Tax Complexity,” “Uncertainty over Government Actions,” “Frequent Changes in Federal Tax Laws and Rules,” “Property Taxes (real, inventory or personal property),” “State Taxes on Business Income,” and “Locating Qualified Employees.” The cost of health insurance remains the most severe problem for small-business owners and is “critical” for 52 percent of respondents, unchanged from 2012.
- The 10 least severe problems for small-business owners of the 75 business problems assessed, beginning with the least severe and moving up the list are: “Exporting My Products/ Services,” “Out-of-State Sales Tax,” “Undocumented Workers,” “Winning Contracts from Federal/State/Local Governments,” “Credit Rating/Record Errors,” “Obtaining Short-Term (less than 12 months or revolving) Business Loans,” “Obtaining Long-Term (5 years or more) Business Loans,” “Costs and Frequency of Lawsuits/Threatened Lawsuits,” “Bad Debts (not delinquencies) and/or Bankruptcies,” and “Access to High-Speed Internet.” Exporting, the least severe problem proves critical for 3 percent of small-business owners, virtually unchanged from 2012. “Out-of-State Sales Tax” is a critical problem for 4 percent of respondents.
- Small-business owners evaluate most problems in the 2016 survey as they did in 2012, the date of the last *Problems and Priorities* survey. The major changes that did occur are largely related to labor and employment issues, energy costs and finance. Among problems increasing in importance, “Finding and Keeping Skilled Employees” topped the list by rising 24 positions from a rank of 38th in 2012 to 14th in 2016. “Locating Qualified Employees” trailed slightly moving up 22 positions from 32nd to 10th. “Minimum Wage/‘Living’ Wage” follows moving 16 positions from 52nd to 36th. And “Employee Turnover” increased 13 positions from a ranking of 72nd in 2012 to its current 59th position. The largest decline in the ranking is “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil²,” falling 31 positions from 3rd to 34th. “Poor Sales” fell 19 positions from 26th to 45th and “Real Estate Values” fell 18 positions from 29th to 47th.
- The 75 problems evaluated are organized into 10 problem clusters. The cluster “Taxes” takes the top position as the most severe problem cluster in the 2016 survey. Five of the 10 most severe problems are included in this cluster. The “Regulations” cluster comes in second followed by “Employees” and then “Costs” rounding out the top four.
- The classifications most likely to yield significant differences among identifiable groups of small businesses are industry, employee size of business, and years of business ownership. Industry produces the most divergent evaluation of problems, though some similarities between industries do exist. The other classifications examined, for example legal form of business, exhibit fewer substantial differences among their components. It is important to note that when they differ, the differences are often functions of variations among groups in the aforementioned classifications.



² Hereafter called “Energy Costs, except Electricity”

- The findings of this publication are based on the responses of 2,831 NFIB small-business owner/members to a mail survey conducted from mid-January through April 2016. A sample of 20,000 members was drawn for a response rate of 14 percent. Separate samples of 1,500 each were drawn for CA, OH and TX to create three state specific rankings. Owners evaluated 75 potential business problems individually and assessed their severity on a scale of “1” for a “Critical Problem” to “7” for “Not a Problem.” A mean (average) was calculated from the responses for each problem. Problems are ranked by mean score.



SMALL BUSINESS PROBLEMS AND PRIORITIES

Everybody has problems; many are unique to them and their circumstances. This is certainly true for those who choose to become business owners. Often characterized as “risk takers,” small-business owners are better defined as “opportunity takers.” But while pursuing those opportunities, they face a myriad of challenges that add a layer of risk to their ability to run their business successfully.

Small-business owners experience a variety of business-related problems presenting varying degrees of difficulty. Some problems are merely annoyances while others are critical in nature. Some are experienced by most small-business owners while others affect selected populations. The prevalence and severity of issues often depend on the specific characteristics of the business. The impact of certain issues might be determined by whether the business sells good or services, or by its number of employees. But the common thread with many of these issues is that they divert owners’ capital, time and attention away from operating their business.

Other factors influencing the impact of issues are the roles of government and business cycles. Over the last 20 years, small-business owners have operated their business through periods of steady growth in the mid-90s, the mild 1998 and 2001 recessions, the great expansion of the mid-2000s, the 2008-09 great recession and the subsequent era of slow economic growth that has lingered for the last seven years.

Throughout those business cycles, federal, state and local governments have forged ahead in shaping public policy affecting the small-business community. While some policy initiatives support small business, others directly harm them, but many others confound small-business owners by creating a complicated, ever changing matrix of regulations, programs, incentives and deterrents that make business decisions more difficult and time consuming.

Other issues are directed by technological advancements that help and sometimes frustrate owners in their ability to effectively incorporate them into their business or compete with other who do. Technological advancements including the proliferation of mobile devices allowing some business owners to sell their goods and services to a larger consumer base, or better manage employees who work remotely. Technology has also contributed to owners’ ability to receive electronic payments on their mobile device offering more flexibility in payment options.

The 2016 issue of Problems and Priorities is published seven years into the current economic recovery. The four years in-between the last edition published in 2012 and the current edition are marked by slow economic growth. The many of the lingering effects of the sluggish economic recovery are reflected in owners’ assessment of the list of 75 business problems.

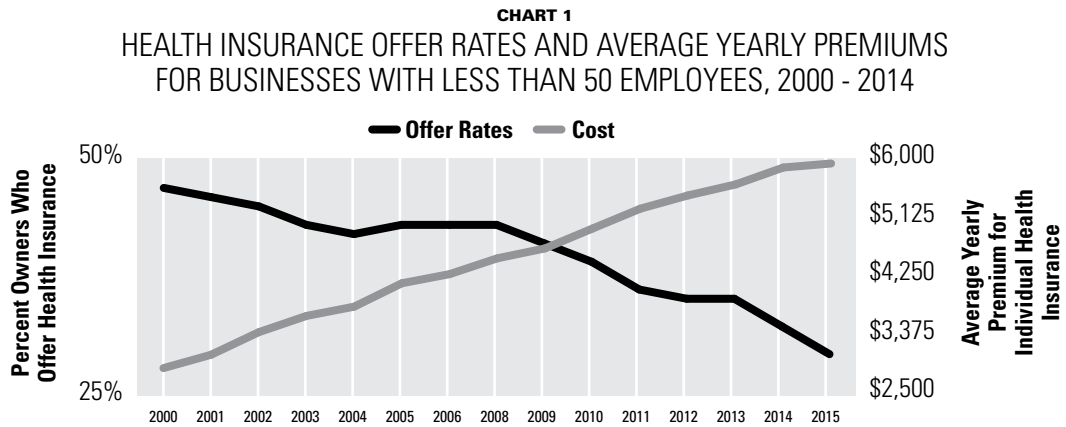


PROBLEMS OF GREATEST CONCERN

The “Cost of Health Insurance” continues as the number one small-business problem, a position it has held for 30 years. The number one ranking occurs in all but one of the 54 sub-categories of businesses analyzed in this survey. Regulations are still being written and revised, creating compliance confusion while insurance premiums continue to rise.

The percent of small-business owners who cite the “Cost of Health Insurance” as critical remained unchanged at 52 percent from 2012 to 2016. In 2004, this figure reached 66 percent during the height of yearly premium increases. But despite the slowing rate of premium increases, the percent who find it a critical problem continues to overshadow its number two rival, “Unreasonable Government Regulations” by 19 percentage points.

Health insurance costs for small firms have risen 56 percent in the last decade, an increase outpacing wages and inflation.³ Rising health insurance costs have proved unaffordable for many small-business owners resulting in some owners terminating their employer-sponsored health insurance program and delaying or prohibiting non-offering firms from offering the benefit. This trend is reflected in the declining in the percent of firms offering health insurance from 42 percent in 2004 to its current rate of 29 percent.



Source: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey-Insurance Component.

Federal and state governments have largely failed in their attempts to lower the cost of health insurance. The hotly debated Patient Protection and Affordable Care Act (PPACA), commonly called Obamacare, was signed into law March 2010 and was the most aggressive effort to reform the healthcare system in recent history. But with most health reform efforts, it failed to address the fundamental causes of rising healthcare cost while opting to focus on coverage. The Administration’s highly touted small business health insurance tax credit was one of the only efforts in the law to ease costs for offering small-business owners and attempted to lure non-offering firms to offer. The measure largely failed in its objectives, again leaving small-business owners to find alternative ways to slow the escalating cost burden or forgo offering completely. Without a major refocus of current thinking, the cost of health insurance will almost certainly be the most critical business problem facing small-business owners again in four years.

“Unreasonable Government Regulations” moved up in importance from ranking fifth in 2012 to its current second place ranking. Small-business owners are increasingly burdened by government regulations as the Administration added record numbers of pages and regulations to the Congressional Register. The Environmental Protection Agency (EPA) has been particularly active, posting regulations covering a wide range of business activities and property ownership issues without a cost-benefit analysis, imposing huge daily fines to force compliance. NFIB’s survey Regulations showed that 72 percent of small employers characterized government regulations as a serious problem, 45 percent “very serious”⁴. Twenty-five percent said the extra paper work was the single greatest compliance problem, 22 percent cited the actual cost of compliance. The third most cited problem was the difficulty in understanding what had to be done for compliance. Wasting the entrepreneurs’ time is a significant growth impediment.

Tax related issues continue to be significant problems for small-business owners. Small-business owners not only find current rates a burden but equally problematic are the complexity of tax compliance and the frequency of changes in tax laws. Five of the top 10 most severe problems for small-business owners are tax related small-business issues. The monthly



³ Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey-Insurance Component.

⁴ *Regulations*, NFIB Small Business National Poll (ed.), William J. Dennis, Jr., NFIB Research Foundation, Vol. 12, Iss. 6, 2012.

Small Business Economic Trends survey reflects this sentiment as “taxes” has ranked first or second as the most important problem for owners since 2008.⁵

The most severely ranked tax problem in the top 10 is “Federal Taxes on Business Income.” It ranks third, up three positions from 2012. Nearly 30 percent of small-business owners thought it was a critical problem, unchanged from four years ago. Its state equivalent, “State Taxes on Business Income,” moved up one position in the ranking from tenth to ninth with roughly the same percent finding it critical, from 24 percent in 2012 to 23 percent. Profits are the major source of capital to finance the growth of small businesses, directly or by supporting the acquisition of long term capital loans. Taxes directly confiscate this capital before it can ever be put to work producing output and jobs. Taxes imposed on “top line” measures such as revenue are particularly damaging to newer firms’ ability to accumulate capital for growth.

“Tax Complexity” is the second most severe tax issue ranking fifth, two positions higher than in 2012 when it ranked seventh. It is critical for 27 percent of small-business owners, down from 29 percent in 2012. Mounting pressure to simplify the tax code is not surprising as tax compliance becomes more costly and time consuming for filers as the number of new tax laws and rules increase. Most small-business owners (88 percent) use a tax preparer and their main reason in doing so is to ensure compliance.⁶ Tax preparer fees and owner time diverted to tax compliance are additional costs on earnings and capital. Reduced compliance costs will contribute to capital accumulation and the owner’s ability to focus on their business.

CHART 2
TAX ISSUES – PERCENT CRITICAL (IN RANK ORDER)

| | 2016 | 2012 |
|--|-------------|-------------|
| Federal Taxes on Business Income | 29.3 | 29.5 |
| Tax Complexity | 27.2 | 28.8 |
| Frequent Changes in Federal Tax Laws/Rules | 20.7 | 24 |
| Property Taxes (Real, Inventory, etc.) | 22.7 | 24.4 |
| State Taxes on Business Income | 22.7 | 23.8 |
| Dealing with IRS/State Tax Agencies | 16.0 | 16.2 |
| FICA (Social Security Taxes) | 12.9 | 13.8 |
| Estate Tax | 17.7 | 18.5 |

Related to “Tax Complexity” is the seventh-ranked small-business problem, “Frequent Changes in Federal Tax Laws and Rules.” This problem moved up one position from 2012. In the last four years, real and anticipated changes to the tax code took center stage through a number of tax changes including those imbedded in the new Patient Protection and Affordable Care Act. The unpredictable nature and often hidden changes in the tax law proves a significant burden on small-business owners. Compliance costs, time and fees, are a hidden tax on small firms.

Rounding out tax related issues in the top 10 is “Property Taxes (real, inventory or personal property).” This problem moved up one position from ninth in 2012 to its current ranking of eighth. Small-business owners are heavily invested in real estate, with 92 percent owning property, most owning their primary residence but many also owning commercial and investment properties.⁷ These taxes rarely vary with the business cycle and consequently



⁵ *NFIB Small Business Economic Trends*, (ids.) William C. Dunkelberg and Holly Wade, NFIB Research Foundation, series.

⁶ *Tax Complexity and the IRS*, NFIB Small Business Poll, (ed.), William J. Dennis, Jr. NFIB Research Foundation, Volume 6, Issue 6, 2006.

⁷ *Small Business Credit Access, and a Lingering Recession*, William J. Dennis, Jr., NFIB Research Foundation, January 2012.

impose a larger burden when sales are weak, which has been the case through most of the recovery with growth averaging just over 2 percent, a third less than historically the case.

Uncertainty about the course of the economy and about government policies continues to mar recovery efforts. These areas of uncertainty trigger anxiety among consumers, investors and business owners alike. The degree to which “uncertainty” negatively impacts the small-business economy generates much debate, but its importance is underscored by the rankings of “Uncertainty over Economic Conditions” and “Uncertainty over Government Actions” in the last two surveys (2012 and 2016, not included in prior surveys). Uncertainty is the true enemy of economic growth. Knowing the rules, including future tax rates, allows small-business owners to plan business activities. Not knowing what the rules are dampens business activities including spending and hiring decisions. The ability to anticipate future costs is a critical component to formulating business plans and pursuing expansion opportunities.

Small-business owners rank “Uncertainty over Economic Conditions” as the fourth most severe problem facing their business and is critical for 26 percent of them. Recessions of the last four decades are typically followed by a robust recovery that quickly re-builds consumer and business confidence. The most recent recession proved to be anything but typical and its recovery is following a similar path, below normal. The severity and breadth of the recession left behind a much weakened and fragile economy.

Almost equally challenging for small-business owners is “Uncertainty over Government Actions” which ranks sixth and is critical for 26 percent. The upheaval in federal and state government policy changes is immense. In addition to the headline reform efforts, regulators in other government agencies are also broadening their rule-making efforts in areas of employment and the environment. Adding to the mix of confusion, Federal Reserve policy has become a major source of uncertainty as they continue to debate whether the U.S. economy is healthy enough to raise interest rates. All of these policy changes and those yet to be visited, create a huge “question mark” for small-business owners, impeding their ability to make short and long-term businesses decisions.

PROBLEMS OF LEAST CONCERN

The 10 problems of least concern are generally issues of limited exposure to most small-business owners and typically find themselves at the bottom of the ranking each year. Three problems are new to the bottom 10 of least concern and one problem in the group is new to the survey.

“Exporting My Products/Services” holds onto the 75th ranking, a position held for seven of eight editions that it has been listed as a problem. In 2000, it was ranked 74th, replaced by the problem “Y2K Impacts.” Only 3 percent of small-business owners find exporting a critical problem, unchanged from 2012. Fifty-nine percent find it to be “not a problem.” Small-business owners are largely uninterested in exporting their products or services and if they are, seem to find adequate resources to help them succeed. Small-business markets are typically in the general location of the business itself and growth is a product of expanding those local boundaries. However, expanded high-speed Internet access and the increased use of business websites certainly allows for market expansion through online sales, some even from overseas. Undoubtedly foreign trade impacts many owners indirectly, selling imported goods that they receive from a wholesale firm, or manufacturing parts as part of the supply chain of a large manufacturer that exports some of its output. But for the most part, small businesses produce services which cannot be exported and consequently exporting is not an issue.

A new issue introduced to the questionnaire, “Out-of-State Sales Tax,” is currently not a concern for most small-business owners. Four percent consider the issue critical compared to 51 percent who think it is not a problem. As internet sales grow in volume, this issue will likely become more important.

The 73rd ranked problem in the survey is “Undocumented Workers,” a problem first introduced in 2008. Seven percent find it a critical problem compared to 52 percent who do not. While the issue draws substantial media attention and passionate views on both sides, the number of small-business owners concerned by undocumented workers is minimal.



“Winning Contracts from Federal/State/Local Governments” ranks 72nd of the 75 listed problems, moving down three positions from 2012. This survey shows that while all three levels of government try and promote procurement opportunities to small businesses, the problem is modest in the scheme of things. NFIB’s Contacting Government poll found that 72 percent of owners made no sales to a government agency in the last three years and 84 percent did not expect to bid on a contract during the next three years. Small-business owners are either not interested in pursuing a government contract or do not believe they will succeed in obtaining one.

“Credit Rating/Record Errors” moved down seven positions to its current rank of 71st. Whether owners’ credit ratings are good or bad, it seems few have a serious problem with errors associated with them. NFIB’s *Finance Questions* poll found that most small-business owners do not regularly check their credit score and those who do and find errors are generally satisfied with the agencies help in correcting them.¹⁰

“Obtaining Long-Term (5 years or more) Business Loans” and “Obtaining Short-Term (less than 12 months or revolving) Business Loans” both fell precipitously from their 2012 rankings. The former fell from a ranking of 56th to 69th and the latter from 58th to its current ranking of 70th. Four years ago more small-business owners experienced difficulty obtaining financing due to stricter lending policies and an increased number of distressed borrowers due to the economic slowdown. Since 2012, financing has become a less significant issue for many owners with fewer interested in borrowing due to slow economic growth. Federal Reserve policies continue to flush banks with cheap money to encourage consumer and small-business lending, but small-business owners are not experiencing the type of economic growth to support increased borrowing. And it appears that those who are interested in financing are generally able to access adequate levels of credit.

The 68th ranking belongs to “Cost and Frequency of Lawsuits/Threatened Lawsuits,” up three positions from 2008. NFIB’s poll *Use of Lawyers* found that most small-business owners retained an attorney for a legal matter but relatively few used one for legal disputes regarding their business.⁹ Of those who did, about 70 percent only had one or two disputes in the last three years and the majority settled the dispute out of court. It appears this problem has not developed into something more as the ranking remains low.

“Access to High-Speed Internet” rounds off the top-10 problem list of least importance ranking in at 66th and is critical for 9 percent of small-business owners. The technology gap between rural and urban business owners has dissipated dramatically over the years as nearly half of owners find it not a problem. A recent SBA study found that Internet utilization by small-business owners is similar between those in urban and rural areas. The differentiating factor between these two groups is the cost of Internet access. Small-business owners in rural areas generally pay more for less bandwidth than their urban counterparts. The study also found that 71 percent of small-business owners have a website.⁸ While cost may still be a burden for some, the problem of access appears to be generally resolved for those who are interested.



⁸ Telenomic Research, *The Impact of Broadband Speed and Price on Small Business* http://www.sba.gov/sites/default/files/rs373_0.pdf. Published by U.S. Small Business Administration, Office of Advocacy, November 2010.

⁹ *Use of Lawyers*, NFIB Small Business National Poll (ed.), William J. Dennis, Jr., NFIB Research Foundation, Vol. 5, Iss. 2, 2005.

¹⁰ *Finance Questions*, NFIB Small Business National Poll (ed.), William J. Dennis, Jr., NFIB Research Foundation, Vol. 7, Iss. 7, 2007.

TABLE 1
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE

| Problem | Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" | 2012 Rank |
|--|-------------|-------------|---------------------------|---------------------------|--------------------------------|------------------|
| Cost of Health Insurance | 1 | 2.27 | 1.84 | 52.3 | 7.7 | 1 |
| Unreasonable Government Regulations | 2 | 2.76 | 1.82 | 33.4 | 6.0 | 5 |
| Federal Taxes on Business Income | 3 | 2.91 | 1.86 | 29.3 | 7.6 | 6 |
| Uncertainty over Economic Conditions | 4 | 2.92 | 1.72 | 25.6 | 4.8 | 2 |
| Tax Complexity | 5 | 2.92 | 1.80 | 27.2 | 6.4 | 7 |
| Uncertainty over Government Actions | 6 | 3.04 | 1.86 | 26.3 | 7.4 | 4 |
| Frequent Changes in Federal Tax Laws and Rules | 7 | 3.28 | 1.84 | 20.7 | 8.0 | 8 |
| Property Taxes (real, inventory or personal property) | 8 | 3.29 | 1.96 | 22.7 | 10.5 | 9 |
| State Taxes on Business Income | 9 | 3.33 | 2.00 | 22.7 | 11.9 | 10 |
| Locating Qualified Employees | 10 | 3.42 | 2.09 | 24.3 | 13.8 | 32 |
| State/Local Paperwork | 11 | 3.45 | 1.85 | 16.5 | 9.0 | 13 |
| Federal Paperwork | 12 | 3.50 | 1.93 | 17.5 | 10.6 | 15 |
| Workers' Compensation | 13 | 3.57 | 2.05 | 19.6 | 15.1 | 18 |
| Finding and Keeping Skilled Employees | 14 | 3.61 | 2.12 | 21.2 | 15.7 | 38 |
| Cost of Supplies/Inventories | 15 | 3.68 | 1.79 | 12.7 | 9.5 | 11 |
| Poor Earnings (profits) | 16 | 3.68 | 1.92 | 16.9 | 9.5 | 14 |
| Dealing with IRS/State Tax Agencies | 17 | 3.70 | 1.93 | 16.0 | 10.8 | 20 |
| Projecting Future Sales Changes | 18 | 3.72 | 1.78 | 10.9 | 9.7 | 17 |
| Electricity Costs (rates) | 19 | 3.76 | 1.82 | 11.3 | 10.5 | 12 |
| Cost and Availability of Liability Insurance | 20 | 3.79 | 1.97 | 14.9 | 13.5 | 23 |
| FICA (Social Security Taxes) | 21 | 3.79 | 1.91 | 12.9 | 13.7 | 24 |
| Fixed Costs Too High | 22 | 3.79 | 1.82 | 12.5 | 10.8 | 19 |
| Finding Out about Regulatory Requirements | 23 | 3.85 | 1.92 | 12.3 | 14.2 | 25 |
| Highly Variable Earnings (profits) | 24 | 3.89 | 1.84 | 11.2 | 11.8 | 22 |
| Cash Flow | 25 | 3.89 | 1.95 | 13.9 | 13.0 | 16 |
| Unemployment Compensation | 26 | 3.89 | 2.03 | 13.7 | 17.3 | 21 |
| Environmental Regulations | 27 | 3.94 | 2.15 | 17.5 | 19.8 | 27 |
| Health/Safety Regulations | 28 | 3.95 | 2.01 | 13.8 | 16.8 | 30 |
| Time Spent Shopping for Health Insurance | 29 | 4.00 | 2.05 | 14.3 | 18.4 | 36 |
| Cost of Government Required Equipment/Procedures | 30 | 4.01 | 2.02 | 14.0 | 17.2 | 28 |
| Competition from Large Businesses | 31 | 4.06 | 2.04 | 13.5 | 17.6 | 31 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 32 | 4.07 | 1.78 | 7.9 | 12.5 | 34 |
| Telephone Costs and Service | 33 | 4.08 | 1.75 | 7.6 | 11.3 | 33 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 34 | 4.10 | 1.94 | 11.0 | 15.9 | 3 |
| Controlling My Own Time | 35 | 4.11 | 1.95 | 11.2 | 17.2 | 35 |
| Minimum Wage/"Living" Wage | 36 | 4.16 | 2.10 | 14.0 | 22.0 | 52 |
| Locating Business Help When Needed | 37 | 4.17 | 1.93 | 10.5 | 16.1 | 48 |
| Credit Card Payment Processing Costs | 38 | 4.20 | 2.19 | 14.4 | 25.9 | new |
| Obtaining Licenses, Permits, etc. | 39 | 4.22 | 1.99 | 10.6 | 18.0 | 44 |
| Hiring/Firing/Employment Regulations | 40 | 4.26 | 1.97 | 8.5 | 20.3 | 45 |



TABLE 1 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE

| Problem | Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" | 2012 Rank |
|--|-------------|-------------|---------------------------|---------------------------|--------------------------------|------------------|
| Keeping Up on Business and | | | | | | |
| Market Developments | 41 | 4.26 | 1.71 | 5.6 | 12.2 | 41 |
| Training Employees | 42 | 4.27 | 1.89 | 7.7 | 18.2 | 49 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 43 | 4.28 | 1.86 | 7.9 | 16.9 | 39 |
| Pricing My Goods/Services | 44 | 4.28 | 1.88 | 8.1 | 17.0 | 40 |
| Poor Sales | 45 | 4.29 | 1.95 | 11.0 | 17.2 | 26 |
| Ability to Cost-Effectively Advertise | 46 | 4.30 | 1.91 | 8.2 | 18.7 | 37 |
| Real Estate Values | 47 | 4.34 | 1.94 | 9.8 | 19.2 | 29 |
| Using Computer(s), the Internet or New Technology Effectively | 48 | 4.39 | 1.92 | 7.8 | 19.0 | 50 |
| Estate Tax | 49 | 4.40 | 2.32 | 17.7 | 32.1 | 42 |
| Rules on Retirement Plans | 50 | 4.53 | 1.96 | 8.1 | 23.4 | 51 |
| Cyber Crime (viruses, hacking, etc.) | 51 | 4.58 | 1.94 | 8.4 | 21.4 | 63 |
| Traffic, Highways, Roads, Bridges | 52 | 4.62 | 2.03 | 9.1 | 27.3 | 59 |
| Reducing Energy Use in a Cost-Effective Manner | 53 | 4.63 | 1.72 | 4.1 | 18.6 | 43 |
| Delinquent Accounts/Late Payments | 54 | 4.65 | 1.93 | 7.6 | 22.7 | 46 |
| Handling Business Growth | 55 | 4.70 | 1.75 | 3.9 | 21.2 | 55 |
| Interest Rates | 56 | 4.76 | 1.89 | 6.5 | 25.1 | 62 |
| Zoning/Land Use Regulations | 57 | 4.76 | 1.99 | 8.2 | 28.0 | 54 |
| Mandatory Family or Sick Leave | 58 | 4.78 | 2.04 | 9.0 | 31.0 | 64 |
| Employee Turnover | 59 | 4.79 | 2.01 | 8.3 | 28.6 | 72 |
| Crime, including Identity Theft, Shoplifting, etc. | 60 | 4.83 | 1.90 | 7.1 | 24.5 | 60 |
| Anti-Competitive Practices, e.g., Price Fixing | 61 | 4.84 | 1.92 | 6.8 | 26.5 | 53 |
| Protecting Intellectual Property | 62 | 4.89 | 1.91 | 5.9 | 30.6 | 67 |
| Competition from Internet Businesses | 63 | 4.95 | 2.06 | 8.8 | 34.9 | 65 |
| Using Social Media to Promote Business (Facebook, Twitter, etc.) | 64 | 4.95 | 1.85 | 4.7 | 31.0 | 70 |
| Competition from Imported Products | 65 | 5.14 | 2.05 | 8.1 | 40.8 | 68 |
| Access to High-Speed Internet | 66 | 5.15 | 2.07 | 8.8 | 41.8 | 73 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 67 | 5.18 | 1.80 | 4.0 | 32.8 | 57 |
| Costs and Frequency of Lawsuits/Threatened Lawsuits | 68 | 5.25 | 1.92 | 6.2 | 38.6 | 71 |
| Obtaining Long-Term (5 years or more) Business Loans | 69 | 5.28 | 1.89 | 6.1 | 38.8 | 56 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 70 | 5.28 | 1.92 | 6.3 | 39.4 | 58 |
| Credit Rating/Record Errors | 71 | 5.32 | 1.80 | 4.6 | 37.3 | 66 |
| Winning Contracts from Federal/State/Local Governments | 72 | 5.43 | 1.93 | 5.6 | 48.4 | 69 |
| Undocumented Workers | 73 | 5.57 | 1.94 | 7.1 | 52.1 | 74 |
| Out-of-State Sales Tax | 74 | 5.67 | 1.78 | 4.2 | 51.0 | new |
| Exporting My Products/Services | 75 | 5.89 | 1.71 | 3.4 | 59.2 | 75 |

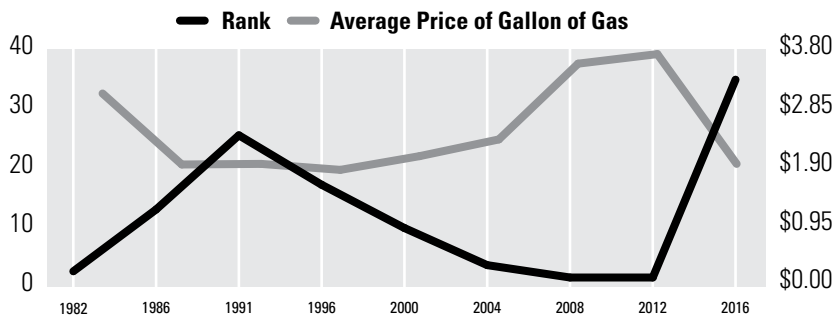


LARGEST CHANGES IN PROBLEM RANKING

The 2016 edition of *Problems and Priorities* includes a number of notable swings in issue importance from 2012 that reflect dramatic changes in the economy and shifts in government priorities that affect small businesses.

“Energy Costs, except Electricity” leads as it fell 31 positions from 3rd to 34th. The dramatic decline in energy costs led to significant savings for many small-business owners. The percent of owners evaluating it as a critical issue fell from 35 percent in 2012 to 11 percent in 2016. This was the equivalent of a major tax cut and helped cushion the bottom line for firms. Whether or not oil prices will stay low is another uncertainty, one that is hard to resolve.

CHART 3
“ENERGY COSTS, EXCEPT ELECTRICITY” AND AVERAGE PRICE OF GALLON OF GAS, 1982 - 2016



Source: U.S. Energy Information Administration, Inflation Adjusted Average Yearly Gasoline

Six of the top-10 issues that experienced the largest change in ranking over the last four years are employee related. Two employment-related problems moved more than 20 positions each up the ranking. “Finding and Keeping Skilled Employees” and “Locating Qualified Employees” rose 24 and 22 positions respectively. The former moved from the 38th ranked position in 2012 to 14th and the latter from 32nd to 10th. In NFIB’s Small Business Economic Trends monthly report, the percent of owners reporting unfilled job openings reached an expansion high of 26 percent as this survey was in the field. And “labor quality” rose to third place behind taxes and the cost of regulation in the competition for the “Single Most Important Problem” currently facing their business. This indicates a “tight” labor market even with the percent of adults with a job standing far below the 2000 peak of 64.7 percent.¹¹ The unemployment rate touched 4.7 percent, full employment in the eyes of most observers. And finally, the percent of owners reporting paying higher worker compensation is at the highest levels since 2009.¹²

The recession resulted in large lay-offs of skilled and unskilled employees, increasing the pool of qualified candidates for those businesses with job openings. But over the last four years, small-business owners were looking to hire more employees to keep up with demand which has in-turn increased the severity of these employee-related problems.



¹¹ U.S. Department of Labor, Bureau of Labor Statistics, Division of Labor Force Statistic.

¹² Small Business Economic Trends, op. cit.

TABLE 2
LARGEST CHANGES IN PROBLEM RANKING, 2012 TO 2016

| More Difficult in 2016 | 2016 Rank | 2012 Rank | Ranks Changed |
|--|------------------|------------------|----------------------|
| Finding and Keeping Skilled Employees | 14 | 38 | 24 |
| Locating Qualified Employees | 10 | 32 | 22 |
| Minimum Wage/"Living" Wage | 36 | 52 | 16 |
| Employee Turnover | 59 | 72 | 13 |
| Cyber Crime (viruses, hacking, etc.) | 51 | 63 | 12 |
| Locating Business Help When Needed | 37 | 48 | 11 |
| Access to High-Speed Internet | 66 | 73 | 7 |
| Time Spent Shopping for Health Insurance | 29 | 36 | 7 |
| Traffic, Highways, Roads, Bridges | 52 | 59 | 7 |
| Training Employees | 42 | 49 | 7 |
| | | | |
| Less Difficult in 2016 | 2016 Rank | 2012 Rank | Ranks Changed |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 34 | 3 | -31 |
| Poor Sales | 45 | 26 | -19 |
| Real Estate Values | 47 | 29 | -18 |
| Obtaining Long-Term (5 years or more) Business Loans | 69 | 56 | -13 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 70 | 58 | -12 |
| Reducing Energy Use in a Cost-Effective Manner | 53 | 43 | -10 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 67 | 57 | -10 |
| Ability to Cost-Effectively Advertise | 46 | 37 | -9 |
| Cash Flow | 25 | 16 | -9 |
| Anti-Competitive Practices, e.g., Price Fixing | 61 | 53 | -8 |

CONSENSUS ON PROBLEM DIFFICULTY

The standard deviation, a measure of the difference from the statistical average or mean, is used in Table 3 to determine which problems are agreed upon by small-business owners and which problems are not. The smaller the standard deviation, the greater the consensus. This table lists the top 10 problems of most consensus and the top 10 problems of least consensus.

PROBLEM AREAS OF GREATEST CONSENSUS

The problems that yield the greatest consensus generally appear near the top and bottom of the ranking. Eight problems in this category are the same as in 2012 and two are new to the list.

“Keeping Up on Business and Marketing Developments” tops the list as the problem with the most consensus among small-business owners with a standard deviation of 1.7. Small-business owners are generally aligned in their ability to keep up with industry developments. Most small-business owners find this issue a moderate problem in operating their business.

The vast majority of small-business owners also agree on the severity of “Exporting My Products/Services.” This problem ranks last, 75th of 75 small-business problems. Few small-business owners sell to customers outside the United States. Those who do generally sell to customers seeking out a particular product or service and find the business by word-of-mouth or online. International sales often end up being a more passive activity than owners actively pursuing outside markets.



TABLE 3
PROBLEM RANK BY CONSENSUS ON PROBLEM IMPORTANCE

| Greatest Consensus | Standard Deviation | Standard Deviation Rank | Rank |
|--|---------------------------|--------------------------------|-------------|
| Keeping Up on Business and Market Developments | 1.71 | 1 | 41 |
| Exporting My Products/Services | 1.71 | 1 | 75 |
| Reducing Energy Use in a Cost-Effective Manner | 1.72 | 3 | 53 |
| Uncertainty over Economic Conditions | 1.72 | 3 | 4 |
| Handling Business Growth | 1.75 | 5 | 55 |
| Telephone Costs and Service | 1.75 | 5 | 33 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 1.78 | 7 | 32 |
| Projecting Future Sales Changes | 1.78 | 7 | 18 |
| Out-of-State Sales Tax | 1.78 | 7 | 74 |
| Cost of Supplies/Inventories | 1.79 | 10 | 15 |
| Least Consensus | Standard Deviation | Standard Deviation Rank | Rank |
| Estate Tax | 2.32 | 75 | 49 |
| Credit Card Payment Processing Costs | 2.19 | 74 | 38 |
| Environmental Regulations | 2.15 | 73 | 27 |
| Finding and Keeping Skilled Employees | 2.12 | 72 | 14 |
| Minimum Wage/"Living" Wage | 2.10 | 71 | 36 |
| Locating Qualified Employees | 2.09 | 70 | 10 |
| Access to High-Speed Internet | 2.07 | 69 | 66 |
| Competition from Internet Businesses | 2.06 | 68 | 63 |
| Time Spent Shopping for Health Insurance | 2.05 | 67 | 29 |
| Workers' Compensation | 2.05 | 67 | 13 |

Business owners generally agree on the severity of several operating cost areas. “Reducing Energy Use in a Cost-Effective Manner” leads this group as the third ranked problem of greatest consensus. “Telephone Costs and Services” follows with a ranking of fifth. “Cost of Outside Business Services, e.g., Accounting, Lawyers, Consultants” and “Out of State Sales Tax” share the seventh rank position while “Cost of Supplies/Inventories” rounds out the top 10. All of these operating cost-related problems have a standard deviation between 1.7 and 1.8.

PROBLEM AREAS OF LEAST CONSENSUS

The top 10 problems yielding the least consensus of the 75 problems generally appear in the middle of the overall ranking. Six of those in this category are new to the list and four are the same as in 2012.

The problem with greatest disagreement in severity is “Estate Tax.” This problem has held the top position for least consensus since 1996. The estate tax ranks 49th, in the middle of the ranking, but half of respondents found its severity on opposite ends of the scale. Eighteen (18) percent of small-business owners find it a critical issue and 32 percent find it not a problem. The difference is largely due to three variables: size, age and industry. The size and age of a business are often associated with each other. Most new businesses begin small and over time grow as they become more established. As the business grows and owners move closer to retirement, estate tax planning becomes more a priority, especially in capital intensive industries. Many small-business owners directly own relatively few high valued assets such as land and buildings, making the estate tax less of an issue.



“Credit Card Payment Processing Costs” and “Environmental Regulations” rank second and third respectively in the least consensus category. Both issues are heavily influenced by industry. Fourteen (14) percent of small-business owners find card payment costs a critical problem compared to 26 percent who do not find it a problem at all. This issue ranks 5th for retailers compared to 38th overall. As for “Environmental Regulations” a larger percentage of owners in agriculture, transportation/warehousing and manufacturing industries find this problem critical compared to those in more service and professional related industries.

PROBLEM CLUSTER

Small-business problems generally fall within one of 10 generic problem clusters. Each cluster contains all of the survey’s problems related to that topic. The assignment of problems into an individual cluster is arbitrary and several problems fit into more than one.

The 10 problem clusters in Table 4 are listed in order of importance. The importance of the clusters is based on average overall ranks of the cluster’s assigned problems. The clusters appear in descending order of importance as follows:

1. **Taxes**
2. **Regulations**
3. **Employees**
4. **Costs**
5. **Information**
6. **Management**
7. **Finance**
8. **Competitors/Competition/Markets**
9. **Technology**
10. **Public Services/Responsibility**



TABLE 4
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

| Problem | Rank | Mean | % "Critical" Problem |
|---|-------------|-------------|-----------------------------|
| Taxes | | | |
| Federal Taxes on Business Income | 3 | 2.91 | 29.3 |
| Tax Complexity | 5 | 2.92 | 27.2 |
| Frequent Changes in Federal Tax Laws and Rules | 7 | 3.28 | 20.7 |
| Property Taxes (real, inventory or personal property) | 8 | 3.29 | 22.7 |
| State Taxes on Business Income | 9 | 3.33 | 22.7 |
| Dealing with IRS/State Tax Agencies | 17 | 3.70 | 16.0 |
| FICA (Social Security Taxes) | 21 | 3.79 | 12.9 |
| Estate Tax | 49 | 4.40 | 17.7 |
| Out-of-State Sales Tax | 74 | 5.67 | 4.2 |
| Regulations | | | |
| Unreasonable Government Regulations | 2 | 2.76 | 33.4 |
| Uncertainty over Government Actions | 6 | 3.04 | 26.3 |
| Frequent Changes in Federal Tax Laws and Rules | 7 | 3.28 | 20.7 |
| State/Local Paperwork | 11 | 3.45 | 16.5 |
| Federal Paperwork | 12 | 3.50 | 17.5 |
| Dealing with IRS/State Tax Agencies | 17 | 3.70 | 16.0 |
| Finding Out about Regulatory Requirements | 23 | 3.85 | 12.3 |
| Environmental Regulations | 27 | 3.94 | 17.5 |
| Health/Safety Regulations | 28 | 3.95 | 13.8 |
| Cost of Government Required Equipment/Procedures | 30 | 4.01 | 14.0 |
| Minimum Wage/"Living" Wage | 36 | 4.16 | 14.0 |
| Obtaining Licenses, Permits, etc. | 39 | 4.22 | 10.6 |
| Hiring/Firing/Employment Regulations | 40 | 4.26 | 8.5 |
| Rules on Retirement Plans | 50 | 4.53 | 8.1 |
| Zoning/Land Use Regulations | 57 | 4.76 | 8.2 |
| Mandatory Family or Sick Leave | 58 | 4.78 | 9.0 |
| Undocumented Workers | 73 | 5.57 | 7.1 |
| Employees | | | |
| Cost of Health Insurance | 1 | 2.27 | 52.3 |
| Locating Qualified Employees | 10 | 3.42 | 24.3 |
| Workers' Compensation | 13 | 3.57 | 19.6 |
| Finding and Keeping Skilled Employees | 14 | 3.61 | 21.2 |
| Unemployment Compensation | 26 | 3.89 | 13.7 |
| Health/Safety Regulations | 28 | 3.95 | 13.8 |
| Minimum Wage/"Living" Wage | 36 | 4.16 | 14.0 |
| Hiring/Firing/Employment Regulations | 40 | 4.26 | 8.5 |
| Training Employees | 42 | 4.27 | 7.7 |
| Rules on Retirement Plans | 50 | 4.53 | 8.1 |
| Mandatory Family or Sick Leave | 58 | 4.78 | 9.0 |
| Employee Turnover | 59 | 4.79 | 8.3 |
| Undocumented Workers | 73 | 5.57 | 7.1 |



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

| Problem | Rank | Mean | % "Critical" Problem |
|---|-------------|-------------|-----------------------------|
| Costs | | | |
| Cost of Health Insurance | 1 | 2.27 | 52.3 |
| Workers' Compensation | 13 | 3.57 | 19.6 |
| Cost of Supplies/Inventories | 15 | 3.68 | 12.7 |
| Electricity Costs (rates) | 19 | 3.76 | 11.3 |
| Cost and Availability of Liability Insurance | 20 | 3.79 | 14.9 |
| Fixed Costs Too High | 22 | 3.79 | 12.5 |
| Unemployment Compensation | 26 | 3.89 | 13.7 |
| Cost of Government Required Equipment/Procedures | 30 | 4.01 | 14.0 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 32 | 4.07 | 7.9 |
| Telephone Costs and Service | 33 | 4.08 | 7.6 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 34 | 4.10 | 11.0 |
| Minimum Wage/"Living" Wage | 36 | 4.16 | 14.0 |
| Credit Card Payment Processing Costs | 38 | 4.20 | 14.4 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 43 | 4.28 | 7.9 |
| Ability to Cost-Effectively Advertise | 46 | 4.30 | 8.2 |
| Reducing Energy Use in a Cost-Effective Manner | 53 | 4.63 | 4.1 |
| Delinquent Accounts/Late Payments | 54 | 4.65 | 7.6 |
| Interest Rates | 56 | 4.76 | 6.5 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 67 | 5.18 | 4.0 |
| Costs and Frequency of Lawsuits/Threatened Lawsuits | 68 | 5.25 | 6.2 |
| Information | | | |
| Finding Out about Regulatory Requirements | 23 | 3.85 | 12.3 |
| Time Spent Shopping for Health Insurance | 29 | 4.00 | 14.3 |
| Locating Business Help When Needed | 37 | 4.17 | 10.5 |
| Keeping Up on Business and Market Developments | 41 | 4.26 | 5.6 |
| Pricing My Goods/Services | 44 | 4.28 | 8.1 |
| Using Computer(s), the Internet or New Technology Effectively | 48 | 4.39 | 7.8 |
| Credit Rating/Record Errors | 71 | 5.32 | 4.6 |
| Management | | | |
| Projecting Future Sales Changes | 18 | 3.72 | 10.9 |
| Cash Flow | 25 | 3.89 | 13.9 |
| Controlling My Own Time | 35 | 4.11 | 11.2 |
| Locating Business Help When Needed | 37 | 4.17 | 10.5 |
| Poor Sales | 45 | 4.29 | 11.0 |
| Delinquent Accounts/Late Payments | 54 | 4.65 | 7.6 |
| Handling Business Growth | 55 | 4.70 | 3.9 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 67 | 5.18 | 4.0 |



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

| Problem | Rank | Mean | % "Critical" Problem |
|--|-------------|-------------|-----------------------------|
| Finance | | | |
| Frequent Changes in Federal Tax Laws and Rules | 7 | 3.28 | 20.7 |
| Poor Earnings (profits) | 16 | 3.68 | 16.9 |
| Highly Variable Earnings (profits) | 24 | 3.89 | 11.2 |
| Cash Flow | 25 | 3.89 | 13.9 |
| Credit Card Payment Processing Costs | 38 | 4.20 | 14.4 |
| Real Estate Values | 47 | 4.34 | 9.8 |
| Delinquent Accounts/Late Payments | 54 | 4.65 | 7.6 |
| Interest Rates | 56 | 4.76 | 6.5 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 67 | 5.18 | 4.0 |
| Obtaining Long-Term (5 years or more) Business Loans | 69 | 5.28 | 6.1 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 70 | 5.28 | 6.3 |
| Credit Rating/Record Errors | 71 | 5.32 | 4.6 |
| Competitors/Competition/Markets | | | |
| Finding and Keeping Skilled Employees | 14 | 3.61 | 21.2 |
| Projecting Future Sales Changes | 18 | 3.72 | 10.9 |
| Competition from Large Businesses | 31 | 4.06 | 13.5 |
| Keeping Up on Business and Market Developments | 41 | 4.26 | 5.6 |
| Pricing My Goods/Services | 44 | 4.28 | 8.1 |
| Ability to Cost-Effectively Advertise | 46 | 4.30 | 8.2 |
| Anti-Competitive Practices, e.g., Price Fixing | 61 | 4.84 | 6.8 |
| Protecting Intellectual Property | 62 | 4.89 | 5.9 |
| Competition from Internet Businesses | 63 | 4.95 | 8.8 |
| Using Social Media to Promote Business (Facebook, Twitter, etc.) | 64 | 4.95 | 4.7 |
| Competition from Imported Products | 65 | 5.14 | 8.1 |
| Winning Contracts from Federal/State/Local Governments | 72 | 5.43 | 5.6 |
| Exporting My Products/Services | 75 | 5.89 | 3.4 |
| Technology | | | |
| Telephone Costs and Service | 33 | 4.08 | 7.6 |
| Credit Card Payment Processing Costs | 38 | 4.20 | 14.4 |
| Keeping Up on Business and Market Developments | 41 | 4.26 | 5.6 |
| Using Computer(s), the Internet or New Technology Effectively | 48 | 4.39 | 7.8 |
| Cyber Crime (viruses, hacking, etc.) | 51 | 4.58 | 8.4 |
| Competition from Internet Businesses | 63 | 4.95 | 8.8 |
| Using Social Media to Promote Business (Facebook, Twitter, etc.) | 64 | 4.95 | 4.7 |
| Access to High-Speed Internet | 66 | 5.15 | 8.8 |



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

| Problem | Rank | Mean | % "Critical" Problem |
|--|-------------|-------------|-----------------------------|
| Public Services/Responsibility | | | |
| Finding Out about Regulatory Requirements | 23 | 3.85 | 12.3 |
| Obtaining Licenses, Permits, etc. | 39 | 4.22 | 10.6 |
| Cyber Crime (viruses, hacking, etc.) | 51 | 4.58 | 8.4 |
| Traffic, Highways, Roads, Bridges | 52 | 4.62 | 9.1 |
| Crime, including Identity Theft, Shoplifting, etc. | 60 | 4.83 | 7.1 |
| Anti-Competitive Practices, e.g., Price Fixing | 61 | 4.84 | 6.8 |
| Protecting Intellectual Property | 62 | 4.89 | 5.9 |
| Winning Contracts from Federal/State/Local Governments | 72 | 5.43 | 5.6 |

CHANGES IN PROBLEM RANKING OVER TIME

The series of nine *Problems and Priorities* surveys spans 34 years from 1982 to 2016. The U.S. economy has experienced a wide range of business conditions during this period which result in significant shifts in problem severity. Some problems became less and some more important over time due to business cycles, technology and general changes in the economy.

Five of the nine surveys were either conducted during or directly following an economic recession. NFIB conducted the first publication in 1982, on the heels of the second most severe recession at that time. The 1991 survey found itself in a similar position but on the tail end of a more modest recession. The 2008 survey was conducted at the beginning of the most recent recession and the 2012 survey was conducted almost three years into its recovery. The current, 2016 edition, is seven years into the recovery but for much of it, small businesses have experienced sub-par economic growth.

The four remaining surveys conducted in 1986, 1996, 2000 and 2004 occurred in relatively strong economies. The shifts in problem rankings over time provide insight into how owners react to business cycles. While the timing of the surveys is not in exact step with the major shifts in the economy, they are close enough to make some general observations on the changes in owners' assessments during the various business cycles.

Table 5 presents all evaluated problems in each of the nine surveys in rank order. The majority of listed problems in the survey have remained the same over the survey's 34-year history. However, occasionally problems found to be uninteresting are replaced with more topical ones. For instance, this survey introduced credit card processing costs and out-of-state sales tax as the former has become a more prevalent issue and the latter more frequently discussed by lawmakers. On the other hand, "Sales Too Dependent on Health of One Business or Industry" was eliminated from the list as it elicits little to no interest.





TABLE 5
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|---|---|--|--|--|--|--|--|---|
| 1 | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Cost of Health Insurance | Interest Rates |
| 2 | Unreasonable Government Regulations | Uncertainty over Economic Conditions | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | Cost and Availability of Liability Insurance | Federal Taxes on Business Income | Federal Taxes on Business Income | Federal Taxes on Business Income | Cost and Availability of Liability Insurance | Cost of Liability Insurance |
| 3 | Federal Taxes on Business Income | Cost of Natural Gas, Propane, Gasoline, Diesel, | Federal Taxes on Business Income | Workers' Compensation Costs | Locating Qualified Employees | Workers' Compensation Costs | Cash Flow | Cash Flow | Cost of Natural Gas, Gasoline, Fuel Oil |
| 4 | Uncertainty over Economic Conditions | Uncertainty over Government Actions | Property Taxes (Real, Inventory or Personal Property) | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | Unreasonable Government Regulations | Unreasonable Government Regulations | Workers' Compensation Costs | Federal Taxes on Business Income | Telephone Rates (Costs) |
| 5 | Tax Complexity | Unreasonable Government Regulations | Tax Complexity | Federal Taxes on Business Income | FICA (Social Security) Taxes | FICA (Social Security) Taxes | Cost and Availability of Liability Insurance | Telephone Costs and Service | Cash Flow |
| 6 | Uncertainty over Government Actions | Federal Taxes on Business Income | Unreasonable Government Regulations | Property Taxes (Real, Personal, or Inventory) | State Taxes on Business Income | Property Taxes/Rent Costs | FICA (Social Security) Taxes | Electricity Costs (Rates) | Cost of Property and Casualty Insurance |
| 7 | Frequent Changes in Federal Tax Laws and Rules | Tax Complexity | State Taxes on Business Income | Cash Flow | Workers' Compensation Costs | Federal Paperwork | State Taxes on Business Income | Workers' Compensation Costs | Electricity Rates (Costs) |
| 8 | Property Taxes (real, inventory or personal property) | Frequent Changes in Federal Tax Laws and Rules | Cost of Supplies/Inventories | State Taxes on Business Income | Federal Paperwork | State Taxes on Business Income | Unreasonable Government Regulations | Payroll Taxes | Payroll Taxes |
| 9 | State Taxes on Business Income | Property Taxes (real, inventory or personal property) | Electricity Costs (Rates) | Unreasonable Government Regulations | Cash Flow | Frequent Changes in Federal Tax Laws and Rules | Property Taxes/Rent Costs | Federal Paperwork | Poor Earnings (Profits) |
| 10 | Locating Qualified Employees | State Taxes on Business Income | Workers' Compensation Costs | Electricity Costs (Rates) | Cost of Natural Gas, Gasoline, Fuel Oil | Cash Flow | Frequent Changes in Federal Tax Laws | State Taxes on Business Income | Projecting Future Sales Changes |
| 11 | State/Local Paperwork | Cost of Supplies/Inventories | Cash Flow | Locating Qualified Employees | Frequent Changes in Federal Tax Laws and Rules | Locating Qualified Employees | Federal Paperwork | Interest Rates | Federal Business Income Tax |

TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|--------------------------------------|--|--|--|--|------------------------------------|---|---|
| 12 | Federal Paperwork | Electricity Costs (rates) | Locating Qualified Employees | Poor Earnings | State/Local Paperwork | Cost and Availability of Liability Insurance | Unemployment Compensation | Frequent Changes in Federal Tax Laws | Federal Paperwork |
| 13 | Workers' Compensation | Cash Flow | Cost and Availability of Liability Insurance | FICA (Social Security Taxes) | Cost and Availability of Liability Insurance | State/Local Paperwork | Poor Earnings (Profits) | Cost of Natural Gas, Gasoline, Fuel Oil | Highly Variable Earnings (Profits) |
| 14 | Finding and Keeping Skilled Employees | Poor Earnings (profits) | Poor Earnings (Profits) | Cost of Supplies/ Inventories | Physical Facilities Costs, Such as Rent/Property Taxes | Dealing with IRS/ State Tax Agencies | State Paperwork | Poor Earnings (Profits) | Unreasonable Government Regulations |
| 15 | Cost of Supplies/ Inventories | Federal Paperwork | Frequent Changes in Federal Tax Laws and Rules | Frequent Changes in Federal Tax Laws and Rules | Telephone Costs and Service | Unemployment Compensation | Telephone Costs and Service | State/Local Paperwork | Locating Qualified Employees |
| 16 | Poor Earnings (profits) | State/Local Paperwork | Fixed Costs Too High | Telephone Costs and Service | Dealing with IRS/ State Tax Agencies | Fixed Costs Too High | Electricity Costs (Rates) | Cost of Supplies/ Inventories | Delinquent Accounts/ Customer Financing |
| 17 | Dealing with IRS/ State Tax Agencies | Projecting Future Sales Changes | Finding and Keeping Skilled Employees | State/Local Paperwork | Cost of Supplies/ Inventories | Cost of Natural Gas, Gasoline, Fuel Oil | Fixed Costs Too High | Fixed Costs Too High | Bad Debts and/or Bankruptcies |
| 18 | Projecting Future Sales Changes | Workers' Compensation | Federal Paperwork | Federal Paperwork | Keeping Skilled Employees | Telephone Costs and Service | Cost of Supplies/ Inventories | Competition From Large Businesses | Employee Benefit Costs |
| 19 | Electricity Costs (rates) | Fixed Costs Too High | FICA (Social Security Taxes) | Unemployment Compensation (UC) | Electricity Costs (Rates) | Cost of Supplies/ Inventories | Highly Variable Earnings (Profits) | Unreasonable Government Regulations | Cost of Supplies/ Inventories |
| 20 | Cost and Availability of Liability Insurance | Dealing with IRS/ State Tax Agencies | Projecting Future Sales Changes | Fixed Costs Too High | Poor Earnings (Profits) | Controlling My Own Time | Locating Qualified Employees | Highly Variable Earnings (Profits) | State/Local Paperwork |
| 21 | FICA (Social Security Taxes) | Unemployment Compensation | State/Local Paperwork | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | Electricity Costs (Rates) | Projecting Future Sales | Delinquent Accounts/ Customer Financing | Competition From Large Businesses |
| 22 | Fixed Costs Too High | Highly Variable Earnings (profits) | Highly Variable Earnings (Profits) | Competition From Large Businesses | Fixed Costs Too High | Poor Earnings (Profits) | Competition From Large Businesses | Projecting Future Sales Changes | Training Employees |





TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|---|---|---|---|---|--|---|---|
| 23 | Finding Out about Regulatory Requirements | Cost and Availability of Liability Insurance | Controlling My Own Time | Highly Variable Earnings (Profits) | Death (Estate) Taxes | Competition From Large Businesses | Interest Rates | Locating Qualified Employees | Controlling My Own Time |
| 24 | Highly Variable Earnings (profits) | FICA (Social Security taxes) | Telephone Costs and Service | Ability to Cost-Effectively Advertise | Competition From Large Businesses | Interest Rates | Controlling My Own Time | Ability to Cost-Effectively Advertise | Fixed Costs Too High |
| 25 | Cash Flow | Finding Out about Regulatory Requirements | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants. | Projecting Future Sales Changes | Controlling My Own Time | Cost of Government Required Equipment/ | Cost of Natural Gas, Gasoline, Fuel Oil Procedures | Controlling My Own Time | State Business Income Tax |
| 26 | Unemployment Compensation | Poor Sales | Unemployment Compensation | Controlling My Own Time | Projecting Future Sales Changes | Highly Variable Earnings (Profits) | Poor Sales | Frequency of Tax Withholding Deposits | Ability to Cost-Effectively Advertise |
| 27 | Environmental Regulations | Environmental Regulations | Dealing with IRS/ State Tax Agencies | Dealing with IRS/ State Tax Agencies | Highly Variable Earnings (Profits) | Projecting Future Sales Changes | Ability to Cost-Effectively Advertise | Poor Sales | Cost of Outside Business Help |
| 28 | Health/Safety Regulations | Cost of Government Required Equipment/ Procedures | Ability to Cost-Effectively Advertise | Keeping Skilled Employees | Unemployment Compensation | Finding Out About Regulatory Requirements | Delinquent Accounts/ Customer Financing | Pricing My Goods/ Services | Finding Out About Regulatory Requirements |
| 29 | Time Spent Shopping for Health Insurance | Real Estate Values | Competition From Large Businesses | Physical Facilities Costs, Such as Rent/Mortgage/ Maintenance | Interest Rates | Keeping Skilled Employees | Finding Out About Regulatory Requirements | Keeping Up on Business and Market Developments | Poor Sales |
| 30 | Cost of Government Required Equipment/ Procedures | Health/Safety Regulations | Pricing My Goods/ Services | Health/Safety Regulations | Cost of Government Required Equipment/ Procedures | Environmental Regulations | Cost of Government Required Equipment/ Procedures | Sales Too Dependent on Health of One Business or Industry | Cost of Facilities (Including Rent and/or Mortgage Costs) |
| 31 | Competition from Large Businesses | Competition from Large Businesses | Reducing Energy Use in a Cost-Effective Manner | Applications for Licenses, Permits, etc. | Health/Safety Regulations | Ability to Cost-Effectively Advertise | Frequency of Tax Withholding Deposits | Training Employees | Keeping Up on Business and Market Developments |
| 32 | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | Locating Qualified Employees | Interest Rates | Finding Out About Regulatory Requirements | Hiring/Firing Employment Regulations | Health/Safety Regulations | Pricing My Product/ Service | Bad Debts (Not Delinquencies) and/or Bankruptcies | Collecting Sales and/or Excise Tax for Government |
| 33 | Telephone Costs and | Telephone Costs and | Physical Facilities Costs, | Poor Sales | Finding Out About | Training Employees | Environmental | Local Promotion of Local | Low Worker Productivity |

TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|--|---|---|---|---|--|---|---|
| | Service | Service | Such as Rent/Mortgage/Maintenance | | Regulatory Requirements | | Regulations | Business | |
| 34 | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | Death (Estate) Taxes | Delinquent Accounts/ Customer Financing | Ability to Cost-Effectively Advertise | Frequency of Tax Withholding Deposits | Keeping Up on Business and Market Developments | Finding Out About Regulatory Requirements | Obtaining Good Supervisory Personnel |
| 35 | Controlling My Own Time | Controlling My Own Time | Poor Sales | Pricing My Goods/ Services | Frequency of Tax Withholding Deposits | Pricing My Goods/ Services | Keeping Skilled Employees | Sales Too Seasonal | Sales Too Dependent on Health of One Business or Industry |
| 36 | Minimum Wage/ "Living" Wage | Time Spent Shopping for Health Insurance | Locating Business Help When Needed | Death (Estate) Taxes | Locating Business Help When Needed | Keeping Up on Business and Market Developments | Training Employees | Keeping Skilled Employees | Locating Business Help When Needed |
| 37 | Locating Business Help When Needed Business or Industry | Ability to Cost-Effectively Advertise | Applications for Licenses, Permits, etc. | Training Employees | Pricing My Goods/ Services | Waste Disposal | Sales Too Dependent on Health of One | Getting Useful Business Information | Sales Too Seasonal |
| 38 | Credit Card Payment Processing Costs | Finding and Keeping Skilled Employees | Finding Out About Regulatory Requirements | Hiring/Firing Employment Regulations | Training Employees | Death (Estate and Gift) Taxes | Low Worker Productivity | Obtaining Good Supervisory Personnel | Obtaining Long-Term Loans |
| 39 | Obtaining Licenses, Permits, etc. | Physical Facilities Costs, such as Rent/Mortgage/ Maintenance | Cost of Government Required Equipment/ Procedures | Locating Business Help When Needed | Environmental Regulations | Purchasing or Using Computers or New Technology Effectively | Waste Disposal | Locating Business Help When Needed | Cost of Government Required Equipment/Procedures |
| 40 | Hiring/Firing/Employment Regulations | Pricing My Goods/ Services | Health/Safety Regulations | Cost of Government Required Equipment/ Procedures | Keeping Up on Business and Market Developments | Delinquent Accounts/ Customer Financing | Locating Business Help When Needed | Cost-Effective Mail Service | Death (Estate) Taxes |
| 41 | Keeping Up on Business and Market Developments | Keeping Up on Business and Market Developments | Training Employees | Frequency of Tax Withholding Deposits | Purchasing and Using Computer(s), or New Technology Effectively | Rules Governing Retirement Plans | Local Promotion of Local Business | Cost of Government Required Equipment/ Procedures | Getting Useful Business Information |
| 42 | Training Employees | Estate Tax | Hiring/Firing/ Employment Regulations | Keeping Up on Business and Market Developments | Sales Too Dependent on Health of One Business or Industry | Locating Business Help When Needed | Sales Too Seasonal | Controlling Inventory | Pricing Goods/Services |





TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|---|---|--|--|--|---|--|--|--|
| 43 | Physical Facilities Costs, such as Rent/Mortgage/Maintenance | Reducing Energy Use in a Cost-Effective Manner | Sales Too Dependent on Health of One Business or Industry | Environmental Regulations | Employee Turnover | Applications for Licenses, Permits, etc. | Purchasing/Using Computer(s) and New Technology Effectively | Cost of Outside Business Help | Getting Information on Government Business Assistance Programs |
| 44 | Pricing My Goods/Services | Obtaining Licenses, Permits, etc. | Keeping Up on Business and Market Developments | Sales Too Dependent on Health of One Business or Industry | Delinquent Accounts/Customer Financing | Low Worker Productivity | Applications for Licenses, Permits, etc. | Obtaining Long-Term (5 years or more) Business Loans | Cost-Effective Mail Service |
| 45 | Poor Sales | Hiring/Firing/Employment Regulations | Delinquent Accounts/Customer Financing | Using Computer(s), the Internet or New Technology Effectively | Low Worker Productivity | Sales Too Dependent on Health of One Business or Industry | Bad Debts (Not Delinquencies) and/or Bankruptcies | Handling Business Growth | Obtaining Short-Term Loans |
| 46 | Ability to Cost-Effectively Advertise | Delinquent Accounts/Late Payments | Frequency of Tax Withholding Deposits Business Loans | Low Employee Productivity | Minimum Wage/Handling "Living" Wage | Business Growth | Obtaining Long-Term (5 Years or More) | Low Worker Productivity | Applications for Licenses, Permits, etc. |
| 47 | Real Estate Values | Sales Too Dependent on Health of One Business or Industry | Environmental Regulations | Handling Business Growth | Handling Business Growth | Employee Turnover | Cost-Effective Mail Service | Streets, Roads, Highways | Handling Business Growth |
| 48 | Using Computer(s), the Internet or New Technology Effectively | Locating Business Help When Needed | Using Computer(s), the Internet or New Technology Effectively | Getting Information on Government Business Assistance Programs | Applications for Licenses, Permits, etc. | Poor Sales | Getting Useful Business Information | Collecting Sales and/or Excise Taxes for Government | Controlling Inventory |
| 49 | Estate Tax | Training Employees | Handling Business Growth | Rules on Retirement Plans | Rules on Retirement Plans | Local Promotion of Local Business | Handling Business Growth | Getting Information on Government Business Assistance Programs | Shoplifting, Pilferage, Bad Checks, etc. |
| 50 | Rules on Retirement Plans | Using Computer(s), the Internet or New Technology Effectively | Getting Information on Government Business Assistance Programs | Sales Too Seasonal | Poor Sales | Collecting Sales and/or Excise Taxes for Government | Collecting Sales and/or Excise Taxes for Government | Applications for Licenses, Permits, etc. | Fair State/Local Inspections |
| 51 | Cyber Crime (viruses, hacking, etc.) | Rules on Retirement Plans | Employee Turnover | Zoning/Land Use Regulations | Zoning/Land Use Regulations | Sales Too Seasonal | Getting Information on Government Business Assistance Programs | Purchasing and Using Computers Effectively | Local Promotion of Local Business |

TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|--|--|--|--|--|--|--|--|
| 52 | Traffic, Highways, Roads, Bridges | Minimum Wage/ "Living" Wage | Rules on Retirement Plans | Bad Debts (Not Delinquencies) and/or Bankruptcies | Collecting Sales and/or Excise Taxes for Government | Cost of Outside Business Help | Cost of Outside Business Help | Employee Turnover | Losing Skilled Employees to Larger Firms |
| 53 | Reducing Energy Use in a Cost-Effective Manner | Anti-Competitive Practices, e.g., Price Fixing | Minimum Wage/ "Living" Wage | Employee Turnover | Getting Information on Government Business Assistance Programs | Getting Useful Business Information | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Anti-Competitive Practices, e.g., Price Fixing | Obtaining Investor Financing |
| 54 | Delinquent Accounts/ Late Payments | Zoning/Land Use Regulations | Zoning/Land Use Regulations | Anti-Competitive Practices, e.g., Price Fixing | Waste Disposal | Street Crime | Changing Rules on Retirement Plans | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Locating Satisfactory Suppliers |
| 55 | Handling Business Growth | Handling Business Growth | Aging Workforce | Controlling Inventory | Sales Too Seasonal | Getting Information on Government Business Assistance Programs | Zoning/Land Use Regulations | Shoplifting, Pilferage, Bad Checks, etc. | Good Highways and Roads |
| 56 | Interest Rates | Obtaining Long-Term (5 years or more) Business Loans | Bad Debts (Not Delinquencies) and/or Bankruptcies | Collecting Sales and/or Excise Taxes for Government | Getting Useful Business Information | Zoning/Land Use Regulations | Employee Turnover | Changing Rules on Retirement Plans | Selling to the Federal Government |
| 57 | Zoning/Land Use Regulations | Bad Debts (not delinquencies) and/or Bankruptcies | Crime, including Identity Theft, Shoplifting, etc. | Minimum Wage/ "Living" Wage | Anti-Competitive Practices, e.g., Price Fixing | Minimum Wage | Anti-Competitive Practices, e.g., Price Fixing | Death (Estate) Taxes | Fair Federal Inspections |
| 58 | Mandatory Family or Sick Leave | Obtaining Short-Term (less than 12 months or revolving) Business Loans | Traffic, Congestion, Parking, Highways | Interest Rates | Bad Debts (Not Delinquencies) and/or Bankruptcies | Cost-Effective Mail Service | Street Crime | Locating Satisfactory Suppliers | Street Crime |
| 59 | Employee Turnover | Traffic, Highways, Roads, Bridges | Anti-Competitive Practices, e.g., Price Fixing | False Insurance Claims, Such as for Workers' Comp and UC | Traffic, Parking, Highways | Streets, Highways, Transportation | Roads, Highways, Transportation | Competition From Imported Products | Shortage of Materials, Goods, Fuel, etc. |
| 60 | Crime, including Identity Theft, Shoplifting, etc. | Crime, including Identity Theft, Shoplifting, etc. | Mandatory Family or Sick Leave | Getting Useful Business Information | Protecting Intellectual Property | Bad Debts (Not Delinquencies) and/or Bankruptcies | Controlling Inventory | Street Crime | Selling to State/Local Governments |





TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|--|--|--|--|--|--|---|--|
| 61 | Anti-Competitive Practices, e.g., Price Fixing | Solid and Hazardous Waste Disposal | Getting Useful Business Information | Traffic, Parking, Highways | Controlling Inventory | Controlling Inventory | Estate (Death) Taxes | Obtaining Investor (Equity) Financing | Anti-Competitive Practices, Price Fixing |
| 62 | Protecting Intellectual Property | Interest Rates | Protecting Intellectual Property | Crime Including Identity Theft, Shoplifting, etc. | Cost-Effective Mail Service | Anti-Competitive Practices, e.g., Price Fixing | Minimum Wage | State/Local Inspections | Adequate Parking or Public Transportation |
| 63 | Competition from Internet Businesses | Cyber Crime (viruses, hacking, etc.) | False Insurance Claims, Such as for Workers' Comp and UC | Solid and Hazardous Waste Disposal | Effective Business Use of the Internet | Obtaining Long-Term (5 Years or More) Business Loans | Health/Safety Inspections | Minimum Wage | Shipping or Receiving Shipped Goods |
| 64 | Using Social Media to Promote Business (Facebook, Twitter, etc.) | Mandatory Family or Sick Leave | Solid and Hazardous Waste Disposal | Costs and Frequency of Law Suits | False Insurance Claims, Such as for Workers' Comp and UC | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Credit Rating/Record Errors | Shipping or Receiving Shipped Goods | Competition From Imported Products |
| 65 | Competition from Imported Products | Competition from Internet Businesses | Costs and Frequency of Law Suits/Threatened Suits | Credit Rating/Record Errors | Crime Including Bad Checks, Shoplifting, etc. | Employee Literacy, e.g., Reading, Math | Shoplifting, Pilferage, Bad Checks, etc. | Parking or Public Transportation | Littered or Unattractive Business Area |
| 66 | Access to High-Speed Internet | Credit Rating/Record Errors | Competition From Imported Products | Cost-Effective Mail Service | Obtaining Long-Term (5 Years or More) Business Loans | Locating Satisfactory Suppliers | Locating Satisfactory Suppliers | Selling to State/Local Governments | Police and Fire Protection |
| 67 | Bad Debts (not delinquencies) and/or Bankruptcies | Protecting Intellectual Property | Credit Rating/Record Errors | Protecting Intellectual Property | Locating Satisfactory Suppliers | Selling to Federal/State/Local Governments | Employee Literacy, e.g., Reading, Math | Federal Inspections | Poor Business Location |
| 68 | Costs and Frequency of Lawsuits/Threatened Lawsuits | Competition from Imported Products | Increased National Security Requirements | Obtaining Long-Term (5 Years or More) Business Loans | Credit Rating/Record Errors | Credit Rating/Record Errors | Selling to Federal/State/Local Governments | Selling to the Federal Government | Employee (Labor) Unions |
| 69 | Obtaining Long-Term (5 years or more) Business Loans | Winning Contracts from Federal/State/Local Governments | Competition From Internet Businesses | Winning Contracts From Federal/State/Local Governments | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Using Independent Contractors | Obtaining Investor (Equity) Financing | Shortages of Materials, Goods, Fuel, etc. | Competition From State or Local Government |

TABLE 5 CONTINUED
RANK ORDER OF SMALL BUSINESS PROBLEMS IN 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 AND 1982

| | 2016 (Jan/April) | 2012 (Jan/April) | 2008 (Jan/Mar) | 2004 (Jan/Feb) | 2000 (Feb/Mar) | 1996 (May/June) | 1991 (Oct/Nov) | 1986 (Jan) | 1982 (Nov) |
|----|--|--|--|--|---|---|--|---|--|
| 70 | Obtaining Short-Term (less than 12 months or revolving) Business Loans | Using Social Media to Promote Business (Facebook, Twitter, etc.) | Undocumented Workers (Illegal Aliens) | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Selling to Federal/State/Local Governments | Shoplifting, Pilferage, Bad Checks, etc. | Use of Independent Contractors | Competition From Government or Non-Profit Organizations | Competition From Non-Profit Organizations, e.g. Universities |
| 71 | Credit Rating/Record Errors | Costs and Frequency of Lawsuits/Threatened Lawsuits | Winning Contracts From Federal/State/Local Governments | Competition From Imported Products | Competition From Internet Businesses | Protecting Intellectual Property | Competition From Imported Products | Police and Fire Protection | Competition From the Federal Government |
| 72 | Winning Contracts from Federal/State/Local Governments | Employee Turnover | Obtaining Short-Term (Less Than 12 Months or Revolving) Business Loans | Increased National Security Procedures | Competition From Imported Products | Obtaining Investor (Equity) Finance | Shortage of Materials, Goods, Fuels, etc. | Unattractive or Poor Business Area | Garbage Collection |
| 73 | Undocumented Workers | Access to High-Speed Internet | Obtaining Long-Term (5 Years or More) Business Loans | Competition From Internet Businesses | Competition From Government or Non-Profit Organizations | Competition From Government or Non-Profit Organizations | Shipping Goods or Receiving Shipped Goods | Labor Unions | |
| 74 | Out-of-State Sales Tax | Undocumented Workers | Access to High-Speed Internet | Competition From Government or Non-Profit Organizations | Exporting My Products/Services | Competition From Imported Products | Competition From Government/Non-Profit Organizations | Disposal of Hazardous (Toxic) Waste | |
| 75 | Exporting My Products/Services | Exporting My Products/Services | Exporting My Products/Services | Exporting My Products/Services | Y2K Impacts | Exporting My Product/Service | Exporting My Products/Services | Exporting My Products/Services | |



A. BUSINESS CYCLE

The problem areas most closely related to business cycles are sales, financing and employment. During a recession sales and financing generally increase in problem severity while employment issues generally become less of a problem. The pattern is reversed during times of economic expansion. Sales and employment problems illustrate these patterns more clearly than financing. Problems related to financing have generally eased over time as lending standards have become more standardized in the advent of credit scoring and financial services deregulation, and the cost of borrowing has decreased sharply.

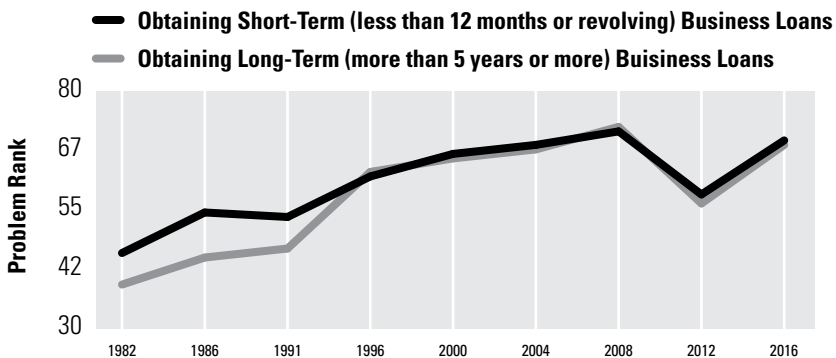
In recessionary times, “Poor Earnings (profits)” and “Poor Sales” generally rise in the ranks of concerns. Beginning with the 1982 survey and moving forward, the rankings of the former are 9th, 14th, 13th, 22nd, 20th, 12th, 14th, 14th and most recently 16th. “Poor Earnings (profits)” eased in severity in 1996 and 2000 during more prosperous years but has increased in severity over the last eight years in response to the recession and lackluster recovery.

The rank of “Poor Sales” follows a similar pattern although eased in severity in the current edition. Over the past nine surveys it has ranked 29th, 27th, 26th, 48th, 50th, 33rd, 35th, 26th, and 45th in 2016. The dramatic increase in severity in 2008 and 2012 illustrates the magnitude of the recession. The current ranking is more in line with 1996, even with a more temperate economic expansion than was experienced in the mid-90s. “Projecting Future Sales Changes” also seems to be more of a burden in recessions versus expansions. Beginning in 1982, the problem ranked as follows: 10th, 22nd, 21st, 27th, 26th, 25th, 20th, 17th, and its current 18th position. Again, the problem was less severe in the expansion editions and more burdensome during the recessions and periods of slow economic growth.

Two other business cycle related problems are “Obtaining Short-Term (less than 12 months or revolving) Business Loans” and “Obtaining Long-Term (more than 5 years or more) Business Loans,” both shown in Chart 4. The rankings over time for the former are 45th, 54th, 53rd, 64th, 69th, 70th, 72nd, 58th and most recently 70th. The latter ranked 38th, 44th, 46th, 63rd, 66th, 68th, 56th and now 69th. Both problems have returned to rankings more commonly experienced in the 90s and pre-recession 2000s.

CHART 4

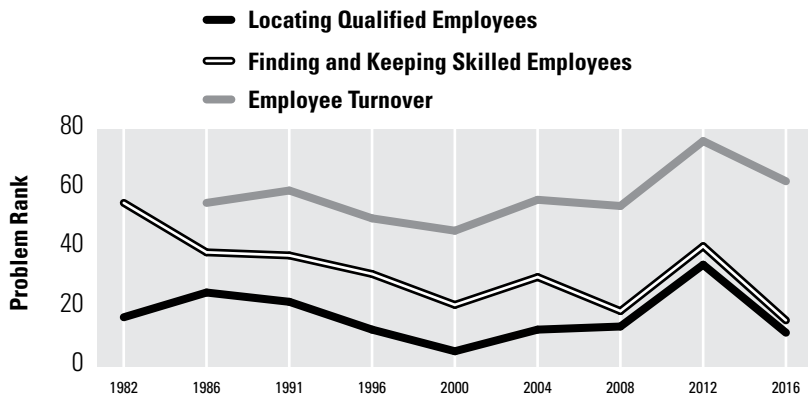
OBTAINING SHORT-TERM (LESS THAN 12 MONTHS OR REVOLVING) BUSINESS LOANS AND OBTAINING LONG-TERM (MORE THAN 5 YEARS OR MORE) BUSINESS LOANS, 1982-2016



Employment issues show the clearest business cycle pattern as owners often struggle to find and retain employees in strong economies and less so in economic downturns. Problems and Priorities contains three major employment-related problems; “Locating Qualified Workers,” “Finding and Keeping Skilled Employees” and “Employee Turnover.” “Locating Qualified Employees” ranks as follows over the last nine surveys: 15th, 23rd, 20th, 11th, 3rd, 11th, 12th, 32nd, and now 10th. “Finding and Keeping Skilled Employees,” or employee retention, ranked 52nd in 1982, then 36th, 35th, 29th, 18th, 28th, 17th, 38th and currently 14th. And since 1986, the problem of “Employee Turnover” ranked 52nd, 56th, 47th, 43rd, 53rd, 51st, 72nd, and 59th in 2016. As weak as the recovery has been, indicators of labor market problems such as the worker skills shortage are more severe than that observed in most slow growth periods.



CHART 5
LOCATING QUALIFIED EMPLOYEES, FINDING AND KEEPING SKILLED
EMPLOYEES AND EMPLOYEE TURNOVER, 1982 - 2012



B. PROBLEMS INCREASING IN IMPORTANCE

“Competition from Internet Businesses,” while still ranked near the bottom of the list is slowly increasing in problem severity. The problem was first introduced in 2000, debuting at 71st. The following editions have it ranked 73rd, 69th, 65th and its current position of 63rd. The proliferation of internet retailers, business websites and easy to use on-line payment options has clearly affected owners’ assessment of this problem in the last 16 years.

Small-business owners are also increasingly burdened by higher minimum wage costs. This problem was introduced in 1986 where it ranked 63rd. Since then it has moved 27 positions over the last 30 years to its current 36th position. While the federal minimum wage has increased seven times over this period from \$3.35 to its current rate of \$7.25¹³, state and local minimum/living wage rates are likely the main contributors to the most recent jump in severity.

C. PROBLEMS DECREASING IN IMPORTANCE

“Training Employees” has experienced one of the most significant declines for employment related problems. The decline in rank is likely due to the increase in employment resources. Consultants, how-to guides, online support and other related services and training programs are increasingly available for employers who have questions and/or concerns regarding employment issues. “Training Employees” has gradually declined in importance since 1982 from a ranking of 22nd to its current 42nd position. The years in-between ranked the problem 31st, 36th, 33rd, 38th, 37th, 41st, and 49th.

Three cost-related problems have also seen notable declines in severity. These include “Telephone Costs and Services,” “Physical Facilities Cost, such as Rent/Mortgage/Maintenance” and “FICA (Social Security).” The evolution of telephone communications is staggering. New technologies allow owners a host of services and price options for their business including the traditional phone line, mobile, or remote services. Over the last eight surveys, “Telephone Costs and Services” ranked 4th, 5th, 15th, 18th, 15th, 16th, 24th, and 33rd for both the 2012 and 2016 editions. “Physical Facilities Cost, such as Rent/Mortgage/Maintenance” has also declined in importance, falling 29 positions since 2000. This problem ranked 14th, 29th, 33rd, 39th and is currently 43rd. Owners seem better able to find reasonably priced options, especially with historically low interest rates. “FICA (Social Security)” remains a top 25 problem for small-business owners but has declined in importance over recent years, replaced by more onerous tax-related problems. Introduced in 1991, this problem has declined 16 positions from its highest ranking. The problem ranked 6th, 5th, 5th, 13th,



¹³ United States Department of Labor, Wage and Hour Division, <http://www.dol.gov/whd/minwage/chart.htm>, Accessed May 15th, 2012.

19th, 24th and 21st. The change in rank from the 2012 survey to the current is likely due to the expiration of a temporary 2 percent social security tax rate reduction for both employees and the self-employed, and the introduction of Obamacare’s 0.9 percent tax assessed on those earning more than \$200,000 for individuals and \$250,000 for married couples filing jointly.¹⁴

Finally, “Delinquent Accounts/Customer Financing” is another problem of declining importance. Since 1982, this problem ranked 16th, 21st, 28th, 40th, 44th, 34th, 45th, 46th and is currently 54th. While the recession exacerbated this problem for some small-business owners, the increase in financing options over the years, including the proliferation of credit cards, has alleviated many payment problems previously faced by small-business owners.

PROBLEMS AND PRIORITIES FOR SMALL BUSINESS CLASSIFICATIONS

Small businesses are diverse. Owners assess business problems based on their unique set of circumstances and business characteristics. Chapter 2 of *Problems and Priorities* presents problem ranking by groups within selected classifications of small businesses and their owners.

The selected business classifications picked for the survey represent the most widely used classifications and a few that are unique. The classifications include: legal structure, size, industry, sales change, primary customer, years of ownership, number of managers, number of owners and geography.

LEGAL FORM OF BUSINESS

Small-business owners legally structure their business in one of five ways: as a sole proprietor, partnership, S-corporation, C-corporation or a limited liability company (LLC). The five forms of business generally attract distinct groups of businesses that benefit from their legal structure. The main factors that distinguish one form of business from another are how they are taxed, liability exposure, formality and ownership control. A sole proprietor is the simplest form of business structure. It is the easiest to set up and generally the least expensive option. A C-corporation on the other hand is a more formal and costly option, but offers more risk and liability protection for the owner(s). The legal form of business is often associated with the size of firm and number of owners. Sole proprietors and partnerships tend to have fewer employees than the other three forms and is reflected in the ranking of many employee-related problems.

Most problems vary little across the five legal forms of business categories. Those that do are mostly employment, energy and sales related. Tax and regulatory related problems are similarly ranked across most legal categories. Sole proprietors and partnerships assessed both “Cost of Electricity (rates)” and “Energy Costs, Except Electricity” as more severe problems than the other forms of business. The difference in rank is likely due to the heavy influence of agriculture in these two legal designations. “Energy Costs, Except Electricity” ranks number one for proprietorships and third for partnership. It ranks fifth for C-corporations and seventh for S-corporations and LLCs. “Cost of Electricity (rates)” follows a similar pattern ranking 12th for Proprietorships, 21th for Partnerships and C-corporations, 30th for S-corporations and 19th for LLCs.

The majority of employment problems are less problematic for owners of sole proprietors and partnership as they tend to have fewer employees. “Workers’ Compensation” ranks 41st for proprietorships, 10th and 9th for C-corporations and S-corporations respectively, and in the mid-teens for LLCs and partnerships. The same disparity is shown with “Unemployment Compensation” which ranks 52nd for proprietorships, 33rd partnerships but in the mid-teens and 20s for the other three forms of business due to their tendency to be larger firms with



¹³ <http://www.ssa.gov/oact/progdata/taxRates.html>

more complex payrolls. “Locating Qualified Workers” follows a similar pattern as it ranks 35th for proprietorships, 28th for partnerships, 7th for both C-corporations and S-corporations, and 10th for LLCs. “Finding and Keeping Skilled Employees” is also more problematic for C-corporations, S-corporations and LLCs as they rank it 12th, 10th and 17th respectively. Proprietorships rank it 38th and partnerships rank it 32nd.

The rankings of the “Estate Tax” by legal form also show notable differences. This problem is most severe for partnerships (ranking 33rd) followed by proprietorships which rank it 36th. C-corporations find it less of a problem at 49th followed by S-corporations and LLCs both ranking it 45th and 51st respectively. Owners of more complicated business structures may have an advantage in estate tax planning as they are likely to rely more on CPAs and tax advisors. Agricultural related businesses are also heavily affected by this problem and disproportionately populate the former two legal designations.

EMPLOYEE SIZE OF BUSINESS

Employee size of business is one of the most notable differentiating characteristics of small firms. The two areas that show the most variation in rank are those related to cost and employees. Cost-related problems disproportionately affect smaller businesses more than larger ones due to economies of scale. Smaller businesses lack the purchasing power of larger businesses and are less able to absorb unexpected changes in business costs. For example, “Energy Costs, Except Electricity” and “Electricity (rates)” are much more of a burden for the smallest compared to the largest, small businesses. Small firms often have “excess capacity” because they are new and their sales have not matured, raising energy cost per dollar of sale.

The “Cost of Supplies/Inventories” is an example of economies of scale where smaller businesses do not have the purchasing power of their larger counterpart and it is reflected in their assessment of the problem. Owners with no employees rank it tenth and those with more than 100 employees rank it 37th.





TABLE 6

MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

| | Proprietorship n = 522 | | | Partnership n = 111 | | | Corporation n = 969 | | | Sub-Chapter S Corp n = 646 | | | Limited Liability Con = 450 | | |
|----|---|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|----------------------------|------|----------------------|-----------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 | Cost of Health Insurance | 2.68 | 45.1 | 1 | 2.41 | 43.5 | 1 | 2.17 | 53.8 | 1 | 1.94 | 56.8 | 1 | 2.33 | 55.1 |
| 2 | Unreasonable Government Regulations | 2.87 | 33.1 | 2 | 43.2 | 2 | 2.74 | 32.7 | 2 | 2.65 | 34.4 | 3 | 2.81 | 31.5 | 3 |
| 3 | Federal Taxes on Business Income | 3.01 | 26.5 | 7 | 3.11 | 26.6 | 5 | 2.94 | 28.7 | 3 | 2.81 | 31.5 | 2 | 2.75 | 32.5 |
| 4 | Uncertainty over Economic Conditions | 2.95 | 27.2 | 3 | 3.09 | 20.7 | 3 | 2.86 | 26.6 | 5 | 2.92 | 22.0 | 5 | 2.97 | 27.6 |
| 5 | Tax Complexity | 3.08 | 23.4 | 6 | 2.74 | 36.4 | 4 | 2.92 | 25.8 | 4 | 2.85 | 27.9 | 4 | 2.83 | 31.1 |
| 6 | Uncertainty over Government Actions | 3.05 | 27.8 | 4 | 2.94 | 31.5 | 6 | 3.05 | 24.6 | 6 | 3.01 | 25.1 | 6 | 3.04 | 27.4 |
| 7 | Frequent Changes in Federal Tax Laws and Rules | 3.33 | 20.2 | 8 | 3.23 | 21.8 | 9 | 3.30 | 20.3 | 8 | 3.12 | 20.0 | 9 | 3.33 | 22.4 |
| 8 | Property Taxes (real, inventory or personal property) | 3.19 | 25.4 | 7 | 3.37 | 24.1 | 11 | 3.32 | 21.7 | 11 | 3.32 | 19.6 | 7 | 3.22 | 23.9 |
| 9 | State Taxes on Business Income | 3.63 | 18.6 | 11 | 3.17 | 24.1 | 8 | 3.19 | 24.4 | 13 | 3.35 | 21.1 | 8 | 3.31 | 25.3 |
| 10 | Locating Qualified Employees | 4.30 | 17.6 | 35 | 3.90 | 13.8 | 28 | 3.15 | 26.4 | 7 | 3.06 | 26.8 | 7 | 3.34 | 28.1 |
| 11 | State/Local Paperwork | 3.71 | 15.5 | 13 | 3.10 | 18.5 | 6 | 3.39 | 15.8 | 13 | 3.34 | 16.7 | 12 | 3.40 | 19.0 |
| 12 | Federal Paperwork | 3.85 | 14.8 | 19 | 3.28 | 23.9 | 10 | 3.40 | 18.2 | 14 | 3.37 | 16.9 | 14 | 3.45 | 18.6 |
| 13 | Workers' Compensation | 4.41 | 13.1 | 41 | 4.41 | 13.1 | 16 | 3.65 | 17.0 | 10 | 3.30 | 22.2 | 9 | 3.23 | 22.8 |
| 14 | Finding and Keeping Skilled Employees | 4.32 | 17.0 | 38 | 4.02 | 9.3 | 32 | 3.37 | 22.8 | 12 | 3.27 | 23.2 | 10 | 3.27 | 24.1 |
| 15 | Cost of Supplies/Inventories | 3.57 | 15.8 | 10 | 3.62 | 14.7 | 14 | 3.66 | 12.8 | 17 | 3.66 | 12.8 | 24 | 3.86 | 8.2 |
| 16 | Poor Earnings (Profits) | 3.47 | 21.2 | 9 | 3.47 | 13.9 | 13 | 3.47 | 13.9 | 16 | 3.66 | 16.7 | 25 | 3.89 | 13.4 |
| 17 | Dealing with IRS/State Tax Agencies | 3.88 | 14.4 | 21 | 3.65 | 20.9 | 15 | 3.73 | 15.0 | 19 | 3.73 | 15.0 | 16 | 3.66 | 14.3 |
| 18 | Projecting Future Sales Changes | 3.85 | 11.1 | 20 | 3.94 | 10.3 | 30 | 3.61 | 10.9 | 15 | 3.61 | 10.9 | 19 | 3.72 | 8.1 |
| 19 | Electricity Costs (rates) | 3.68 | 12.5 | 12 | 3.80 | 11.1 | 21 | 3.74 | 11.5 | 21 | 3.74 | 11.5 | 30 | 3.96 | 6.7 |
| 20 | Cost and Availability of Liability Insurance | 3.98 | 11.2 | 24 | 4.01 | 13.9 | 31 | 3.75 | 17.0 | 22 | 3.75 | 17.0 | 21 | 3.71 | 13.9 |
| 21 | FICA (Social Security Taxes) | 3.85 | 15.8 | 17 | 3.90 | 12.8 | 27 | 3.81 | 11.7 | 24 | 3.81 | 11.7 | 17 | 3.68 | 10.0 |

TABLE 6 CONTINUED

MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

| | Proprietorship n = 522 | | | Partnership n = 111 | | | Corporation n = 969 | | | Sub-Chapter S Corp n = 646 | | | Limited Liability Con = 450 | | |
|---|------------------------|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|----------------------------|------|----------------------|-----------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 22 Fixed Costs Too High | 14 | 3.73 | 13.3 | 12 | 3.45 | 15.7 | 23 | 3.79 | 12.5 | 23 | 3.85 | 8.6 | 22 | 3.73 | 16.6 |
| 23 Finding Out about Regulatory Requirements | 27 | 4.10 | 11.3 | 20 | 3.79 | 15.6 | 20 | 3.74 | 12.2 | 22 | 3.76 | 10.9 | 25 | 3.83 | 15.4 |
| 24 Highly Variable Earnings (profits) | 23 | 3.93 | 14.0 | 26 | 3.88 | 8.2 | 28 | 3.88 | 10.7 | 28 | 3.93 | 8.1 | 24 | 3.74 | 14.3 |
| 25 Cash Flow | 15 | 3.81 | 15.6 | 29 | 3.91 | 11.8 | 25 | 3.84 | 14.9 | 35 | 4.08 | 11.3 | 23 | 3.73 | 15.1 |
| 26 Unemployment Compensation | 52 | 4.64 | 10.0 | 33 | 4.02 | 14.0 | 18 | 3.67 | 14.3 | 15 | 3.53 | 15.2 | 26 | 3.84 | 15.7 |
| 27 Environmental Regulations | 22 | 3.91 | 22.0 | 17 | 3.72 | 29.7 | 29 | 3.93 | 15.1 | 29 | 3.95 | 14.4 | 38 | 4.07 | 17.6 |
| 28 Health/Safety Regulations | 36 | 4.31 | 10.3 | 24 | 3.86 | 17.6 | 26 | 3.85 | 15.2 | 20 | 3.74 | 14.1 | 34 | 4.02 | 13.1 |
| 29 Time Spent Shopping for Health Insurance | 43 | 4.47 | 9.3 | 25 | 3.86 | 13.9 | 30 | 3.95 | 14.7 | 18 | 3.69 | 16.0 | 29 | 3.97 | 16.6 |
| 30 Cost of Government Required Equipment/Procedures | 44 | 4.50 | 11.2 | 23 | 3.83 | 14.7 | 27 | 3.86 | 15.4 | 27 | 3.91 | 12.8 | 32 | 4.01 | 15.5 |
| 31 Competition from Large Businesses | 25 | 4.08 | 15.2 | 39 | 4.21 | 14.4 | 32 | 3.99 | 13.9 | 34 | 4.05 | 11.0 | 36 | 4.04 | 15.1 |
| 32 Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 40 | 4.38 | 5.6 | 35 | 4.07 | 9.1 | 31 | 3.98 | 8.3 | 33 | 4.04 | 6.4 | 28 | 3.89 | 10.7 |
| 33 Telephone Costs and Service | 18 | 3.85 | 10.8 | 34 | 4.07 | 7.3 | 41 | 4.19 | 6.2 | 38 | 4.15 | 5.3 | 33 | 4.01 | 9.6 |
| 34 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 16 | 3.82 | 14.2 | 22 | 3.80 | 17.3 | 39 | 4.17 | 10.7 | 42 | 4.29 | 6.4 | 40 | 4.08 | 12.6 |
| 35 Controlling My Own Time | 34 | 4.29 | 13.6 | 41 | 4.25 | 8.4 | 37 | 4.10 | 10.3 | 32 | 4.02 | 10.4 | 27 | 3.87 | 13.3 |
| 36 Minimum Wage/"Living" Wage | 42 | 4.41 | 10.9 | 37 | 4.12 | 11.9 | 36 | 4.09 | 15.6 | 37 | 4.10 | 13.2 | 41 | 4.11 | 15.4 |
| 37 Locating Business Help When Needed | 39 | 4.36 | 8.9 | 46 | 4.34 | 10.2 | 38 | 4.11 | 10.3 | 36 | 4.09 | 10.8 | 35 | 4.03 | 12.8 |
| 38 Credit Card Payment Processing Costs | 47 | 4.53 | 13.3 | 51 | 4.58 | 10.2 | 35 | 4.06 | 14.7 | 39 | 4.21 | 12.1 | 30 | 3.97 | 18.1 |
| 39 Obtaining Licenses, Permits, etc. | 32 | 4.26 | 11.7 | 19 | 3.77 | 11.9 | 42 | 4.26 | 10.2 | 40 | 4.27 | 7.9 | 39 | 4.08 | 14.1 |
| 40 Hiring/Firing/Employment Regulations | 61 | 5.01 | 5.8 | 49 | 4.42 | 9.3 | 34 | 4.05 | 9.1 | 26 | 3.90 | 8.4 | 44 | 4.25 | 9.8 |
| 41 Keeping Up on Business and Market Developments | 31 | 4.25 | 6.0 | 45 | 4.34 | 4.7 | 44 | 4.26 | 5.5 | 43 | 4.32 | 3.0 | 42 | 4.11 | 9.7 |





TABLE 6 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

| | Proprietorship n = 522 | | | Partnership n = 111 | | | Corporation n = 969 | | | Sub-Chapter S Corp n = 646 | | | Limited Liability Con = 450 | | |
|--|------------------------|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|----------------------------|------|----------------------|-----------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 42 Training Employees | 58 | 4.92 | 6.2 | 50 | 4.53 | 5.6 | 33 | 4.04 | 9.0 | 31 | 4.00 | 6.8 | 45 | 4.27 | 7.6 |
| 43 Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 29 | 4.22 | 8.4 | 38 | 4.19 | 8.3 | 46 | 4.29 | 7.6 | 50 | 4.42 | 6.1 | 37 | 4.04 | 10.5 |
| 44 Pricing My Goods/Services | 30 | 4.23 | 11.7 | 44 | 4.29 | 9.3 | 43 | 4.26 | 7.9 | 44 | 4.33 | 3.9 | 43 | 4.16 | 10.7 |
| 45 Poor Sales | 26 | 4.10 | 13.7 | 48 | 4.41 | 7.5 | 40 | 4.18 | 12.5 | 47 | 4.41 | 8.5 | 48 | 4.45 | 9.6 |
| 46 Ability to Cost-Effectively Advertise | 46 | 4.50 | 9.3 | 53 | 4.67 | 8.2 | 45 | 4.26 | 7.7 | 41 | 4.27 | 6.1 | 31 | 3.99 | 11.7 |
| 47 Real Estate Values | 28 | 4.18 | 13.5 | 18 | 3.72 | 17.8 | 47 | 4.37 | 9.1 | 52 | 4.59 | 5.0 | 46 | 4.29 | 9.6 |
| 48 Using Computer(s), the Internet or New Technology Effectively | 37 | 4.32 | 10.1 | 43 | 4.26 | 8.2 | 48 | 4.39 | 6.7 | 46 | 4.38 | 5.6 | 47 | 4.44 | 9.6 |
| 49 Estate Tax | 33 | 4.26 | 19.5 | 36 | 4.11 | 25.5 | 49 | 4.45 | 17.8 | 45 | 4.33 | 15.5 | 51 | 4.49 | 17.5 |
| 50 Rules on Retirement Plans | 48 | 4.60 | 8.0 | 56 | 4.69 | 10.2 | 50 | 4.46 | 8.1 | 48 | 4.41 | 6.9 | 58 | 4.71 | 8.3 |
| 51 Cyber Crime (viruses, hacking, etc.) | 51 | 4.64 | 9.6 | 54 | 4.67 | 7.6 | 51 | 4.47 | 8.6 | 55 | 4.65 | 6.3 | 53 | 4.58 | 10.1 |
| 52 Traffic, Highways, Roads, Bridges | 45 | 4.50 | 11.8 | 42 | 4.25 | 11.0 | 55 | 4.60 | 9.1 | 57 | 4.75 | 6.4 | 57 | 4.70 | 8.5 |
| 53 Reducing Energy Use in a Cost-Effective Manner | 54 | 4.69 | 4.5 | 60 | 4.82 | 4.7 | 54 | 4.58 | 4.0 | 56 | 4.71 | 2.5 | 54 | 4.58 | 5.1 |
| 54 Delinquent Accounts/Late Payments | 62 | 5.04 | 7.2 | 61 | 4.85 | 8.4 | 52 | 4.48 | 7.9 | 53 | 4.60 | 6.4 | 50 | 4.48 | 10.0 |
| 55 Handling Business Growth | 60 | 4.99 | 2.9 | 64 | 5.15 | 0.9 | 57 | 4.65 | 3.9 | 54 | 4.62 | 3.3 | 49 | 4.46 | 6.5 |
| 56 Interest Rates | 49 | 4.61 | 7.6 | 58 | 4.72 | 8.3 | 58 | 4.74 | 6.8 | 62 | 5.00 | 4.2 | 55 | 4.61 | 7.1 |
| 57 Zoning/Land Use Regulations | 50 | 4.61 | 10.4 | 40 | 4.23 | 13.6 | 64 | 4.90 | 6.7 | 58 | 4.91 | 6.3 | 56 | 4.64 | 9.9 |
| 58 Mandatory Family or Sick Leave | 67 | 5.36 | 7.0 | 67 | 5.24 | 2.8 | 53 | 4.57 | 9.1 | 49 | 4.41 | 10.9 | 63 | 4.90 | 9.8 |
| 59 Employee Turnover | 69 | 5.42 | 6.3 | 63 | 5.14 | 3.8 | 56 | 4.65 | 8.8 | 51 | 4.55 | 7.9 | 52 | 4.51 | 12.1 |
| 60 Crime, including Identity Theft, Shoplifting, etc. | 55 | 4.80 | 8.9 | 47 | 4.35 | 10.9 | 61 | 4.83 | 6.3 | 60 | 4.96 | 5.6 | 61 | 4.78 | 7.8 |
| 61 Anti-Competitive Practices, e.g., Price Fixing | 53 | 4.67 | 8.6 | 57 | 4.71 | 9.5 | 59 | 4.80 | 7.3 | 64 | 5.07 | 3.9 | 60 | 4.77 | 8.0 |
| 62 Protecting Intellectual Property | 57 | 4.91 | 5.7 | 52 | 4.58 | 7.7 | 60 | 4.81 | 6.1 | 63 | 5.01 | 4.5 | 62 | 4.81 | 7.3 |

TABLE 6 CONTINUED

MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

| | Proprietorship n = 522 | | | Partnership n = 111 | | | Corporation n = 969 | | | Sub-Chapter S Corp n = 646 | | | Limited Liability Con = 450 | | |
|----|------------------------|------|----------------------|---------------------|------|----------------------|---------------------|------|----------------------|----------------------------|------|----------------------|-----------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 63 | 59 | 4.99 | 10.3 | 71 | 5.36 | 2.7 | 62 | 4.84 | 8.4 | 61 | 4.97 | 8.7 | 64 | 4.92 | 10.0 |
| 64 | 64 | 5.20 | 4.9 | 72 | 5.36 | 2.8 | 63 | 4.85 | 5.0 | 59 | 4.94 | 3.2 | 59 | 4.77 | 6.4 |
| 65 | 56 | 4.91 | 9.3 | 55 | 4.67 | 13.0 | 66 | 5.09 | 8.0 | 69 | 5.32 | 6.6 | 72 | 5.40 | 7.0 |
| 66 | 63 | 5.11 | 8.5 | 62 | 4.89 | 11.2 | 67 | 5.17 | 7.5 | 68 | 5.27 | 8.0 | 66 | 4.95 | 13.1 |
| 67 | 71 | 5.47 | 3.7 | 73 | 5.39 | 3.7 | 65 | 5.05 | 4.3 | 65 | 5.16 | 2.6 | 68 | 5.11 | 5.6 |
| 68 | 70 | 5.44 | 5.1 | 59 | 4.81 | 11.1 | 68 | 5.24 | 5.4 | 67 | 5.20 | 6.6 | 69 | 5.17 | 7.8 |
| 69 | 66 | 5.27 | 6.8 | 66 | 5.22 | 5.6 | 72 | 5.33 | 4.8 | 70 | 5.44 | 4.9 | 65 | 4.94 | 9.6 |
| 70 | 68 | 5.36 | 6.9 | 65 | 5.21 | 4.6 | 69 | 5.27 | 5.9 | 71 | 5.46 | 5.2 | 67 | 4.96 | 8.8 |
| 71 | 65 | 5.24 | 4.2 | 69 | 5.33 | 4.7 | 71 | 5.32 | 4.0 | 72 | 5.47 | 3.3 | 70 | 5.20 | 7.4 |
| 72 | 75 | 5.92 | 3.5 | 75 | 5.72 | 2.8 | 70 | 5.29 | 6.1 | 66 | 5.19 | 5.8 | 71 | 5.39 | 7.3 |
| 73 | 72 | 5.63 | 8.1 | 74 | 5.50 | 4.6 | 73 | 5.50 | 8.2 | 74 | 5.65 | 5.6 | 73 | 5.52 | 7.2 |
| 74 | 74 | 5.83 | 3.5 | 70 | 5.35 | 5.6 | 74 | 5.61 | 4.0 | 73 | 5.64 | 3.6 | 74 | 5.60 | 5.9 |
| 75 | 73 | 5.76 | 3.9 | 68 | 5.29 | 7.5 | 75 | 5.93 | 2.6 | 75 | 6.07 | 2.0 | 75 | 5.91 | 4.1 |



The problem “Zoning/Land Use Regulations” is unique in that a 24-point difference in rank appears between businesses with no employees and those with employees. It ranks 36th for those with no employees and ranges from 58th to 63rd for those with employees. A likely cause is that many non-employers are home-based. Local zoning ordinances often restrict or even prohibit business activity in residential areas and is therefore a larger problem for this group. Also, firms that rent their facilities are less likely to have issues in this area.

“Real Estate Values” follow a similar pattern as this problem ranks 27th for owners with no employees and 57th for those with 100 or more. The ranking for those categories in-between ranges from 40th to 53rd. There are a number of potential explanations for the drop in importance with larger businesses. It might be the case that more smaller-business owners use their home as collateral to access credit. Accessing credit is more difficult for owners in depressed housing markets. Larger businesses likely own more assets to use as collateral for borrowing purposes. Another possible factor might be the type of industries most affected by real estate values are typically those with fewer employees. These industries include construction and real estate agents.

The severity of employment issues is also associated with firm size. Larger businesses find employment problems much more burdensome than smaller ones, and both find them far more burdensome than non-employer firms. The problem with the most dramatic rank difference by firm size is “Workers’ Compensation.” Owners with no employees rank this problem 55th and those with 1-4 employees rank it 21st. It is the eighth most burdensome problem for owners with 20-49 employees and the 12th for employers with more than 100 employees. Owners with no employees may have found some of these employer based issues a problem in anticipating their ability to hire an employee or experienced issues having previously been an employer.

“Unemployment Compensation” follows a similar pattern. Owners with no employees rank it 64th, 30th for those with 1-4 employees and 18th for those with 100 or more employees. The problem is most burdensome for owners with 10-19 employees, ranking 14th. Owners with no employees find “Employee Turnover” the least severe problem of the 75 listed. This problem is also of little concern for the smallest employers as those with 1-4 employees rank it 64th and 54th for those with 5-9 employees. Businesses with more than 10 or more employees find it more difficult. Owners with 10-19 employees rank it 47th and it gradually increases in severity to 23rd position for owners with 100 or more employees. “Health/Safety Regulations” are also more burdensome for larger businesses than smaller ones. The smallest businesses are often exempt from many federal and state health and safety regulations depending on the industry. For instance, most small businesses with less than 10 employees are exempt from workplace injury and illness record-keeping requirements. The same theme is true for “Cost of Government Regulations.” The smallest businesses are often exempt or face weaker standards, and the regulatory burden generally increases with the number of employees.

Many of the problems at the top of the list vary little by firm size including “Cost of Health Insurance,” “Uncertainty over Economic Conditions,” “Uncertainty over Government Actions” and “Federal Taxes on Business Income.” These problems generally affect all businesses more or less equally regardless of size.



TABLE 7
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | | 1-4 Employees n = 936 | | | 5-9 Employees n = 612 | | | 10-19 Employees n = 437 | | | 20-49 Employees n = 331 | | | 50-99 Employees n = 93 | | | 100 or more n = 62 | | | |
|----|---|------|----------------------|--------------------------|------|----------------------|--------------------------|------|----------------------|----------------------------|------|----------------------|----------------------------|------|----------------------|---------------------------|------|----------------------|-----------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 1 | Cost of Health Insurance | 1 | 2.96 | 44.2 | 1 | 2.40 | 49.2 | 1 | 2.16 | 56.6 | 1 | 2.04 | 55.2 | 1 | 1.95 | 55.0 | 1 | 1.62 | 60.9 | 1 | 2.02 | 50.8 |
| 2 | Unreasonable Government Regulations | 3 | 3.20 | 31.6 | 2 | 2.79 | 33.4 | 2 | 2.78 | 33.3 | 2 | 2.63 | 33.9 | 2 | 2.52 | 32.4 | 2 | 2.44 | 38.7 | 3 | 2.60 | 33.9 |
| 3 | Federal Taxes on Business Income | 6 | 3.45 | 23.1 | 4 | 2.86 | 30.3 | 3 | 2.84 | 29.2 | 3 | 2.76 | 31.0 | 5 | 2.86 | 29.8 | 5 | 2.83 | 31.2 | 5 | 2.85 | 25.8 |
| 4 | Uncertainty over Economic Conditions | 2 | 3.01 | 27.5 | 5 | 2.90 | 27.2 | 4 | 2.88 | 28.0 | 6 | 2.94 | 23.3 | 7 | 2.92 | 21.0 | 8 | 2.95 | 18.3 | 7 | 3.02 | 14.8 |
| 5 | Tax Complexity | 4 | 3.21 | 26.9 | 3 | 2.84 | 29.9 | 5 | 2.92 | 27.4 | 5 | 2.91 | 25.6 | 6 | 2.86 | 22.2 | 7 | 2.90 | 26.1 | 6 | 2.95 | 27.4 |
| 6 | Uncertainty over Government Actions | 5 | 3.26 | 28.0 | 6 | 3.04 | 25.5 | 7 | 3.09 | 28.1 | 7 | 2.99 | 25.1 | 4 | 2.83 | 27.1 | 6 | 2.87 | 19.6 | 8 | 3.07 | 24.6 |
| 7 | Frequent Changes in Federal Tax Laws and Rules | 8 | 3.50 | 20.5 | 7 | 3.21 | 23.3 | 10 | 3.31 | 19.7 | 12 | 3.31 | 19.5 | 11 | 3.18 | 17.5 | 10 | 3.19 | 16.1 | 13 | 3.34 | 16.1 |
| 8 | Property Taxes (real, inventory or personal property) | 7 | 3.50 | 24.8 | 8 | 3.22 | 24.9 | 8 | 3.25 | 25.0 | 11 | 3.29 | 18.9 | 14 | 3.29 | 17.6 | 15 | 3.35 | 12.9 | 17 | 3.45 | 22.6 |
| 9 | State Taxes on Business Income | 11 | 3.81 | 18.3 | 9 | 3.27 | 23.7 | 11 | 3.31 | 24.9 | 10 | 3.24 | 21.3 | 12 | 3.20 | 21.2 | 11 | 3.23 | 23.1 | 21 | 3.58 | 20.3 |
| 10 | Locating Qualified Employees | 56 | 5.30 | 8.4 | 16 | 3.65 | 21.8 | 6 | 3.05 | 27.6 | 4 | 2.85 | 29.6 | 3 | 2.80 | 29.6 | 3 | 2.51 | 32.3 | 2 | 2.45 | 32.3 |
| 11 | State/Local Paperwork | 18 | 4.09 | 14.4 | 10 | 3.41 | 17.3 | 13 | 3.43 | 16.5 | 13 | 3.36 | 16.2 | 13 | 3.20 | 16.3 | 14 | 3.33 | 8.7 | 10 | 3.22 | 23.7 |
| 12 | Federal Paperwork | 21 | 4.19 | 13.9 | 12 | 3.50 | 17.5 | 14 | 3.47 | 18.2 | 15 | 3.43 | 17.7 | 10 | 3.13 | 19.0 | 12 | 3.31 | 16.1 | 9 | 3.10 | 21.3 |
| 13 | Workers' Compensation | 55 | 5.28 | 6.2 | 21 | 3.73 | 18.3 | 9 | 3.26 | 21.0 | 9 | 3.10 | 23.0 | 8 | 2.95 | 26.1 | 9 | 2.95 | 23.7 | 12 | 3.29 | 27.4 |
| 14 | Finding and Keeping Skilled Employees | 61 | 5.39 | 7.5 | 24 | 3.82 | 18.0 | 12 | 3.36 | 25.7 | 8 | 3.00 | 25.3 | 9 | 3.02 | 26.1 | 4 | 2.68 | 26.1 | 4 | 2.72 | 34.4 |





TABLE 7 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | | 1-4 Employees n = 936 | | | 5-9 Employees n = 612 | | | 10-19 Employees n = 437 | | | 20-49 Employees n = 331 | | | 50-99 Employees n = 93 | | | 100 or more n = 62 | | |
|----|-----------------|------|----------------------|--------------------------|------|----------------------|--------------------------|------|----------------------|----------------------------|------|----------------------|----------------------------|------|----------------------|---------------------------|------|----------------------|-----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 15 | 10 | 3.68 | 16.1 | 13 | 3.61 | 14.3 | 16 | 3.55 | 14.8 | 27 | 3.80 | 9.0 | 26 | 3.84 | 7.1 | 29 | 3.86 | 6.5 | 37 | 4.07 | 11.5 |
| 16 | 9 | 3.63 | 20.2 | 11 | 3.42 | 20.1 | 19 | 3.66 | 16.7 | 29 | 3.87 | 13.0 | 31 | 3.92 | 13.0 | 33 | 4.03 | 10.8 | 50 | 4.49 | 9.8 |
| 17 | 23 | 4.22 | 11.7 | 15 | 3.65 | 17.6 | 22 | 3.70 | 17.9 | 16 | 3.59 | 15.4 | 20 | 3.58 | 14.2 | 25 | 3.72 | 9.7 | 16 | 3.43 | 19.7 |
| 18 | 20 | 4.14 | 10.8 | 14 | 3.62 | 12.7 | 17 | 3.62 | 13.3 | 17 | 3.62 | 8.3 | 23 | 3.69 | 8.2 | 34 | 4.06 | 2.2 | 30 | 3.95 | 5.0 |
| 19 | 13 | 3.87 | 14.6 | 20 | 3.72 | 12.6 | 23 | 3.76 | 11.5 | 21 | 3.68 | 10.7 | 25 | 3.77 | 7.7 | 31 | 3.91 | 2.2 | 40 | 4.12 | 6.8 |
| 20 | 22 | 4.20 | 10.9 | 19 | 3.70 | 16.8 | 18 | 3.64 | 17.6 | 25 | 3.73 | 14.0 | 30 | 3.91 | 12.1 | 30 | 3.88 | 8.6 | 31 | 3.98 | 11.3 |
| 21 | 25 | 4.32 | 13.9 | 17 | 3.67 | 14.6 | 21 | 3.67 | 14.8 | 20 | 3.68 | 11.2 | 29 | 3.91 | 9.7 | 27 | 3.80 | 4.4 | 38 | 4.08 | 3.3 |
| 22 | 15 | 3.92 | 15.4 | 18 | 3.69 | 14.9 | 20 | 3.66 | 12.9 | 32 | 3.94 | 9.3 | 32 | 3.94 | 7.7 | 36 | 4.12 | 4.3 | 24 | 3.79 | 13.1 |
| 23 | 24 | 4.26 | 9.8 | 26 | 3.91 | 12.1 | 25 | 3.85 | 13.0 | 22 | 3.68 | 12.4 | 19 | 3.56 | 14.7 | 21 | 3.61 | 7.5 | 20 | 3.54 | 13.1 |
| 24 | 19 | 4.13 | 12.7 | 22 | 3.74 | 12.8 | 26 | 3.87 | 12.0 | 31 | 3.91 | 9.5 | 35 | 3.99 | 7.3 | 39 | 4.23 | 5.4 | 28 | 3.85 | 11.7 |
| 25 | 12 | 3.81 | 14.6 | 23 | 3.75 | 14.5 | 24 | 3.83 | 16.3 | 35 | 4.01 | 12.2 | 41 | 4.20 | 10.7 | 35 | 4.09 | 7.5 | 39 | 4.08 | 15.0 |
| 26 | 64 | 5.46 | 6.6 | 30 | 4.07 | 13.0 | 15 | 3.52 | 17.0 | 14 | 3.38 | 14.6 | 16 | 3.44 | 13.6 | 19 | 3.53 | 10.8 | 18 | 3.46 | 23.0 |
| 27 | 14 | 3.92 | 22.3 | 28 | 4.03 | 19.1 | 39 | 4.04 | 15.4 | 28 | 3.81 | 15.5 | 24 | 3.73 | 16.2 | 23 | 3.70 | 10.8 | 34 | 4.02 | 14.8 |
| 28 | 37 | 4.59 | 10.7 | 36 | 4.17 | 12.8 | 34 | 3.97 | 13.8 | 18 | 3.64 | 14.8 | 15 | 3.31 | 17.1 | 16 | 3.36 | 13.2 | 11 | 3.27 | 21.0 |
| 29 | 41 | 4.67 | 12.0 | 37 | 4.17 | 14.1 | 27 | 3.90 | 16.1 | 19 | 3.65 | 15.5 | 22 | 3.67 | 13.4 | 17 | 3.41 | 12.9 | 25 | 3.82 | 12.9 |

TABLE 7 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | | 1-4 Employees n = 936 | | | 5-9 Employees n = 612 | | | 10-19 Employees n = 437 | | | 20-49 Employees n = 331 | | | 50-99 Employees n = 93 | | | 100 or more n = 62 | | |
|----|-----------------|------|----------------------|--------------------------|------|----------------------|--------------------------|------|----------------------|----------------------------|------|----------------------|----------------------------|------|----------------------|---------------------------|------|----------------------|-----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 30 | 34 | 4.53 | 11.4 | 41 | 4.23 | 13.4 | 40 | 4.06 | 13.5 | 23 | 3.69 | 15.8 | 17 | 3.44 | 15.5 | 20 | 3.57 | 14.0 | 19 | 3.53 | 16.1 |
| 31 | 29 | 4.44 | 12.3 | 27 | 3.97 | 16.0 | 32 | 3.96 | 13.7 | 33 | 3.95 | 12.4 | 39 | 4.14 | 10.3 | 44 | 4.32 | 7.5 | 41 | 4.13 | 13.3 |
| 32 | 32 | 4.50 | 8.1 | 32 | 4.08 | 9.1 | 35 | 3.99 | 9.5 | 34 | 4.00 | 4.6 | 33 | 3.95 | 6.1 | 32 | 3.98 | 2.2 | 35 | 4.02 | 9.7 |
| 33 | 17 | 4.04 | 9.6 | 25 | 3.86 | 10.2 | 38 | 4.03 | 7.9 | 42 | 4.25 | 4.4 | 46 | 4.40 | 5.1 | 56 | 4.68 | 1.1 | 47 | 4.44 | 3.3 |
| 34 | 16 | 3.99 | 12.3 | 29 | 4.07 | 12.0 | 36 | 4.00 | 11.8 | 40 | 4.22 | 9.3 | 40 | 4.16 | 8.8 | 47 | 4.41 | 5.4 | 46 | 4.39 | 11.5 |
| 35 | 45 | 4.79 | 9.6 | 33 | 4.08 | 12.6 | 31 | 3.95 | 13.0 | 38 | 4.04 | 9.7 | 28 | 3.87 | 9.7 | 42 | 4.29 | 6.5 | 33 | 3.98 | 9.8 |
| 36 | 49 | 4.99 | 7.4 | 39 | 4.22 | 12.3 | 42 | 4.10 | 15.0 | 30 | 3.89 | 16.0 | 27 | 3.85 | 17.9 | 28 | 3.82 | 12.9 | 22 | 3.58 | 29.0 |
| 37 | 50 | 5.01 | 5.2 | 35 | 4.14 | 10.4 | 33 | 3.97 | 12.3 | 36 | 4.01 | 11.5 | 34 | 3.95 | 11.7 | 40 | 4.24 | 7.5 | 45 | 4.39 | 9.7 |
| 38 | 43 | 4.74 | 12.8 | 43 | 4.24 | 16.4 | 28 | 3.91 | 14.7 | 37 | 4.02 | 13.4 | 43 | 4.27 | 12.4 | 43 | 4.29 | 9.7 | 53 | 4.66 | 14.8 |
| 39 | 30 | 4.45 | 11.7 | 44 | 4.28 | 11.0 | 43 | 4.10 | 11.4 | 43 | 4.28 | 7.7 | 37 | 4.00 | 11.3 | 50 | 4.52 | 3.3 | 26 | 3.83 | 18.6 |
| 40 | 70 | 5.79 | 3.9 | 53 | 4.65 | 6.3 | 30 | 3.94 | 9.7 | 24 | 3.72 | 11.1 | 18 | 3.45 | 11.8 | 13 | 3.32 | 10.9 | 14 | 3.36 | 13.1 |
| 41 | 38 | 4.62 | 4.5 | 34 | 4.12 | 7.6 | 44 | 4.15 | 5.6 | 41 | 4.24 | 4.1 | 47 | 4.41 | 3.3 | 41 | 4.25 | 3.3 | 52 | 4.66 | 5.1 |





TABLE 7 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | | 1-4 Employees n = 936 | | | 5-9 Employees n = 612 | | | 10-19 Employees n = 437 | | | 20-49 Employees n = 331 | | | 50-99 Employees n = 93 | | | 100 or more n = 62 | | |
|----|-----------------|------|----------------------|--------------------------|------|----------------------|--------------------------|------|----------------------|----------------------------|------|----------------------|----------------------------|------|----------------------|---------------------------|------|----------------------|-----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 42 | 72 | 5.95 | 2.0 | 48 | 4.49 | 6.9 | 29 | 3.92 | 10.0 | 26 | 3.79 | 8.1 | 21 | 3.63 | 9.7 | 18 | 3.51 | 6.5 | 15 | 3.43 | 15.0 |
| 43 | 39 | 4.63 | 6.2 | 42 | 4.24 | 9.8 | 37 | 4.01 | 10.0 | 46 | 4.33 | 5.6 | 48 | 4.42 | 5.7 | 46 | 4.40 | 3.2 | 49 | 4.48 | 4.8 |
| 44 | 31 | 4.50 | 11.7 | 45 | 4.30 | 10.3 | 45 | 4.16 | 8.6 | 44 | 4.30 | 3.9 | 42 | 4.24 | 4.9 | 37 | 4.19 | 3.2 | 32 | 3.98 | 9.8 |
| 45 | 28 | 4.42 | 12.0 | 31 | 4.08 | 12.4 | 46 | 4.20 | 12.9 | 51 | 4.42 | 8.6 | 52 | 4.52 | 7.6 | 55 | 4.60 | 9.8 | 59 | 4.86 | 5.1 |
| 46 | 47 | 4.86 | 9.2 | 38 | 4.17 | 11.0 | 41 | 4.07 | 8.2 | 39 | 4.18 | 6.5 | 51 | 4.48 | 3.6 | 59 | 4.70 | 0.0 | 58 | 4.80 | 6.6 |
| 47 | 27 | 4.36 | 14.6 | 40 | 4.23 | 11.5 | 47 | 4.35 | 10.0 | 48 | 4.35 | 8.2 | 53 | 4.55 | 5.8 | 53 | 4.55 | 2.2 | 57 | 4.73 | 1.7 |
| 48 | 35 | 4.55 | 9.6 | 46 | 4.33 | 9.7 | 48 | 4.36 | 8.1 | 53 | 4.46 | 5.3 | 45 | 4.38 | 5.2 | 45 | 4.32 | 0.0 | 48 | 4.48 | 6.5 |
| 49 | 26 | 4.32 | 21.2 | 47 | 4.44 | 17.6 | 55 | 4.64 | 16.8 | 45 | 4.31 | 16.7 | 44 | 4.34 | 15.2 | 24 | 3.71 | 23.7 | 29 | 3.87 | 21.0 |
| 50 | 40 | 4.63 | 10.1 | 49 | 4.56 | 8.7 | 53 | 4.58 | 8.7 | 55 | 4.47 | 6.3 | 49 | 4.42 | 6.7 | 38 | 4.21 | 6.5 | 55 | 4.70 | 3.3 |
| 51 | 44 | 4.77 | 9.6 | 50 | 4.56 | 9.1 | 51 | 4.53 | 9.1 | 56 | 4.50 | 7.4 | 55 | 4.61 | 7.0 | 54 | 4.57 | 4.3 | 56 | 4.70 | 6.7 |
| 52 | 33 | 4.52 | 10.4 | 51 | 4.60 | 10.2 | 57 | 4.66 | 8.6 | 57 | 4.74 | 7.2 | 56 | 4.61 | 7.3 | 48 | 4.42 | 9.7 | 43 | 4.34 | 11.3 |
| 53 | 51 | 5.04 | 4.2 | 55 | 4.71 | 4.7 | 52 | 4.55 | 4.4 | 54 | 4.46 | 3.5 | 50 | 4.47 | 3.4 | 51 | 4.52 | 0.0 | 54 | 4.66 | 3.2 |
| 54 | 59 | 5.32 | 3.6 | 56 | 4.75 | 9.0 | 49 | 4.43 | 8.9 | 50 | 4.40 | 6.9 | 57 | 4.63 | 5.8 | 49 | 4.43 | 5.4 | 44 | 4.36 | 12.1 |
| 55 | 62 | 5.39 | 3.0 | 58 | 4.76 | 3.9 | 50 | 4.52 | 5.3 | 52 | 4.44 | 3.7 | 54 | 4.59 | 3.0 | 52 | 4.52 | 4.3 | 51 | 4.64 | 3.4 |

TABLE 7 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | | 1-4 Employees n = 936 | | | 5-9 Employees n = 612 | | | 10-19 Employees n = 437 | | | 20-49 Employees n = 331 | | | 50-99 Employees n = 93 | | | 100 or more n = 62 | | | |
|----|-----------------|------|----------------------|--------------------------|------|----------------------|--------------------------|------|----------------------|----------------------------|------|----------------------|----------------------------|------|----------------------|---------------------------|------|----------------------|-----------------------|------|----------------------|--|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 56 | 42 | 4.67 | 8.7 | 52 | 4.62 | 7.2 | 59 | 4.75 | 7.2 | 61 | 4.85 | 4.6 | 61 | 4.91 | 4.3 | 66 | 5.28 | 4.3 | 62 | 5.03 | 3.2 | |
| 57 | 36 | 4.55 | 12.4 | 59 | 4.77 | 8.1 | 58 | 4.74 | 8.9 | 63 | 4.88 | 5.6 | 59 | 4.82 | 6.1 | 58 | 4.69 | 5.4 | 60 | 4.90 | 8.2 | |
| 58 | 73 | 6.00 | 3.5 | 65 | 5.10 | 5.9 | 56 | 4.64 | 10.3 | 49 | 4.35 | 11.1 | 38 | 4.06 | 13.1 | 22 | 3.65 | 17.2 | 27 | 3.85 | 19.4 | |
| 59 | 75 | 6.36 | 1.7 | 64 | 5.05 | 6.9 | 54 | 4.59 | 9.7 | 47 | 4.33 | 9.9 | 36 | 3.99 | 11.4 | 26 | 3.74 | 14.3 | 23 | 3.73 | 17.7 | |
| 60 | 52 | 5.06 | 7.4 | 61 | 4.86 | 8.3 | 60 | 4.75 | 8.3 | 64 | 4.91 | 4.3 | 58 | 4.74 | 4.2 | 57 | 4.68 | 3.2 | 42 | 4.20 | 9.8 | |
| 61 | 48 | 4.93 | 7.2 | 54 | 4.68 | 9.2 | 64 | 4.81 | 6.3 | 60 | 4.82 | 5.1 | 63 | 4.96 | 5.5 | 70 | 5.53 | 1.1 | 65 | 5.28 | 6.7 | |
| 62 | 54 | 5.15 | 6.5 | 60 | 4.84 | 6.2 | 63 | 4.80 | 6.1 | 59 | 4.80 | 5.1 | 62 | 4.95 | 5.2 | 62 | 5.01 | 4.4 | 64 | 5.13 | 4.9 | |
| 63 | 57 | 5.31 | 7.4 | 57 | 4.76 | 11.7 | 62 | 4.79 | 9.7 | 62 | 4.85 | 6.9 | 68 | 5.26 | 4.8 | 68 | 5.43 | 5.4 | 73 | 5.63 | 3.3 | |
| 64 | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 58 | 5.31 | 5.9 | 62 | 5.00 | 4.7 | 61 | 4.77 | 6.3 | 58 | 4.80 | 4.0 | 64 | 4.98 | 2.5 | 60 | 4.74 | 2.2 | 63 | 5.08 | 3.3 | |
| 66 | 46 | 4.81 | 13.9 | 63 | 5.03 | 9.3 | 69 | 5.25 | 7.3 | 68 | 5.17 | 6.3 | 70 | 5.36 | 5.2 | 72 | 5.54 | 4.3 | 72 | 5.51 | 3.4 | |
| 66 | 53 | 5.09 | 10.8 | 66 | 5.14 | 9.3 | 66 | 5.15 | 9.9 | 66 | 5.13 | 8.5 | 66 | 5.13 | 5.2 | 67 | 5.37 | 7.5 | 68 | 5.32 | 6.5 | |
| 67 | 69 | 5.78 | 1.6 | 70 | 5.25 | 4.6 | 65 | 4.98 | 5.1 | 65 | 4.97 | 3.2 | 65 | 5.03 | 3.6 | 64 | 5.12 | 4.3 | 67 | 5.31 | 3.2 | |





TABLE 7 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF EMPLOYEES

| | None n = 313 | | 1-4 Employees n = 936 | | 5-9 Employees n = 612 | | 10-19 Employees n = 437 | | 20-49 Employees n = 331 | | 50-99 Employees n = 93 | | 100 or more n = 62 | |
|----|-----------------|------------------------------|--------------------------|------------------------------|--------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|---------------------------|------------------------------|-----------------------|------------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 68 | 66 | 5.56 | 71 | 5.34 | 71 | 5.30 | 71 | 5.30 | 60 | 4.90 | 61 | 4.80 | 36 | 4.05 |
| | | | | 6.0 | | 7.6 | | 3.2 | | 5.5 | | 7.5 | | 18.0 |
| 69 | 63 | 5.41 | 68 | 5.19 | 70 | 5.25 | 70 | 5.27 | 69 | 5.34 | 73 | 5.70 | 70 | 5.40 |
| | | | | 6.9 | | 6.6 | | 4.4 | | 5.5 | | 3.3 | | 5.0 |
| 70 | 65 | 5.49 | 67 | 5.16 | 68 | 5.24 | 69 | 5.20 | 71 | 5.42 | 74 | 5.83 | 71 | 5.48 |
| | | | | 6.8 | | 7.1 | | 6.0 | | 4.3 | | 2.2 | | 6.7 |
| 71 | 60 | 5.36 | 69 | 5.23 | 67 | 5.22 | 72 | 5.36 | 74 | 5.57 | 69 | 5.48 | 74 | 5.64 |
| | | | | 4.7 | | 6.0 | | 2.8 | | 2.7 | | 2.2 | | 3.4 |
| 72 | 74 | 6.20 | 72 | 5.56 | 72 | 5.33 | 67 | 5.16 | 67 | 5.16 | 63 | 5.02 | 61 | 4.95 |
| | | | | 5.3 | | 6.0 | | 5.4 | | 6.4 | | 8.7 | | 8.2 |
| 73 | 67 | 5.62 | 73 | 5.62 | 73 | 5.57 | 73 | 5.49 | 73 | 5.53 | 71 | 5.53 | 69 | 5.37 |
| | | | | 7.8 | | 7.1 | | 7.0 | | 6.1 | | 3.2 | | 6.5 |
| 74 | 68 | 5.75 | 74 | 5.73 | 74 | 5.75 | 74 | 5.63 | 72 | 5.52 | 65 | 5.17 | 66 | 5.30 |
| | | | | 4.2 | | 4.8 | | 2.1 | | 3.4 | | 7.5 | | 1.6 |
| 75 | 71 | 5.83 | 75 | 5.78 | 75 | 6.01 | 75 | 5.93 | 75 | 5.96 | 75 | 5.88 | 75 | 6.00 |
| | | | | 4.9 | | 2.9 | | 1.2 | | 3.0 | | 1.1 | | 0.0 |

INDUSTRY

Industry is also one of the most popular classifications to use in analyzing small business (Table 8). Each industry experiences its own set of problems based on its unique industry characteristics especially those related to labor, land use, and markets.

Economic conditions can magnify these differences. This is especially true in light of the sub-par economic expansion. While no industries emerged unscathed from the financial crash in 2008, some industries are recovering better than others. Businesses tied to the housing industry felt the strongest economic shocks but their position has improved significantly from 2008. However, the wholesale trade and retail sectors still struggle relative to other industries. The ranking of “Poor Sales” vary from 24th in retail and 26th in wholesale to 54th in construction. The ranking of “Poor Earnings” varies from 14th in wholesale to 34th in the FIRE industries.

Employee issues also yield industry differences in problem severity. These differences are generally related to labor intensity and the level of skills required for the majority of positions within the business. For example, the ranking of “Finding and Keeping Skilled Employees” ranges from 41st in agriculture to eighth in construction. Housing starts have picked up in the last four years but many of the skilled construction workers moved on to other employment after the housing crisis. “Locating Qualified Employees” follows a similar pattern ranging from 39th in agriculture to fifth in construction.

AGRICULTURE, FORESTRY AND FISHING

Owners of agriculture-related businesses rank many of the 75 listed problems very differently than the overall population. Most of the variance in problem ranking between these businesses and the rest of the population is structural in nature.

The structural differences between agriculture-related businesses and most others are their use of land and capital intensive equipment. This group also differs in that its products are more dependent on international markets than most businesses in other industries with the exception of manufacturing. The variation in ranking for these structural-related problems remains fairly consistent throughout previous editions.

The problem with the largest variation from the overall population is the “Estate Tax.” It ranks 49th overall and 15th for the industry. The ranking fell six positions from ninth in 2012 to 15th with 33 percent of owners claiming it’s a critical problem, down from 37 percent in 2012. Much of the difference is due to large capital investments in land and equipment. The value of these assets often exceed the exemption limit of the tax law, forcing owners to spend time and money in estate planning to help prepare for the transfer of assets.

“Traffic, Highways, Roads, Bridges” follows with a 25 point ranking difference between the industry and overall population. Agriculture-related businesses rank this problem 27th compared to 52nd overall. Transporting their products within the United States is an important and often difficult component to their business. Road expansion in many parts of the United States has not kept up with increased traffic causing major congestion especially on the east and west coasts.

Regulations create a fair amount of consternation for small-business owners in general. But owners in this industry find “Environmental Regulations” particularly burdensome compared to the overall population. Agriculture-related industries rank this problem third, two positions higher than its 5th position in 2012. Forty (40) percent of owners in this industry find it a critical problem compared to 18 percent in the overall population. “Zoning/ Land Use Regulations” also rank more difficult than the overall population, ranking 28th for the industry and 57th overall.

The agriculture industry is heavily influenced by international markets and trade. The two related problems in the list “Competition from Imported Products” and “Exporting My Products/Services” are more difficult for this industry than the overall population. “Competition from Imported Products” ranks 65th overall, but 33rd for the industry. It is a critical problem for 17 percent. “Exporting My Products/Services” ranks last for the overall population but 57th for the industry.





TABLE 8, PART A
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Arg., Forestry, Fish n = 445 | | | Construction n = 453 | | | Manufacturing n = 319 | | | Wholesale n = 119 | | | Retail n = 487 | | |
|----|---|------|----------------------|-------------------------|------|----------------------|--------------------------|------|----------------------|----------------------|------|----------------------|-------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 | Cost of Health Insurance | 2.33 | 48.5 | 1 | 2.02 | 58.7 | 1 | 1.99 | 56.6 | 1 | 2.08 | 53.4 | 1 | 2.54 | 47.1 |
| 2 | Unreasonable Government Regulations | 2.34 | 43.1 | 2 | 2.67 | 33.3 | 3 | 2.74 | 32.2 | 4 | 2.80 | 30.5 | 3 | 2.98 | 29.8 |
| 3 | Federal Taxes on Business Income | 2.89 | 26.7 | 4 | 2.85 | 33.5 | 2 | 2.69 | 35.0 | 2 | 2.71 | 26.5 | 6 | 3.05 | 23.7 |
| 4 | Uncertainty over Economic Conditions | 2.73 | 26.9 | 6 | 2.89 | 26.0 | 4 | 2.74 | 29.6 | 5 | 2.81 | 27.1 | 2 | 2.83 | 28.5 |
| 5 | Tax Complexity | 2.76 | 29.9 | 3 | 2.83 | 25.1 | 5 | 2.75 | 28.7 | 3 | 2.74 | 29.4 | 4 | 3.03 | 26.9 |
| 6 | Uncertainty over Government Actions | 2.70 | 32.1 | 9 | 3.12 | 23.4 | 6 | 2.89 | 28.1 | 10 | 3.33 | 21.4 | 7 | 3.19 | 27.0 |
| 7 | Frequent Changes in Federal Tax Laws and Rules | 2.99 | 23.6 | 13 | 3.31 | 20.1 | 10 | 3.16 | 20.9 | 11 | 3.36 | 18.5 | 10 | 3.40 | 20.5 |
| 8 | Property Taxes (real, inventory or personal property) | 2.61 | 32.9 | 12 | 3.31 | 22.4 | 11 | 3.18 | 23.6 | 9 | 3.25 | 22.0 | 9 | 3.31 | 21.3 |
| 9 | State Taxes on Business Income | 3.35 | 21.7 | 10 | 3.23 | 23.8 | 9 | 3.07 | 30.9 | 6 | 3.10 | 21.6 | 8 | 3.28 | 20.9 |
| 10 | Locating Qualified Employees | 4.16 | 14.8 | 5 | 2.86 | 32.2 | 7 | 2.98 | 28.2 | 20 | 3.70 | 17.6 | 20 | 3.63 | 19.5 |
| 11 | State/Local Paperwork | 3.33 | 19.4 | 11 | 3.30 | 17.6 | 14 | 3.33 | 15.2 | 7 | 3.20 | 21.7 | 14 | 3.53 | 15.2 |
| 12 | Federal Paperwork | 3.36 | 18.0 | 17 | 3.55 | 15.7 | 12 | 3.29 | 19.0 | 8 | 3.24 | 19.3 | 17 | 3.57 | 17.5 |
| 13 | Workers' Compensation | 4.20 | 13.0 | 7 | 3.02 | 26.7 | 8 | 3.05 | 26.4 | 18 | 3.54 | 21.4 | 12 | 3.46 | 20.8 |
| 14 | Finding and Keeping Skilled Employees | 4.19 | 16.7 | 8 | 3.08 | 27.5 | 13 | 3.30 | 23.6 | 35 | 4.03 | 12.6 | 27 | 3.82 | 17.4 |
| 15 | Cost of Supplies/Inventories | 3.04 | 20.3 | 10 | 3.81 | 10.4 | 19 | 3.54 | 12.1 | 17 | 3.53 | 9.4 | 16 | 3.55 | 14.5 |
| 16 | Poor Earnings (Profits) | 3.13 | 22.5 | 11 | 3.86 | 14.9 | 25 | 3.69 | 17.6 | 14 | 3.48 | 15.1 | 15 | 3.54 | 19.8 |
| 17 | Dealing with IRS/State Tax Agencies | 3.79 | 14.1 | 19 | 3.69 | 15.4 | 18 | 3.54 | 16.9 | 13 | 3.47 | 16.9 | 23 | 3.78 | 16.3 |
| 18 | Projecting Future Sales Changes | 3.56 | 14.6 | 21 | 3.80 | 8.4 | 15 | 3.37 | 13.8 | 15 | 3.50 | 6.7 | 18 | 3.59 | 11.6 |
| 19 | Electricity Costs (rates) | 3.48 | 13.8 | 19 | 4.12 | 6.4 | 16 | 3.42 | 13.4 | 32 | 3.90 | 11.9 | 19 | 3.60 | 14.4 |
| 20 | Cost and Availability of Liability Insurance | 3.94 | 11.5 | 32 | 3.53 | 19.6 | 16 | 3.67 | 17.2 | 23 | 3.58 | 18.5 | 28 | 3.83 | 11.7 |

TABLE 8. PART B
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Transportation/Warehousing n = 88 | | | Finance, Insur., Real Estate, Rental n = 182 | | | Prof.Sci., Tech., Ed., Svcs., Health, Soc. Assist. n =266 | | | Admin. Suppt. Svcs., Arts Entert, Rec., Accom., Food Svcs., Other Svcs. n = 433 | | |
|---|--------------------------------------|------|-------------------------|--|------|-------------------------|---|------|-------------------------|--|------|-------------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 Cost of Health Insurance | 1 | 2.18 | 56.8 | 1 | 2.43 | 47.8 | 1 | 2.20 | 53.6 | 1 | 2.40 | 51.2 |
| 2 Unreasonable Government Regulations | 2 | 2.53 | 32.6 | 2 | 2.65 | 36.0 | 3 | 2.92 | 34.5 | 3 | 3.08 | 27.0 |
| 3 Federal Taxes on Business Income | 5 | 3.05 | 22.1 | 4 | 2.90 | 33.5 | 5 | 3.02 | 32.1 | 2 | 2.94 | 28.5 |
| 4 Uncertainty over Economic Conditions | 3 | 2.81 | 20.5 | 6 | 3.17 | 20.0 | 6 | 3.07 | 22.6 | 5 | 3.24 | 22.4 |
| 5 Tax Complexity | 6 | 3.13 | 22.7 | 5 | 3.03 | 28.8 | 4 | 2.94 | 27.8 | 4 | 3.13 | 25.1 |
| 6 Uncertainty over Government Actions | 4 | 2.89 | 19.3 | 3 | 2.88 | 26.7 | 2 | 2.91 | 30.3 | 8 | 3.36 | 21.7 |
| 7 Frequent Changes in Federal Tax Laws and Rules | 11 | 3.30 | 15.9 | 7 | 3.24 | 21.1 | 8 | 3.29 | 23.6 | 10 | 3.46 | 17.6 |
| 8 Property Taxes (real, inventory or personal property) | 17 | 3.60 | 19.3 | 13 | 3.71 | 18.3 | 14 | 3.68 | 18.5 | 14 | 3.54 | 18.2 |
| 9 State Taxes on Business Income | 14 | 3.44 | 18.2 | 16 | 3.81 | 20.4 | 13 | 3.65 | 18.9 | 6 | 3.28 | 23.4 |
| 10 Locating Qualified Employees | 7 | 3.14 | 26.1 | 10 | 3.64 | 20.9 | 7 | 3.22 | 27.1 | 7 | 3.31 | 29.8 |
| 11 State/Local Paperwork | 13 | 3.39 | 17.0 | 11 | 3.70 | 13.4 | 12 | 3.52 | 17.0 | 17 | 3.65 | 14.9 |
| 12 Federal Paperwork | 10 | 3.28 | 21.8 | 8 | 3.42 | 18.7 | 11 | 3.46 | 21.2 | 21 | 3.83 | 14.1 |
| 13 Workers' Compensation | 8 | 3.15 | 32.2 | 46 | 4.64 | 5.5 | 23 | 3.92 | 15.2 | 9 | 3.41 | 18.4 |
| 14 Finding and Keeping Skilled Employees | 16 | 3.51 | 21.6 | 17 | 3.82 | 16.5 | 10 | 3.45 | 24.2 | 11 | 3.46 | 24.7 |
| 15 Cost of Supplies/Inventories | 36 | 4.29 | 9.3 | 55 | 4.83 | 2.2 | 29 | 4.05 | 8.8 | 15 | 3.59 | 14.5 |
| 16 Poor Earnings (Profits) | 22 | 3.88 | 12.5 | 34 | 4.31 | 8.5 | 24 | 3.95 | 15.2 | 19 | 3.77 | 14.9 |
| 17 Dealing with IRS/State Tax Agencies | 25 | 3.97 | 8.0 | 9 | 3.59 | 17.0 | 9 | 3.39 | 20.4 | 23 | 3.87 | 16.6 |
| 18 Projecting Future Sales Changes | 30 | 4.10 | 9.2 | 18 | 3.85 | 10.1 | 19 | 3.89 | 10.6 | 26 | 3.97 | 8.7 |
| 19 Electricity Costs (rates) | 32 | 4.22 | 5.7 | 26 | 4.14 | 7.4 | 40 | 4.22 | 6.2 | 13 | 3.50 | 14.6 |
| 20 Cost and Availability of Liability Insurance | 15 | 3.50 | 19.3 | 45 | 4.57 | 8.8 | 27 | 4.03 | 10.2 | 16 | 3.64 | 17.4 |





TABLE 8, PART A CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Arg., Forestry, Fish n = 445 | | | Construction n = 453 | | | Manufacturing n = 319 | | | Wholesale n = 119 | | | Retail n = 487 | | | |
|----|--|------|----------------------|-------------------------|------|----------------------|--------------------------|------|----------------------|----------------------|------|----------------------|-------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 21 | FICA (Social Security Taxes) | 25 | 3.72 | 12.4 | 20 | 3.73 | 15.1 | 21 | 3.60 | 14.6 | 21 | 3.70 | 13.6 | 29 | 3.83 | 13.4 |
| 22 | Fixed Costs Too High | 12 | 3.23 | 18.3 | 32 | 3.96 | 10.1 | 26 | 3.69 | 12.8 | 30 | 3.89 | 10.9 | 25 | 3.79 | 13.5 |
| 23 | Finding Out about Regulatory Requirements | 22 | 3.62 | 13.9 | 18 | 3.67 | 12.9 | 22 | 3.64 | 9.5 | 25 | 3.79 | 14.3 | 34 | 4.08 | 9.8 |
| 24 | Highly Variable Earnings (profits) | 18 | 3.40 | 16.3 | 30 | 3.90 | 12.6 | 27 | 3.72 | 13.1 | 22 | 3.71 | 9.3 | 32 | 3.99 | 9.8 |
| 25 | Cash Flow | 23 | 3.63 | 14.2 | 33 | 3.99 | 14.5 | 29 | 3.80 | 17.8 | 23 | 3.71 | 11.9 | 22 | 3.74 | 16.7 |
| 26 | Unemployment Compensation | 51 | 4.56 | 9.7 | 14 | 3.44 | 18.4 | 20 | 3.58 | 14.2 | 24 | 3.76 | 16.8 | 30 | 3.89 | 14.5 |
| 27 | Environmental Regulations | 3 | 2.50 | 39.7 | 21 | 3.76 | 17.3 | 28 | 3.74 | 14.2 | 37 | 4.14 | 17.1 | 49 | 4.48 | 10.2 |
| 28 | Health/Safety Regulations | 24 | 3.67 | 15.6 | 15 | 3.52 | 15.9 | 17 | 3.47 | 18.4 | 36 | 4.09 | 10.2 | 40 | 4.22 | 10.5 |
| 29 | Time Spent Shopping for Health Insurance | 38 | 4.13 | 11.6 | 26 | 3.83 | 15.5 | 24 | 3.68 | 14.6 | 16 | 3.50 | 18.8 | 41 | 4.24 | 12.2 |
| 30 | Cost of Government Required Equipment/Procedures | 26 | 3.72 | 16.6 | 22 | 3.77 | 16.2 | 31 | 3.88 | 12.7 | 31 | 3.89 | 13.4 | 43 | 4.35 | 9.4 |
| 31 | Competition from Large Businesses | 36 | 4.11 | 13.1 | 41 | 4.33 | 9.4 | 37 | 4.03 | 11.6 | 12 | 3.42 | 20.3 | 11 | 3.40 | 22.7 |
| 32 | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 40 | 4.17 | 7.1 | 35 | 4.06 | 8.2 | 32 | 3.93 | 7.5 | 28 | 3.83 | 9.2 | 33 | 4.04 | 7.8 |
| 33 | Telephone Costs and Service | 35 | 4.10 | 8.9 | 38 | 4.24 | 5.8 | 41 | 4.22 | 6.0 | 27 | 3.81 | 9.3 | 31 | 3.97 | 10.1 |
| 34 | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 20 | 3.55 | 17.2 | 34 | 4.00 | 10.6 | 38 | 4.09 | 9.8 | 53 | 4.41 | 6.8 | 36 | 4.17 | 10.5 |
| 35 | Controlling My Own Time | 47 | 4.46 | 9.3 | 36 | 4.08 | 8.5 | 33 | 3.95 | 13.5 | 50 | 4.37 | 9.3 | 35 | 4.16 | 10.6 |
| 36 | Minimum Wage/"Living" Wage | 37 | 4.12 | 12.4 | 51 | 4.53 | 9.1 | 40 | 4.13 | 15.8 | 44 | 4.26 | 11.8 | 26 | 3.81 | 16.3 |
| 37 | Locating Business Help When Needed | 48 | 4.51 | 7.8 | 23 | 3.78 | 17.6 | 36 | 4.03 | 12.6 | 43 | 4.22 | 9.2 | 38 | 4.20 | 8.3 |
| 38 | Credit Card Payment Processing Costs | 61 | 5.21 | 7.0 | 53 | 4.61 | 9.8 | 55 | 4.60 | 11.5 | 29 | 3.85 | 13.7 | 5 | 3.03 | 24.6 |
| 39 | Obtaining Licenses, Permits, etc. | 31 | 3.86 | 12.4 | 27 | 3.84 | 14.8 | 50 | 4.44 | 9.2 | 52 | 4.38 | 7.7 | 48 | 4.46 | 8.7 |

TABLE 8. PART B CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Transportation/Warehousing n = 88 | | | Finance, Insur., Real Estate, Rental n = 182 | | | Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist. n = 266 | | | Admin. Suppt. Svcs., Arts Entert., Rec., Accom., Food Svcs., Other Svcs. n = 433 | | |
|--|--------------------------------------|------|-------------------------|--|------|-------------------------|--|------|-------------------------|---|------|-------------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 21 FICA (Social Security Taxes) | 33 | 4.22 | 3.5 | 14 | 3.75 | 15.6 | 20 | 3.90 | 10.3 | 24 | 3.87 | 12.3 |
| 22 Fixed Costs Too High | 34 | 4.25 | 10.3 | 33 | 4.30 | 8.8 | 30 | 4.06 | 8.7 | 18 | 3.76 | 12.1 |
| 23 Finding Out about Regulatory Requirements | 21 | 3.74 | 13.6 | 19 | 3.89 | 12.9 | 21 | 3.91 | 17.9 | 33 | 4.11 | 10.6 |
| 24 Highly Variable Earnings (profits) | 40 | 4.38 | 4.5 | 37 | 4.38 | 7.3 | 31 | 4.07 | 10.2 | 31 | 4.04 | 9.1 |
| 25 Cash Flow | 37 | 4.31 | 10.2 | 43 | 4.53 | 5.5 | 17 | 3.84 | 14.1 | 29 | 4.03 | 12.0 |
| 26 Unemployment Compensation | 23 | 3.91 | 8.0 | 24 | 4.01 | 12.9 | 28 | 4.04 | 9.5 | 20 | 3.77 | 15.0 |
| 27 Environmental Regulations | 9 | 3.23 | 25.0 | 61 | 5.00 | 8.9 | 56 | 4.82 | 8.4 | 38 | 4.23 | 13.1 |
| 28 Health/Safety Regulations | 18 | 3.68 | 8.0 | 62 | 5.02 | 9.4 | 33 | 4.13 | 17.8 | 36 | 4.12 | 12.6 |
| 29 Time Spent Shopping for Health Insurance | 24 | 3.95 | 14.8 | 42 | 4.48 | 14.8 | 16 | 3.84 | 18.2 | 30 | 4.04 | 14.5 |
| 30 Cost of Government Required Equipment/Procedures | 20 | 3.71 | 17.2 | 38 | 4.40 | 12.2 | 22 | 3.92 | 18.1 | 39 | 4.24 | 12.7 |
| 31 Competition from Large Businesses | 42 | 4.43 | 8.0 | 31 | 4.23 | 10.5 | 25 | 4.02 | 14.0 | 45 | 4.51 | 9.5 |
| 32 Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 35 | 4.25 | 5.7 | 25 | 4.06 | 9.4 | 36 | 4.15 | 7.2 | 34 | 4.11 | 8.6 |
| 33 Telephone Costs and Service | 41 | 4.42 | 3.4 | 15 | 3.78 | 9.9 | 39 | 4.17 | 6.8 | 28 | 4.02 | 7.0 |
| 34 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 19 | 3.71 | 16.1 | 47 | 4.64 | 6.7 | 55 | 4.81 | 4.9 | 27 | 3.97 | 12.9 |
| 35 Controlling My Own Time | 28 | 4.09 | 10.2 | 21 | 3.93 | 14.3 | 15 | 3.75 | 15.5 | 32 | 4.06 | 12.4 |
| 36 Minimum Wage/"Living" Wage | 27 | 4.05 | 12.6 | 51 | 4.72 | 7.2 | 46 | 4.36 | 15.4 | 22 | 3.84 | 20.6 |
| 37 Locating Business Help When Needed | 38 | 4.31 | 6.9 | 35 | 4.33 | 4.5 | 38 | 4.16 | 11.1 | 37 | 4.16 | 10.3 |
| 38 Credit Card Payment Processing Costs | 43 | 4.44 | 10.2 | 65 | 5.06 | 7.7 | 43 | 4.25 | 12.5 | 12 | 3.49 | 21.4 |
| 39 Obtaining Licenses, Permits, etc. | 29 | 4.09 | 10.2 | 30 | 4.23 | 10.6 | 48 | 4.44 | 9.7 | 44 | 4.41 | 8.9 |





TABLE 8, PART A CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Arg., Forestry, Fish n = 445 | | | Construction n = 453 | | | Manufacturing n = 319 | | | Wholesale n = 119 | | | Retail n = 487 | | |
|----|---------------------------------|------|----------------------|-------------------------|------|----------------------|--------------------------|------|----------------------|----------------------|------|----------------------|-------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 40 | 56 | 4.85 | 5.0 | 31 | 3.90 | 9.4 | 30 | 3.87 | 8.2 | 42 | 4.22 | 7.6 | 42 | 4.30 | 8.3 |
| 41 | 42 | 4.20 | 5.9 | 43 | 4.38 | 6.7 | 42 | 4.22 | 6.3 | 33 | 4.00 | 4.2 | 39 | 4.21 | 4.8 |
| 42 | 54 | 4.80 | 3.5 | 29 | 3.89 | 10.4 | 34 | 3.96 | 7.9 | 40 | 4.20 | 8.4 | 46 | 4.44 | 5.1 |
| 43 | 34 | 4.05 | 9.7 | 52 | 4.55 | 5.8 | 44 | 4.30 | 5.7 | 48 | 4.36 | 7.6 | 37 | 4.19 | 9.7 |
| 44 | 30 | 3.82 | 18.0 | 40 | 4.32 | 7.2 | 39 | 4.12 | 8.0 | 46 | 4.28 | 5.9 | 45 | 4.43 | 7.2 |
| 45 | 45 | 4.30 | 10.8 | 54 | 4.64 | 8.1 | 35 | 3.99 | 14.6 | 26 | 3.81 | 13.6 | 24 | 3.79 | 16.9 |
| 46 | 70 | 5.49 | 3.0 | 45 | 4.42 | 6.3 | 52 | 4.50 | 4.7 | 41 | 4.20 | 8.4 | 13 | 3.51 | 14.4 |
| 47 | 13 | 3.29 | 22.8 | 42 | 4.35 | 9.4 | 54 | 4.53 | 7.3 | 49 | 4.36 | 5.9 | 54 | 4.68 | 6.7 |
| 48 | 44 | 4.27 | 8.4 | 49 | 4.51 | 4.7 | 47 | 4.41 | 7.3 | 47 | 4.33 | 5.1 | 44 | 4.42 | 7.5 |
| 49 | 15 | 3.33 | 33.1 | 46 | 4.45 | 14.5 | 46 | 4.35 | 16.8 | 39 | 4.19 | 20.2 | 53 | 4.59 | 14.7 |
| 50 | 46 | 4.37 | 9.5 | 47 | 4.47 | 8.0 | 49 | 4.42 | 7.3 | 51 | 4.38 | 10.3 | 56 | 4.73 | 8.3 |
| 51 | 53 | 4.75 | 7.7 | 59 | 4.83 | 5.6 | 58 | 4.72 | 6.4 | 45 | 4.27 | 6.8 | 52 | 4.55 | 10.4 |
| 52 | 27 | 3.76 | 16.5 | 56 | 4.67 | 8.0 | 59 | 4.81 | 8.2 | 56 | 4.52 | 8.5 | 62 | 4.88 | 5.6 |
| 53 | 52 | 4.58 | 5.1 | 58 | 4.83 | 3.1 | 45 | 4.33 | 5.7 | 55 | 4.44 | 2.6 | 51 | 4.52 | 3.3 |
| 54 | 65 | 5.39 | 3.5 | 39 | 4.26 | 10.3 | 53 | 4.51 | 5.1 | 34 | 4.02 | 10.9 | 59 | 4.80 | 7.7 |
| 55 | 60 | 5.02 | 3.8 | 48 | 4.49 | 4.2 | 51 | 4.44 | 6.0 | 63 | 4.85 | 0.9 | 57 | 4.73 | 3.5 |
| 56 | 50 | 4.56 | 8.4 | 55 | 4.65 | 8.0 | 61 | 4.89 | 6.3 | 58 | 4.59 | 6.8 | 60 | 4.80 | 6.2 |
| 57 | 28 | 3.76 | 16.6 | 57 | 4.67 | 9.4 | 60 | 4.83 | 6.9 | 69 | 5.15 | 4.3 | 64 | 4.93 | 6.3 |
| 58 | 69 | 5.44 | 3.9 | 50 | 4.51 | 11.1 | 43 | 4.30 | 15.2 | 57 | 4.56 | 4.3 | 58 | 4.79 | 9.1 |
| 59 | 62 | 5.23 | 6.4 | 44 | 4.40 | 10.4 | 56 | 4.61 | 9.2 | 67 | 5.03 | 5.1 | 63 | 4.89 | 7.0 |

TABLE 8, PART B CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Transportation/Warehousing n = 88 | | | Finance, Insur., Real Estate, Rental n = 182 | | | Prof. Sci., Tech., Ed., Svcs., Health, Soc. Assist. n = 266 | | | Admin. Suppt. Svcs., Arts Entert., Rec., Accom., Food Svcs., Other Svcs. n = 433 | | | |
|----|---|------|-------------------------|--|------|-------------------------|---|------|-------------------------|---|------|-------------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 40 | Hiring/Firing/Employment Regulations | 26 | 3.99 | 13.6 | 32 | 4.30 | 9.4 | 37 | 4.16 | 10.6 | 42 | 4.37 | 9.1 |
| 41 | Keeping Up on Business and Market Developments | 46 | 4.57 | 4.6 | 27 | 4.15 | 6.0 | 34 | 4.14 | 5.7 | 43 | 4.40 | 5.2 |
| 42 | Training Employees | 31 | 4.15 | 9.2 | 28 | 4.17 | 8.9 | 32 | 4.08 | 10.6 | 40 | 4.29 | 9.5 |
| 43 | Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 44 | 4.45 | 9.2 | 44 | 4.53 | 6.6 | 45 | 4.32 | 6.4 | 35 | 4.11 | 9.8 |
| 44 | Pricing My Goods/Services | 39 | 4.33 | 4.5 | 67 | 5.20 | 3.9 | 35 | 4.14 | 4.1 | 41 | 4.36 | 5.8 |
| 45 | Poor Sales | 50 | 4.74 | 1.2 | 40 | 4.44 | 6.1 | 47 | 4.41 | 9.5 | 49 | 4.59 | 8.9 |
| 46 | Ability to Cost-Effectively Advertise | 48 | 4.63 | 2.3 | 12 | 3.70 | 13.3 | 42 | 4.25 | 9.4 | 25 | 3.94 | 8.9 |
| 47 | Real Estate Values | 51 | 4.74 | 5.7 | 36 | 4.34 | 9.9 | 54 | 4.74 | 5.7 | 46 | 4.53 | 6.6 |
| 48 | Using Computer(s), the Internet or New Technology Effectively | 55 | 4.80 | 5.8 | 22 | 3.93 | 13.2 | 41 | 4.23 | 12.4 | 47 | 4.56 | 7.3 |
| 49 | Estate Tax | 53 | 4.77 | 8.0 | 41 | 4.46 | 16.6 | 61 | 4.96 | 12.5 | 60 | 4.91 | 14.2 |
| 50 | Rules on Retirement Plans | 57 | 4.82 | 2.3 | 29 | 4.18 | 11.0 | 44 | 4.32 | 10.6 | 57 | 4.87 | 5.2 |
| 51 | Cyber Crime (viruses, hacking, etc.) | 58 | 4.85 | 0.0 | 23 | 3.99 | 12.2 | 26 | 4.03 | 14.7 | 50 | 4.65 | 7.9 |
| 52 | Traffic, Highways, Roads, Bridges | 12 | 3.34 | 26.1 | 49 | 4.67 | 7.2 | 66 | 5.24 | 5.0 | 58 | 4.88 | 7.5 |
| 53 | Reducing Energy Use in a Cost-Effective Manner | 49 | 4.69 | 3.4 | 50 | 4.69 | 5.0 | 62 | 5.02 | 1.9 | 48 | 4.58 | 5.4 |
| 54 | Delinquent Accounts/Late Payments | 52 | 4.75 | 2.4 | 57 | 4.91 | 8.8 | 18 | 3.88 | 11.8 | 55 | 4.77 | 8.1 |
| 55 | Handling Business Growth | 54 | 4.79 | 5.7 | 54 | 4.76 | 1.7 | 49 | 4.59 | 3.8 | 52 | 4.71 | 4.4 |
| 56 | Interest Rates | 62 | 4.91 | 4.6 | 53 | 4.74 | 7.7 | 63 | 5.02 | 4.5 | 54 | 4.76 | 4.9 |
| 57 | Zoning/Land Use Regulations | 63 | 4.98 | 5.8 | 64 | 5.05 | 7.1 | 69 | 5.42 | 3.4 | 61 | 4.94 | 6.3 |
| 58 | Mandatory Family or Sick Leave | 45 | 4.48 | 9.1 | 59 | 4.94 | 6.6 | 58 | 4.86 | 6.4 | 53 | 4.74 | 11.0 |
| 59 | Employee Turnover | 47 | 4.60 | 10.2 | 63 | 5.02 | 7.3 | 51 | 4.70 | 7.3 | 51 | 4.65 | 11.0 |





TABLE 8, PART A CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Arg., Forestry, Fish n = 445 | | | Construction n = 453 | | | Manufacturing n = 319 | | | Wholesale n = 119 | | | Retail n = 487 | | |
|----|---------------------------------|------|----------------------|-------------------------|------|----------------------|--------------------------|------|----------------------|----------------------|------|----------------------|-------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 60 | 55 | 4.85 | 9.0 | 61 | 4.92 | 6.7 | 66 | 5.19 | 4.7 | 61 | 4.72 | 6.7 | 47 | 4.44 | 8.2 |
| 61 | 49 | 4.54 | 8.8 | 60 | 4.84 | 5.8 | 63 | 5.05 | 5.4 | 59 | 4.61 | 10.1 | 55 | 4.72 | 6.8 |
| 62 | 59 | 4.91 | 6.9 | 66 | 5.10 | 6.0 | 57 | 4.64 | 7.6 | 62 | 4.74 | 3.4 | 65 | 4.96 | 5.5 |
| 63 | 74 | 5.87 | 3.0 | 72 | 5.45 | 4.5 | 70 | 5.26 | 4.4 | 38 | 4.17 | 16.9 | 21 | 3.68 | 21.0 |
| 64 | 71 | 5.62 | 3.0 | 65 | 5.05 | 3.4 | 67 | 5.21 | 2.2 | 66 | 5.01 | 3.4 | 50 | 4.48 | 7.1 |
| 65 | 33 | 4.03 | 17.0 | 73 | 5.62 | 3.8 | 48 | 4.41 | 12.7 | 54 | 4.41 | 12.7 | 61 | 4.88 | 8.4 |
| 66 | 58 | 4.91 | 11.0 | 71 | 5.30 | 6.5 | 68 | 5.22 | 7.6 | 65 | 4.91 | 10.9 | 69 | 5.31 | 7.1 |
| 67 | 73 | 5.66 | 2.5 | 63 | 4.97 | 4.9 | 64 | 5.08 | 4.4 | 60 | 4.61 | 6.7 | 66 | 5.15 | 3.1 |
| 68 | 63 | 5.23 | 5.5 | 67 | 5.11 | 8.9 | 69 | 5.25 | 5.3 | 73 | 5.36 | 5.1 | 72 | 5.52 | 4.6 |
| 69 | 64 | 5.36 | 3.9 | 69 | 5.20 | 5.2 | 65 | 5.18 | 6.3 | 70 | 5.18 | 10.2 | 67 | 5.22 | 6.5 |
| 70 | 67 | 5.41 | 4.1 | 68 | 5.13 | 7.4 | 71 | 5.34 | 6.1 | 68 | 5.08 | 9.5 | 68 | 5.26 | 8.2 |
| 71 | 68 | 5.42 | 4.9 | 70 | 5.29 | 5.9 | 72 | 5.39 | 3.8 | 71 | 5.21 | 2.6 | 70 | 5.42 | 4.2 |
| 72 | 75 | 6.06 | 3.5 | 62 | 4.95 | 7.0 | 62 | 5.02 | 5.8 | 64 | 4.86 | 9.3 | 71 | 5.50 | 5.3 |
| 73 | 66 | 5.39 | 8.3 | 64 | 5.05 | 10.1 | 75 | 5.68 | 5.4 | 74 | 5.53 | 7.6 | 74 | 5.80 | 5.6 |
| 74 | 72 | 5.64 | 4.9 | 74 | 5.68 | 3.1 | 73 | 5.42 | 4.1 | 72 | 5.26 | 5.0 | 73 | 5.71 | 5.1 |
| 75 | 57 | 4.87 | 9.4 | 75 | 6.18 | 2.2 | 74 | 5.49 | 2.6 | 75 | 5.72 | 3.4 | 75 | 6.08 | 2.3 |

TABLE 8, PART B CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY INDUSTRY

| | Transportation/Warehousing n = 88 | | | Finance, Insur., Real Estate, Rental n = 182 | | | Prof.Sci., Tech., Ed., Svcs., Health, Soc. Assist. n =266 | | | Admin. Suppt Svcs., Arts Entert, Rec., Accom., Food Svcs., Other Svcs. n = 433 | | |
|----|--------------------------------------|------|-------------------------|--|------|-------------------------|---|------|-------------------------|---|------|-------------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| | 60 | 61 | 4.91 | 5.7 | 52 | 4.72 | 6.0 | 57 | 4.86 | 7.6 | 59 | 4.89 |
| 61 | 59 | 4.88 | 2.3 | 66 | 5.09 | 4.4 | 64 | 5.05 | 6.5 | 62 | 4.95 | 8.0 |
| 62 | 56 | 4.80 | 4.5 | 58 | 4.93 | 5.0 | 50 | 4.63 | 6.9 | 63 | 4.99 | 4.7 |
| 63 | 66 | 5.30 | 2.3 | 20 | 3.91 | 14.8 | 60 | 4.94 | 7.2 | 67 | 5.24 | 6.5 |
| 64 | 65 | 5.19 | 3.5 | 39 | 4.43 | 7.8 | 52 | 4.71 | 5.0 | 56 | 4.78 | 5.9 |
| 65 | 74 | 5.81 | 4.7 | 74 | 6.07 | 2.7 | 74 | 5.94 | 3.8 | 73 | 5.79 | 4.2 |
| 66 | 71 | 5.41 | 9.2 | 60 | 4.94 | 9.5 | 59 | 4.89 | 13.4 | 68 | 5.25 | 7.5 |
| 67 | 68 | 5.40 | 1.1 | 68 | 5.46 | 2.8 | 53 | 4.71 | 6.1 | 66 | 5.23 | 4.7 |
| 68 | 60 | 4.90 | 10.3 | 48 | 4.65 | 11.0 | 65 | 5.13 | 7.2 | 71 | 5.56 | 3.5 |
| 69 | 70 | 5.41 | 3.4 | 69 | 5.51 | 5.5 | 70 | 5.43 | 5.4 | 65 | 5.20 | 8.9 |
| 70 | 69 | 5.40 | 3.4 | 70 | 5.54 | 2.7 | 68 | 5.32 | 6.5 | 64 | 5.19 | 6.8 |
| 71 | 67 | 5.33 | 3.4 | 56 | 4.88 | 6.1 | 67 | 5.31 | 4.6 | 69 | 5.35 | 3.6 |
| 72 | 64 | 5.05 | 5.8 | 73 | 5.93 | 2.8 | 71 | 5.50 | 6.1 | 70 | 5.52 | 5.9 |
| 73 | 73 | 5.78 | 3.4 | 71 | 5.72 | 5.6 | 73 | 5.94 | 5.3 | 72 | 5.60 | 8.1 |
| 74 | 72 | 5.61 | 0.0 | 72 | 5.87 | 3.3 | 72 | 5.77 | 4.6 | 74 | 5.86 | 4.2 |
| 75 | 75 | 6.14 | 2.3 | 75 | 6.33 | 2.8 | 75 | 6.26 | 2.3 | 75 | 6.24 | 1.7 |



CONSTRUCTION

The construction industry found itself at the epicenter of the most recent recession. The combination of a slowing economy, over-supply of housing, and complex financial products helped create the second worst recession in U.S. history. But since the 2012 edition, construction has picked up a bit, creating a new set of problems for the industry. The recent tightening of the labor market over the last few years has found many business owners scrambling to find qualified workers for open positions. This problem though is exaggerated in the construction industry as many skilled workers left construction after the housing crisis in search of other employment opportunities.

“Locating Qualified Employees” ranks fifth for the construction industry compared to its 10th overall ranking. A larger percent of construction owners find this problem critical (32 percent) than in any other industry category. This is also true with “Finding and Keeping Skilled Employees” where 28 percent of construction owners find it a critical issue, again more than in any other industry category. This issue ranks eighth for the industry and 14th overall. Construction owners also have a more difficult time “Locating Business Help When Needed” as this issue ranks 23rd in the industry and 37th overall.

The problem with the largest ranking variance in the 2012 edition was “Winning Contracts from Federal/State/Local Governments.” This problem is generally ranked more burdensome for construction owners than those in other industries, but even more so four years ago in response to the recession. The federal government tried to stimulate the economy in part by funding large infrastructure projects across the country. These projects provided opportunities for construction companies to bid on projects. However, it appears small construction companies found that winning contracts on these projects difficult. Now that residential construction has improved over the last four years this issue has fallen back to its more historical ranking before the recession. In 2012, the overall population ranked this problem 69th compared to its 43rd industry ranking. Now it is 62nd for the industry and 72nd overall.

MANUFACTURING

The pattern of problems for owners of small manufacturing firms remains similar to that of the general population with two major exceptions, labor and trade related problems. The problem with the greatest variation between the industry and overall population is “Competition from Imported Products.” It ranks 65th overall and 48th for the industry. The industry ranking is eight positions lower than its 40th ranking in 2012 and 21 positions lower than its 27th ranking in 2008.

Employment regulations generally cause heightened stress among manufacturing owners compared to owners in other industries. “Hiring/Firing/Employment Regulations” ranks 40th overall and 30th for the industry. “Mandatory Family or Sick Leave” ranks 58th overall and 43rd for the industry. This is the highest ranking for this problem across industries. “Health and Safety Regulations” ranks 28th overall, 17th for the industry, and is critical for 18 percent of them.



WHOLESALE TRADE

The variation in problem ranking between owners in the wholesale trade industry and the overall population generally involves two areas: payment and competition. One of the largest difference in problem ranking is “Delinquent Accounts/Customer Financing.” This problem is considerably more important to small wholesalers as it ranks 34th for the industry and 54th overall. Hard-pressed retailers continue to stretch their payables to cope with weak sales, forcing more delinquent accounts onto their wholesalers.

Industry competition is also more burdensome for small wholesalers than others. All three competition-related problems are more burdensome for small wholesalers than the overall population. “Competition from Internet Businesses” ranks 63rd overall and 38th for the industry. “Competition from Imported Products” ranks 65th overall and 54th for the

industry. And finally, “Competition from Large Businesses” ranks 31st overall, 12th for the industry, and critical for 20 percent of them.

RETAIL

The most distinguishing problem between retailers and the general population is the Internet. The Internet creates opportunities and obstacles for small retailers. It broadens the consumer base for many of them who choose to advertise and/or sell online, but increases competition with larger and/or Internet-based businesses that tend to have more sophisticated websites. Online retail is becoming increasingly popular for standardized, branded products easily marketable in this medium. Consumers are more comfortable purchasing online and many retailers are adapting to these new consumer demands for easy, reliable online purchasing. Retailers also have to compete with new mobile Internet applications that allow shoppers to compare product prices by scanning bar codes from items of interest in retail stores. The ability to compare prices and navigate dozens of stores online presents new challenges and opportunities for small retailers. Internet sales still account for only a fraction of total retail sales, but is growing. Internet sales have increased from 2 percent in 2000 to 8 percent in 2016.¹⁵ Accordingly, “Competition from Internet Businesses” has risen in importance for small retailers, moving up 20 positions in the last eight years. In 2004, it ranked 52nd and was critical for 11 percent of small retailers. In the current edition, it ranks 21st and is critical for 21 percent of them. Its current rank of 21st is 42 positions removed from the general population.

Small retailers also struggle to compete with their larger counterparts. “Competition from Large Businesses” ranks 11th for the industry and 31st for the population. Large retailers enjoy the benefits of scale economies and are able to sell products at a lower cost than most small businesses. Smaller firms often make up the competitive difference with more tailored and attentive customer service.

Two advertising-related problems also show large deviations from the general population. “The Ability to Cost-Effectively Advertise” and “Using Social Media to Promote Business (Facebook, Twitter, etc.)” both are greater problems for small retailers compared to the overall population. The industry ranks the former 13th compared to 46th overall and the latter, 50th compared to 64th overall.

TRANSPORTATION/WAREHOUSING

The problem with the largest rank difference from the general population in transportation/warehousing is “Traffic, Highways, Roads, Bridges”. This problem ranks 52nd overall, 12th for the industry and is critical for 26 percent of them. While this issue increased in important over the last four years overall, the increase was particularly dramatic in this industry moving up 11 positions from 2012.

Other notable differences in rank include “Costs and Frequency of Lawsuits/Threatened Lawsuits” and “Environmental Regulations.” Both differ significantly from the general population from 68st to 48th for the former and 27th to ninth for the latter. Also worth mentioning, employment regulations appear to be more challenging in this industry as “Hiring/Firing/Employment Regulations” is ranked higher in this industry than any other at 26th compared to 40th overall.

FINANCE, INSURANCE, REAL ESTATE, RENTAL

“Competition from Internet Businesses” holds the largest difference in rank between the industry and the general population. This problem ranks 20th in the industry and 63rd overall. Problems associated from Internet competitors has increased 16 positions since 2008 when it was 36th and the percent who find it critical more than doubled from 7 to 15. The proliferation



¹⁵ Retail Indicators Branch, U.S. Census Bureau.

of the Internet is clearly making its mark in this industry. Tax preparation software programs and other financial programs online perform many services once controlled by small financial service firms. Also, the increased access of online mortgage and interest rate services likely affect many firms in the real estate industry.

Several other problems rank significantly higher in the financial services industries than the general population. The “Costs and Frequency of Lawsuits/Threatened Lawsuits” ranks 48th in the industry and 68th overall. The financial crisis sparked a litany of lawsuits and threatened lawsuits against businesses in this sector. But as these lawsuits moved through the courts and fewer cases were introduced, the difference in severity moderated a bit from its 36th ranking in 2012.

There is also concern about rapidly changing technology and cyber-crime in this sector. “Cyber Crime (viruses, hacking, etc.)” ranks 23rd for the industry, but 51st overall. Financial information is often a target for those interested in identity theft which continues to be a thriving market. The “Ability to Cost-Effectively Advertise” is also more burdensome for owners in this sector than the general population. This problem ranks 12th for the industry and 46th overall. Owners in this sector find the related problem “Using Social Media to Promote Business (Facebook, Twitter, etc.)” also more burdensome as it ranks 64th overall and 39th for this sector, a significant move from its 51st position in 2012.

PROFESSIONAL SERVICES

The professional services sector includes legal, engineering, management, accounting, advertising, architectural, private education, health services and social assistance services. The most notable difference between these industries and the general population is the “Delinquent Accounts/Customer Financing” problem. Owners in this sector have a much harder time in getting paid and is reflected in their ranking of the problem. The problem ranks 54th overall, 18th for the industry and 12 percent find it critical.

“Dealing with IRS/State Tax Agencies” ranks 17th overall and 9th for the industry. Owners in this sector also have more difficulty “Controlling My Own Time” as this problem ranks 35th overall and 15th in the industry.

NON-PROFESSIONAL SERVICES

The non-professional services industry includes a wide range of business types including repair services, barber shops, fitness trainers, parking services, and miscellaneous personal services. It also includes restaurants, motels, convenient stores, and temporary help agencies. The common thread between these industries is that they are labor-intensive type businesses. This sector generally follows the ranking of the overall population with a few notable exceptions.

“Credit Card Payment Processing Costs” hold the most notable difference ranking 38th overall compared to its 12th position for the industry. The “Ability to Cost-Effectively Advertise” holds a 21 point difference between the industry and general population, 25th compared to 46th overall. Customers of these businesses are typically the general public. Advertising for such a broad demographic is clearly a challenge for many, as 9 percent find it a critical problem.

Lastly, “Minimum Wage/Living Wage” ranks as more difficult for those in this sector compared to the general population, ranking 36th compared to 22nd for the industry. Businesses in this industry category disproportionately employ more entry level and low skill positions compared to others.

SALES CHANGE

The sub-par economic recovery still evades many small-business owners as sales volumes continue to lag prerecession levels. Just over one-third of small-business owners experienced declining sales over the last three years, fewer than in 2012 when it was about half,



but still more than in previous surveys. Not surprisingly, many problem rankings for this group are notably different compared to those with positive sales changes. Owners with declining sales find most problems more burdensome than those with increased sales. Sales growth seems to ease most problems, while declining sales intensifies them. For example, both owners with sales declines of 10 percent or more and those with increases of 25-49 percent rank the “Cost of Health Insurance” as their most severe problem, but 57 percent of those with declining sales find it critical compared to 44 percent of the increased sales category. Table 9 examines small-business problems by average sales change over the past three years.

The ranking of “Poor Earnings (profit)” and “Poor Sales” differentiate firms with declining sales from those with sales growth over the past three years. The former ranks fourth for those with the highest decline in sales and the latter 10th compared to 16th and 45th for the overall population. By contrast, these two problems rank 38th and 63rd respectively for those with sales increases of 50 percent or more. Nearly 33 percent of owners in the highest sales decline category find “Poor Earnings (profits)” and 25 percent find “Poor Sales” a critical problem.

Also noteworthy, owners in the highest sales decline category are disproportionately impacted by real estate values. The issue “Real Estate Values” is more severe among owners with declining sales ranking it 31st compared to 57th for those with sales increases of 50 percent or more.

While the problem “Uncertainty over Economic Conditions” ranks in the top five for each average sales change category, the percent of owners who find it a critical problem varies greatly. Nearly 41 percent of owners who experienced the most decline in sales change find this problem critical compared to 15 percent of owners who experienced 25 to 49 percent increases in sales over the last three years.

A few problems increase in importance with sales growth including “Handling Business Growth” which ranks 63rd for those with the highest sales declines and 27th for those with the strongest sales increases, a nice problem to have.

PRIMARY CUSTOMER

Another distinguishing characteristic of small businesses is their customer base. The survey asked respondents to identify their primary market and presented them five options from which to select. They were: one or two firms, one or two industries, business in general, the public, and government/non-profits. These results appear in Table 10.

About half of small businesses in the survey primarily sell to the general public. About 9 percent sell to one or two firms and 11 percent sell to one or two industries. The primary customer for 22 percent is businesses in general and 3 percent is government/non-profit.

The small percent of firms that principally sell to government agencies or non-profit organizations find “Winning Contracts from Federal/State/Local Governments” particularly relevant as it ranks 27th for the group and 72nd overall. This category also finds “Mandatory Family or Sick Leave” more problematic than others likely due to requirements of providing the benefit to be eligible for government contracts. It ranks 44th for this category and 58th overall.

The ranking for firms that primarily sell to the public is similar to the overall ranking in Table 1. Part of the reason is that the majority of respondents fall into this category with one major exception. The “Ability to Cost-Effectively Advertise” ranks 24th for this group, in the 50-60s for all other categories and 46th overall. Advertising to the general public is often a difficult and expensive proposition for small-business owners, but one of the few ways they can hope to reach their market.

“Credit Card Payment Processing Costs” is another differentiating problem. Owners who sell mainly to the public are more likely to accept credit or debit cards and therefore rank this issue higher than the general population. The category ranks this issue 19th compared to overall ranking of 38th.





TABLE 9
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY AVERAGE ANNUAL SALES CHANGE OVER THE LAST THREE YEARS

| | Decrease - 10% or more n = 633 | | | Decrease - Less than 10% n = 351 | | | Increase - Less than 10% n = 780 | | | Increase - 10-24% n = 678 | | | Increase - 10-24% n = 176 | | | Increase - 50% or more n = 59 | | | Too new to estimate n = 73 | | |
|----|---|------|----------------------|-------------------------------------|------|----------------------|-------------------------------------|------|----------------------|------------------------------|------|----------------------|------------------------------|------|----------------------|----------------------------------|------|----------------------|-------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 | Cost of Health Insurance | 1 | 2.18 | 56.9 | 1 | 2.19 | 51.3 | 1 | 2.24 | 52.1 | 1 | 2.44 | 44.3 | 1 | 2.28 | 58.6 | 3 | 3.29 | 45.8 | | |
| 2 | Unreasonable Government Regulations | 3 | 2.60 | 40.0 | 4 | 3.02 | 27.7 | 2 | 2.76 | 31.4 | 3 | 2.97 | 27.0 | 3 | 2.98 | 39.7 | 1 | 3.00 | 42.5 | | |
| 3 | Federal Taxes on Business Income | 5 | 2.79 | 31.5 | 3 | 2.98 | 24.2 | 4 | 2.95 | 28.5 | 2 | 2.95 | 27.0 | 2 | 2.76 | 47.5 | 4 | 3.29 | 34.2 | | |
| 4 | Uncertainty over Economic Conditions | 2 | 2.34 | 41.1 | 2 | 2.92 | 22.9 | 6 | 3.19 | 19.8 | 6 | 3.39 | 15.4 | 4 | 3.02 | 29.3 | 6 | 3.31 | 29.6 | | |
| 5 | Tax Complexity | 7 | 2.85 | 27.9 | 5 | 3.08 | 20.2 | 3 | 2.87 | 27.7 | 4 | 2.98 | 24.9 | 6 | 3.22 | 34.5 | 2 | 3.10 | 38.4 | | |
| 6 | Uncertainty over Government Actions | 6 | 2.79 | 31.5 | 6 | 3.29 | 20.7 | 5 | 3.05 | 25.4 | 7 | 3.41 | 19.3 | 8 | 3.46 | 30.4 | 7 | 3.38 | 27.4 | | |
| 7 | Frequent Changes in Federal Tax Laws and Rules | 9 | 3.07 | 24.8 | 10 | 3.42 | 17.6 | 8 | 3.30 | 19.8 | 9 | 3.51 | 16.7 | 13 | 3.73 | 22.0 | 9 | 3.53 | 25.0 | | |
| 8 | Property Taxes (real, inventory or personal property) | 8 | 2.97 | 29.2 | 7 | 3.29 | 19.8 | 9 | 3.28 | 21.2 | 8 | 3.36 | 20.4 | 13 | 3.75 | 20.1 | 15 | 3.85 | 25.4 | | |
| 9 | State Taxes on Business Income | 13 | 3.21 | 26.8 | 11 | 3.46 | 20.6 | 10 | 3.39 | 22.5 | 10 | 3.36 | 22.1 | 5 | 3.16 | 31.6 | 8 | 3.43 | 26.4 | | |
| 10 | Locating Qualified Employees | 26 | 3.70 | 22.1 | 9 | 3.39 | 25.4 | 7 | 3.11 | 25.8 | 9 | 3.37 | 25.6 | 8 | 3.41 | 18.8 | 7 | 3.34 | 27.1 | | |
| 11 | State/Local Paperwork | 15 | 3.27 | 20.5 | 12 | 3.51 | 15.8 | 13 | 3.39 | 15.1 | 12 | 3.49 | 15.3 | 10 | 3.56 | 12.2 | 18 | 3.89 | 10.7 | | |
| 12 | Federal Paperwork | 16 | 3.30 | 19.6 | 15 | 3.63 | 14.7 | 11 | 3.37 | 17.5 | 14 | 3.58 | 17.6 | 14 | 3.76 | 13.3 | 11 | 3.64 | 24.1 | | |
| 13 | Workers' Compensation | 24 | 3.61 | 21.0 | 17 | 3.66 | 16.1 | 14 | 3.49 | 17.5 | 11 | 3.64 | 22.3 | 11 | 3.46 | 30.5 | 9 | 3.46 | 30.5 | | |

TABLE 9 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY AVERAGE ANNUAL SALES CHANGE OVER THE LAST THREE YEARS

| | Decrease - 10% or more n = 633 | | | Decrease - Less than 10% n = 351 | | | Increase - Less than 10% n = 780 | | | Increase - 10-24% n = 678 | | | Increase - 10-24% n = 176 | | | Increase - 50% or more n = 59 | | | Too new to estimate n = 73 | | |
|---|-----------------------------------|------|----------------------|-------------------------------------|------|----------------------|-------------------------------------|------|----------------------|------------------------------|------|----------------------|------------------------------|------|----------------------|----------------------------------|------|----------------------|-------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 14 Finding and Keeping Skilled Employees | 28 | 3.79 | 20.9 | 14 | 3.62 | 22.5 | 12 | 3.38 | 22.9 | 13 | 3.54 | 20.5 | 15 | 3.78 | 15.9 | 10 | 3.60 | 22.8 | 34 | 4.54 | 16.7 |
| 15 Cost of Supplies/Inventories | 14 | 3.26 | 20.2 | 16 | 3.66 | 10.1 | 18 | 3.77 | 9.7 | 19 | 3.84 | 11.1 | 20 | 4.03 | 7.4 | 20 | 3.91 | 14.0 | 10 | 3.63 | 17.8 |
| 16 Poor Earnings (Profits) | 4 | 2.69 | 33.3 | 8 | 3.30 | 19.2 | 20 | 3.80 | 11.9 | 40 | 4.26 | 9.5 | 47 | 4.64 | 8.1 | 38 | 4.53 | 16.9 | 13 | 3.88 | 15.1 |
| 17 Dealing with IRS/State Tax Agencies | 22 | 3.57 | 18.9 | 24 | 3.88 | 13.1 | 15 | 3.63 | 16.0 | 15 | 3.73 | 14.8 | 12 | 3.65 | 14.4 | 14 | 3.83 | 25.9 | 17 | 4.07 | 18.3 |
| 18 Projecting Future Sales Changes | 11 | 3.15 | 19.3 | 19 | 3.70 | 7.7 | 25 | 3.85 | 7.2 | 22 | 3.86 | 9.4 | 23 | 4.15 | 5.7 | 25 | 4.24 | 10.2 | 16 | 3.97 | 18.1 |
| 19 Electricity Costs (rates) | 19 | 3.41 | 15.9 | 13 | 3.60 | 12.5 | 24 | 3.85 | 8.0 | 21 | 3.86 | 9.1 | 34 | 4.34 | 8.6 | 21 | 4.07 | 18.2 | 12 | 3.85 | 22.5 |
| 20 Cost and Availability of Liability Insurance | 20 | 3.56 | 18.9 | 25 | 3.93 | 12.5 | 21 | 3.80 | 13.9 | 20 | 3.85 | 13.8 | 17 | 3.86 | 13.1 | 12 | 3.66 | 13.6 | 19 | 4.11 | 16.4 |
| 21 FICA (Social Security Taxes) | 21 | 3.57 | 16.7 | 20 | 3.72 | 11.4 | 19 | 3.79 | 11.1 | 23 | 3.90 | 12.0 | 16 | 3.83 | 11.0 | 16 | 3.88 | 13.8 | 22 | 4.20 | 18.3 |
| 22 Fixed Costs Too High | 17 | 3.31 | 19.3 | 18 | 3.69 | 13.6 | 23 | 3.84 | 9.1 | 25 | 3.97 | 9.6 | 36 | 4.38 | 6.9 | 28 | 4.34 | 10.3 | 15 | 3.92 | 23.3 |
| 23 Finding Out about Regulatory Requirements | 27 | 3.73 | 13.7 | 31 | 4.05 | 7.7 | 17 | 3.75 | 12.4 | 17 | 3.76 | 12.8 | 28 | 4.25 | 9.2 | 22 | 4.09 | 19.0 | 20 | 4.14 | 13.9 |
| 24 Highly Variable Earnings (profits) | 18 | 3.33 | 19.7 | 23 | 3.85 | 10.9 | 30 | 3.99 | 7.2 | 28 | 4.06 | 9.1 | 37 | 4.39 | 6.4 | 34 | 4.44 | 12.3 | 25 | 4.29 | 15.7 |
| 25 Cash Flow | 12 | 3.19 | 23.0 | 22 | 3.82 | 14.1 | 33 | 4.04 | 11.3 | 41 | 4.29 | 9.3 | 25 | 4.18 | 12.0 | 19 | 3.89 | 19.3 | 14 | 3.90 | 11.1 |
| 26 Unemployment Compensation | 35 | 3.94 | 14.9 | 29 | 4.01 | 11.7 | 16 | 3.75 | 12.6 | 16 | 3.75 | 14.3 | 19 | 3.99 | 14.8 | 17 | 3.88 | 18.6 | 45 | 4.77 | 13.7 |
| 27 Environmental Regulations | 23 | 3.60 | 24.3 | 40 | 4.21 | 14.0 | 22 | 3.81 | 17.2 | 27 | 4.03 | 14.3 | 26 | 4.22 | 14.9 | 49 | 4.71 | 13.6 | 38 | 4.63 | 17.1 |
| 28 Health/Safety Regulations | 36 | 3.95 | 14.3 | 27 | 3.94 | 12.2 | 28 | 3.94 | 12.9 | 18 | 3.77 | 15.4 | 18 | 3.98 | 11.4 | 32 | 4.41 | 13.8 | 40 | 4.67 | 12.5 |





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| | Decrease - 10% or more n = 633 | | | Decrease - Less than 10% n = 351 | | | Increase - Less than 10% n = 780 | | | Increase - 10-24% n = 678 | | | Increase - 50% or more n = 59 | | | Too new to estimate n = 73 | | | | | |
|----|-----------------------------------|------|----------------------|-------------------------------------|------|----------------------|-------------------------------------|------|----------------------|------------------------------|------|----------------------|----------------------------------|------|----------------------|-------------------------------|------|----------------------|----|------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | | | |
| 29 | 39 | 4.08 | 13.8 | 32 | 4.05 | 11.3 | 26 | 3.85 | 16.3 | 24 | 3.94 | 13.5 | 22 | 4.11 | 13.1 | 30 | 4.39 | 11.9 | 28 | 4.35 | 22.2 |
| 30 | 32 | 3.91 | 15.6 | 35 | 4.14 | 10.9 | 27 | 3.86 | 14.2 | 26 | 4.01 | 14.0 | 24 | 4.18 | 13.7 | 31 | 4.39 | 15.3 | 42 | 4.75 | 9.9 |
| 31 | 25 | 3.65 | 20.6 | 26 | 3.93 | 11.7 | 36 | 4.08 | 11.8 | 37 | 4.21 | 11.4 | 41 | 4.50 | 8.6 | 46 | 4.64 | 12.1 | 49 | 4.81 | 12.3 |
| 32 | 30 | 3.89 | 10.5 | 37 | 4.19 | 6.0 | 32 | 4.03 | 5.9 | 34 | 4.14 | 8.2 | 27 | 4.23 | 6.3 | 23 | 4.14 | 15.3 | 21 | 4.15 | 12.3 |
| 33 | 33 | 3.91 | 11.4 | 28 | 3.99 | 7.4 | 37 | 4.08 | 5.8 | 36 | 4.19 | 5.5 | 32 | 4.32 | 5.7 | 47 | 4.66 | 10.3 | 11 | 3.84 | 13.7 |
| 34 | 29 | 3.79 | 16.0 | 30 | 4.04 | 10.1 | 40 | 4.15 | 8.0 | 35 | 4.18 | 10.3 | 43 | 4.58 | 7.0 | 33 | 4.42 | 14.0 | 31 | 4.49 | 16.7 |
| 35 | 44 | 4.19 | 13.1 | 34 | 4.07 | 9.1 | 29 | 3.96 | 11.9 | 30 | 4.07 | 10.1 | 21 | 4.09 | 11.5 | 44 | 4.62 | 15.5 | 43 | 4.75 | 6.9 |
| 36 | 43 | 4.13 | 15.8 | 33 | 4.06 | 13.4 | 38 | 4.09 | 13.7 | 32 | 4.12 | 13.8 | 45 | 4.60 | 8.0 | 26 | 4.25 | 20.3 | 47 | 4.77 | 13.7 |
| 37 | 41 | 4.11 | 11.4 | 47 | 4.38 | 7.5 | 35 | 4.06 | 11.9 | 29 | 4.06 | 10.6 | 31 | 4.32 | 8.7 | 24 | 4.15 | 10.2 | 46 | 4.77 | 9.6 |
| 38 | 48 | 4.32 | 15.6 | 42 | 4.22 | 12.9 | 39 | 4.11 | 12.4 | 31 | 4.11 | 14.5 | 38 | 4.41 | 14.2 | 36 | 4.46 | 18.6 | 18 | 4.10 | 22.5 |
| 39 | 40 | 4.08 | 12.3 | 44 | 4.27 | 9.8 | 41 | 4.18 | 9.9 | 38 | 4.23 | 10.8 | 30 | 4.30 | 9.2 | 41 | 4.59 | 6.9 | 35 | 4.56 | 15.1 |
| 40 | 52 | 4.44 | 8.1 | 38 | 4.19 | 7.2 | 31 | 4.00 | 9.2 | 39 | 4.24 | 8.3 | 33 | 4.33 | 8.0 | 40 | 4.56 | 11.9 | 63 | 5.25 | 9.6 |

TABLE 9 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY AVERAGE ANNUAL SALES CHANGE OVER THE LAST THREE YEARS

| | Decrease - 10% or more n = 633 | | | Decrease - Less than 10% n = 351 | | | Increase - Less than 10% n = 780 | | | Increase - 10-24% n = 678 | | | Increase - 10-24% n = 176 | | | Increase - 50% or more n = 59 | | | Too new to estimate n = 73 | | |
|----|-----------------------------------|------|----------------------|-------------------------------------|------|----------------------|-------------------------------------|------|----------------------|------------------------------|------|----------------------|------------------------------|------|----------------------|----------------------------------|------|----------------------|-------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 41 | 38 | 4.02 | 8.4 | 41 | 4.21 | 4.9 | 42 | 4.19 | 5.2 | 44 | 4.38 | 5.2 | 46 | 4.61 | 2.3 | 48 | 4.69 | 6.8 | 39 | 4.64 | 5.6 |
| 42 | 53 | 4.47 | 8.6 | 46 | 4.31 | 6.3 | 34 | 4.05 | 8.4 | 33 | 4.13 | 7.2 | 29 | 4.30 | 6.3 | 29 | 4.38 | 12.1 | 61 | 5.18 | 4.2 |
| 43 | 37 | 4.00 | 11.2 | 36 | 4.16 | 5.8 | 45 | 4.32 | 6.8 | 47 | 4.44 | 6.3 | 40 | 4.47 | 6.8 | 45 | 4.62 | 12.1 | 24 | 4.26 | 15.3 |
| 44 | 34 | 3.93 | 14.6 | 39 | 4.20 | 7.2 | 44 | 4.28 | 6.7 | 46 | 4.43 | 4.5 | 42 | 4.51 | 5.7 | 55 | 4.95 | 12.1 | 51 | 4.86 | 11.0 |
| 45 | 10 | 3.11 | 25.1 | 21 | 3.75 | 14.9 | 49 | 4.45 | 6.1 | 62 | 5.00 | 4.8 | 65 | 5.28 | 5.2 | 63 | 5.19 | 1.8 | 44 | 4.75 | 7.0 |
| 46 | 46 | 4.25 | 12.0 | 43 | 4.26 | 8.3 | 43 | 4.21 | 6.2 | 42 | 4.30 | 7.1 | 44 | 4.58 | 4.6 | 42 | 4.60 | 10.5 | 26 | 4.31 | 15.3 |
| 47 | 31 | 3.90 | 15.7 | 49 | 4.47 | 6.6 | 50 | 4.45 | 6.7 | 45 | 4.38 | 9.0 | 49 | 4.73 | 9.1 | 57 | 5.04 | 7.1 | 36 | 4.61 | 16.9 |
| 48 | 45 | 4.24 | 10.5 | 45 | 4.29 | 8.6 | 46 | 4.33 | 6.8 | 48 | 4.54 | 5.9 | 35 | 4.37 | 4.6 | 58 | 5.07 | 6.9 | 53 | 4.90 | 13.7 |
| 49 | 42 | 4.12 | 21.7 | 50 | 4.53 | 14.9 | 48 | 4.43 | 16.3 | 43 | 4.37 | 18.3 | 51 | 4.86 | 13.8 | 59 | 5.10 | 15.3 | 32 | 4.49 | 21.9 |
| 50 | 51 | 4.41 | 9.5 | 48 | 4.45 | 7.4 | 51 | 4.48 | 7.2 | 50 | 4.56 | 7.4 | 53 | 4.89 | 6.9 | 52 | 4.91 | 12.3 | 37 | 4.62 | 14.1 |
| 51 | 54 | 4.49 | 9.8 | 52 | 4.59 | 5.8 | 47 | 4.41 | 9.0 | 52 | 4.66 | 8.4 | 54 | 4.94 | 4.0 | 54 | 4.93 | 3.4 | 67 | 5.32 | 6.8 |
| 52 | 49 | 4.40 | 12.9 | 55 | 4.76 | 8.4 | 55 | 4.59 | 7.3 | 51 | 4.65 | 8.3 | 59 | 5.10 | 5.7 | 56 | 5.02 | 10.2 | 50 | 4.82 | 8.5 |
| 53 | 50 | 4.41 | 5.8 | 53 | 4.60 | 3.7 | 54 | 4.58 | 4.6 | 54 | 4.69 | 3.3 | 57 | 4.97 | 1.1 | 64 | 5.24 | 1.7 | 59 | 5.10 | 6.8 |





TABLE 9 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY AVERAGE ANNUAL SALES CHANGE OVER THE LAST THREE YEARS

| | Decrease - 10% or more n = 633 | | Decrease - Less than 10% n = 351 | | Increase - Less than 10% n = 780 | | Increase - 10-24% n = 678 | | Increase - 24-50% n = 176 | | Increase - 50% or more n = 59 | | Too new to estimate n = 73 | | | | | | | | |
|---|-----------------------------------|------------------------------|-------------------------------------|------------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|------------------------------|-----|----|------|------|----|------|------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | | | | | | | |
| 54 Delinquent Accounts/ Late Payments | 58 | 4.63 | 9.2 | 51 | 4.57 | 6.6 | 53 | 4.58 | 7.4 | 55 | 4.72 | 6.8 | 48 | 4.66 | 9.1 | 35 | 4.44 | 12.3 | 60 | 5.15 | 2.8 |
| 55 Handling Business Growth | 63 | 4.80 | 5.0 | 62 | 4.88 | 2.9 | 58 | 4.74 | 2.9 | 49 | 4.55 | 3.3 | 39 | 4.42 | 4.0 | 27 | 4.31 | 10.3 | 48 | 4.81 | 10.0 |
| 56 Interest Rates | 55 | 4.60 | 9.4 | 56 | 4.76 | 5.7 | 60 | 4.78 | 5.1 | 59 | 4.86 | 5.5 | 58 | 4.97 | 5.7 | 50 | 4.81 | 6.8 | 33 | 4.50 | 11.1 |
| 57 Zoning/Land Use Regulations | 57 | 4.62 | 10.0 | 64 | 4.96 | 6.1 | 59 | 4.74 | 6.9 | 57 | 4.76 | 7.8 | 52 | 4.88 | 6.9 | 51 | 4.89 | 12.5 | 41 | 4.71 | 18.1 |
| 58 Mandatory Family or Sick Leave | 61 | 4.78 | 10.9 | 59 | 4.85 | 7.8 | 52 | 4.56 | 9.9 | 56 | 4.76 | 8.4 | 55 | 4.95 | 4.6 | 67 | 5.32 | 3.4 | 71 | 5.75 | 5.5 |
| 59 Employee Turnover | 64 | 5.01 | 8.7 | 57 | 4.78 | 5.5 | 56 | 4.60 | 9.0 | 53 | 4.67 | 9.3 | 50 | 4.81 | 7.1 | 37 | 4.47 | 15.5 | 70 | 5.63 | 2.9 |
| 60 Crime, including Identity Theft, Shoplifting, etc. | 60 | 4.77 | 8.6 | 61 | 4.88 | 5.4 | 57 | 4.74 | 6.6 | 58 | 4.84 | 6.8 | 56 | 4.95 | 7.4 | 60 | 5.12 | 3.4 | 56 | 5.05 | 13.7 |
| 61 Anti-Competitive Practices, e.g., Price Fixing | 47 | 4.31 | 11.7 | 60 | 4.88 | 6.4 | 64 | 4.92 | 6.5 | 63 | 5.06 | 3.7 | 63 | 5.21 | 1.7 | 68 | 5.38 | 6.9 | 52 | 4.88 | 12.5 |
| 62 Protecting Intellectual Property | 59 | 4.71 | 7.2 | 63 | 4.90 | 4.3 | 61 | 4.80 | 5.4 | 61 | 4.98 | 6.0 | 61 | 5.17 | 3.4 | 66 | 5.29 | 10.2 | 57 | 5.06 | 5.7 |
| 63 Competition from Internet Businesses | 62 | 4.78 | 12.4 | 54 | 4.73 | 8.0 | 63 | 4.90 | 8.6 | 65 | 5.12 | 6.5 | 60 | 5.16 | 8.6 | 69 | 5.40 | 3.4 | 66 | 5.27 | 9.6 |
| 64 Using Social Media to Promote Business (Facebook, Twitter, etc.) | 65 | 5.04 | 5.8 | 58 | 4.82 | 2.9 | 62 | 4.86 | 4.6 | 60 | 4.86 | 4.7 | 64 | 5.25 | 2.3 | 53 | 4.92 | 10.2 | 58 | 5.10 | 6.8 |
| 65 Competition from Imported Products | 56 | 4.61 | 13.2 | 67 | 5.12 | 8.5 | 66 | 5.16 | 6.6 | 73 | 5.50 | 5.3 | 71 | 5.49 | 6.3 | 75 | 6.07 | 0.0 | 55 | 5.04 | 11.3 |

TABLE 9 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY AVERAGE ANNUAL SALEST CHANGE OVER THE LAST THREE YEARS

| | Decrease - 10% or more n = 633 | | | Decrease - Less than 10% n = 351 | | | Increase - Less than 10% n = 780 | | | Increase - 10-24% n = 678 | | | Increase - 10-24% n = 176 | | | Increase - 50% or more n = 59 | | | Too new to estimate n = 73 | | |
|----|-----------------------------------|------|----------------------|-------------------------------------|------|----------------------|-------------------------------------|------|----------------------|------------------------------|------|----------------------|------------------------------|------|----------------------|----------------------------------|------|----------------------|-------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 66 | 68 | 5.13 | 8.3 | 66 | 5.11 | 9.1 | 68 | 5.22 | 7.0 | 64 | 5.11 | 10.3 | 62 | 5.17 | 7.5 | 65 | 5.27 | 10.2 | 54 | 4.93 | 15.5 |
| 67 | 70 | 5.17 | 4.7 | 65 | 5.05 | 4.9 | 65 | 5.03 | 4.4 | 67 | 5.29 | 2.4 | 68 | 5.42 | 2.9 | 61 | 5.15 | 6.8 | 68 | 5.45 | 6.8 |
| 68 | 69 | 5.15 | 7.4 | 68 | 5.33 | 6.0 | 67 | 5.20 | 6.1 | 66 | 5.22 | 5.7 | 66 | 5.40 | 5.7 | 70 | 5.44 | 8.5 | 69 | 5.55 | 4.2 |
| 69 | 67 | 5.08 | 8.0 | 70 | 5.35 | 6.1 | 71 | 5.35 | 6.0 | 68 | 5.34 | 4.5 | 67 | 5.40 | 4.6 | 43 | 4.60 | 13.8 | 65 | 5.27 | 5.6 |
| 70 | 66 | 5.06 | 8.3 | 71 | 5.43 | 3.5 | 69 | 5.30 | 6.3 | 70 | 5.39 | 5.1 | 69 | 5.44 | 6.3 | 39 | 4.53 | 15.5 | 64 | 5.27 | 6.8 |
| 71 | 71 | 5.19 | 5.8 | 69 | 5.34 | 4.4 | 70 | 5.32 | 4.7 | 69 | 5.36 | 2.9 | 72 | 5.53 | 4.0 | 62 | 5.17 | 13.6 | 62 | 5.24 | 4.2 |
| 72 | 72 | 5.44 | 6.3 | 72 | 5.44 | 6.3 | 72 | 5.37 | 5.1 | 71 | 5.40 | 5.4 | 70 | 5.46 | 4.7 | 71 | 5.53 | 8.6 | 74 | 5.99 | 4.2 |
| 73 | 73 | 5.49 | 7.0 | 73 | 5.75 | 5.2 | 73 | 5.58 | 7.2 | 72 | 5.43 | 9.0 | 73 | 5.67 | 3.5 | 72 | 5.81 | 6.9 | 72 | 5.78 | 9.7 |
| 74 | 75 | 5.57 | 5.7 | 74 | 5.79 | 3.2 | 74 | 5.65 | 3.4 | 74 | 5.61 | 3.9 | 74 | 5.85 | 4.7 | 73 | 5.98 | 6.8 | 73 | 5.96 | 4.3 |
| 75 | 74 | 5.50 | 6.8 | 75 | 5.95 | 0.9 | 75 | 5.95 | 2.8 | 75 | 6.08 | 1.8 | 75 | 6.01 | 5.1 | 74 | 6.03 | 5.2 | 75 | 6.12 | 4.3 |





TABLE 10
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY PRIMARY CUSTOMER

| | One or two firms n = 266 | | | One or two industries n = 305 | | | Business in general n = 628 | | | The public n = 1427 | | | Government n = 93 | | |
|----|-----------------------------|------|----------------------|----------------------------------|------|----------------------|--------------------------------|------|----------------------|------------------------|------|----------------------|----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 | 1 | 2.17 | 52.5 | 1 | 2.01 | 54.1 | 1 | 2.12 | 53.2 | 1 | 2.38 | 51.7 | 1 | 2.15 | 53.3 |
| 2 | 2 | 2.56 | 36.6 | 2 | 2.69 | 32.6 | 2 | 2.71 | 33.8 | 2 | 2.81 | 33.3 | 2 | 2.68 | 25.8 |
| 3 | 4 | 2.78 | 30.0 | 6 | 2.91 | 30.4 | 5 | 2.87 | 29.5 | 4 | 2.91 | 28.4 | 3 | 2.74 | 37.6 |
| 4 | 3 | 2.68 | 31.2 | 3 | 2.84 | 23.4 | 3 | 2.84 | 26.5 | 5 | 2.99 | 24.8 | 5 | 2.90 | 31.2 |
| 5 | 5 | 2.86 | 25.8 | 5 | 2.86 | 24.4 | 4 | 2.85 | 27.3 | 3 | 2.91 | 28.5 | 7 | 3.01 | 23.7 |
| 6 | 7 | 2.91 | 26.3 | 4 | 2.85 | 26.4 | 6 | 3.10 | 24.1 | 6 | 3.04 | 27.7 | 6 | 2.98 | 22.8 |
| 7 | 8 | 3.17 | 19.2 | 7 | 3.24 | 19.8 | 9 | 3.23 | 19.0 | 7 | 3.29 | 21.8 | 8 | 3.12 | 20.4 |
| 8 | 6 | 2.88 | 28.0 | 12 | 3.48 | 19.9 | 7 | 3.15 | 23.1 | 8 | 3.32 | 22.3 | 14 | 3.58 | 20.4 |
| 9 | 9 | 3.32 | 20.8 | 9 | 3.31 | 20.5 | 8 | 3.19 | 26.0 | 9 | 3.35 | 22.6 | 12 | 3.25 | 24.7 |
| 10 | 12 | 3.38 | 23.8 | 8 | 3.30 | 23.6 | 10 | 3.29 | 25.4 | 10 | 3.48 | 24.3 | 4 | 2.86 | 26.9 |
| 11 | 13 | 3.42 | 14.8 | 11 | 3.44 | 12.5 | 11 | 3.35 | 17.1 | 11 | 3.49 | 17.3 | 10 | 3.18 | 21.1 |
| 12 | 11 | 3.37 | 17.4 | 10 | 3.35 | 16.9 | 12 | 3.45 | 18.2 | 12 | 3.57 | 17.3 | 11 | 3.20 | 19.6 |
| 13 | 21 | 3.65 | 16.0 | 13 | 3.49 | 17.9 | 13 | 3.53 | 19.4 | 13 | 3.59 | 20.5 | 13 | 3.27 | 23.7 |
| 14 | 17 | 3.59 | 19.6 | 14 | 3.53 | 21.1 | 14 | 3.62 | 19.3 | 14 | 3.60 | 22.3 | 9 | 3.13 | 28.0 |
| 15 | 14 | 3.43 | 16.5 | 18 | 3.68 | 12.2 | 25 | 3.80 | 10.8 | 15 | 3.62 | 13.4 | 36 | 4.11 | 9.8 |
| 16 | 16 | 3.48 | 21.1 | 17 | 3.65 | 14.2 | 17 | 3.67 | 16.6 | 18 | 3.68 | 17.2 | 33 | 4.02 | 15.1 |
| 17 | 25 | 3.71 | 15.1 | 19 | 3.73 | 10.5 | 15 | 3.63 | 15.9 | 17 | 3.68 | 17.6 | 15 | 3.62 | 20.4 |
| 18 | 15 | 3.45 | 14.3 | 15 | 3.56 | 11.9 | 16 | 3.66 | 10.6 | 22 | 3.77 | 10.8 | 25 | 3.87 | 8.7 |
| 19 | 22 | 3.66 | 12.0 | 30 | 4.03 | 8.1 | 26 | 3.82 | 9.7 | 16 | 3.63 | 13.1 | 41 | 4.28 | 3.3 |
| 20 | 23 | 3.68 | 15.8 | 24 | 3.86 | 13.4 | 20 | 3.76 | 15.4 | 23 | 3.79 | 14.8 | 19 | 3.68 | 15.1 |

TABLE 10 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY PRIMARY CUSTOMER

| | One or two firms n = 266 | | | One or two industries n = 305 | | | Business in general n = 628 | | | The public n = 1427 | | | Government n = 93 | | |
|---|-----------------------------|------|----------------------|----------------------------------|------|----------------------|--------------------------------|------|----------------------|------------------------|------|----------------------|----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 21 FICA (Social Security Taxes) | 18 | 3.60 | 13.2 | 26 | 3.93 | 8.7 | 23 | 3.79 | 11.9 | 20 | 3.76 | 14.1 | 28 | 3.91 | 13.2 |
| 22 Fixed Costs Too High | 19 | 3.60 | 12.9 | 23 | 3.83 | 10.7 | 28 | 3.87 | 10.4 | 21 | 3.76 | 13.9 | 29 | 3.91 | 11.8 |
| 23 Finding Out about Regulatory Requirements | 26 | 3.72 | 14.4 | 20 | 3.75 | 10.3 | 19 | 3.76 | 11.9 | 28 | 3.92 | 12.4 | 18 | 3.65 | 12.9 |
| 24 Highly Variable Earnings (profits) | 20 | 3.65 | 14.2 | 22 | 3.80 | 6.9 | 22 | 3.79 | 12.3 | 29 | 3.97 | 11.2 | 22 | 3.75 | 15.2 |
| 25 Cash Flow | 24 | 3.68 | 15.5 | 29 | 3.96 | 10.3 | 29 | 3.89 | 15.6 | 26 | 3.88 | 13.3 | 30 | 3.92 | 18.3 |
| 26 Unemployment Compensation | 36 | 4.02 | 13.3 | 31 | 4.10 | 10.2 | 21 | 3.76 | 13.1 | 25 | 3.87 | 14.9 | 17 | 3.65 | 9.7 |
| 27 Environmental Regulations | 10 | 3.35 | 25.9 | 16 | 3.58 | 19.2 | 27 | 3.84 | 17.6 | 38 | 4.13 | 16.0 | 32 | 4.00 | 13.2 |
| 28 Health/Safety Regulations | 27 | 3.75 | 16.5 | 21 | 3.78 | 14.5 | 18 | 3.72 | 14.5 | 34 | 4.09 | 13.1 | 26 | 3.87 | 11.8 |
| 29 Time Spent Shopping for Health Insurance | 38 | 4.07 | 12.9 | 28 | 3.94 | 9.9 | 24 | 3.79 | 14.8 | 35 | 4.09 | 15.3 | 16 | 3.63 | 16.1 |
| 30 Cost of Government Required Equipment/Procedures | 29 | 3.78 | 16.3 | 25 | 3.90 | 13.5 | 30 | 3.94 | 13.5 | 36 | 4.09 | 14.0 | 23 | 3.77 | 16.3 |
| 31 Competition from Large Businesses | 28 | 3.77 | 16.6 | 27 | 3.94 | 12.2 | 31 | 4.04 | 12.1 | 37 | 4.12 | 13.9 | 20 | 3.73 | 16.3 |
| 32 Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 34 | 4.00 | 8.3 | 32 | 4.17 | 4.6 | 32 | 4.05 | 9.0 | 32 | 4.05 | 7.8 | 34 | 4.06 | 10.8 |
| 33 Telephone Costs and Service | 41 | 4.15 | 6.8 | 48 | 4.55 | 3.6 | 36 | 4.15 | 6.6 | 27 | 3.89 | 9.3 | 52 | 4.52 | 5.4 |
| 34 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 35 | 4.02 | 12.5 | 37 | 4.27 | 8.6 | 33 | 4.05 | 10.2 | 31 | 4.04 | 12.3 | 49 | 4.47 | 6.5 |
| 35 Controlling My Own Time | 37 | 4.07 | 11.3 | 33 | 4.17 | 8.2 | 37 | 4.17 | 9.2 | 33 | 4.07 | 13.0 | 31 | 3.95 | 8.7 |
| 36 Minimum Wage/"Living" Wage | 45 | 4.27 | 12.5 | 46 | 4.43 | 11.6 | 44 | 4.30 | 11.1 | 30 | 3.99 | 16.0 | 42 | 4.29 | 14.0 |
| 37 Locating Business Help When Needed | 43 | 4.19 | 11.0 | 47 | 4.45 | 7.3 | 34 | 4.11 | 10.7 | 39 | 4.13 | 10.7 | 37 | 4.15 | 14.3 |
| 38 Credit Card Payment Processing Costs | 63 | 5.09 | 5.8 | 60 | 4.89 | 7.6 | 52 | 4.47 | 9.5 | 19 | 3.71 | 19.8 | 56 | 4.67 | 11.8 |
| 39 Obtaining Licenses, Permits, etc. | 33 | 3.97 | 11.8 | 40 | 4.31 | 7.9 | 38 | 4.19 | 10.4 | 42 | 4.25 | 11.2 | 35 | 4.07 | 11.2 |





TABLE 10 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY PRIMARY CUSTOMER

| | One or two firms n = 266 | | | One or two industries n = 305 | | | Business in general n = 628 | | | The public n = 1427 | | | Government n = 93 | | |
|----|-----------------------------|------|----------------------|----------------------------------|------|----------------------|--------------------------------|------|----------------------|------------------------|------|----------------------|----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 40 | 40 | 4.15 | 10.9 | 35 | 4.19 | 6.2 | 39 | 4.22 | 7.7 | 45 | 4.31 | 9.1 | 24 | 3.86 | 5.4 |
| 41 | 44 | 4.27 | 5.7 | 39 | 4.30 | 3.3 | 41 | 4.23 | 5.3 | 41 | 4.23 | 6.0 | 43 | 4.32 | 9.8 |
| 42 | 49 | 4.38 | 6.8 | 36 | 4.23 | 5.9 | 35 | 4.13 | 7.3 | 44 | 4.31 | 8.2 | 21 | 3.73 | 11.8 |
| 43 | 42 | 4.17 | 8.0 | 42 | 4.32 | 5.3 | 45 | 4.35 | 8.0 | 40 | 4.21 | 9.0 | 53 | 4.52 | 4.3 |
| 44 | 32 | 3.92 | 12.8 | 34 | 4.18 | 8.0 | 43 | 4.30 | 6.6 | 47 | 4.33 | 8.2 | 40 | 4.27 | 7.5 |
| 45 | 39 | 4.11 | 11.9 | 38 | 4.30 | 10.6 | 42 | 4.26 | 10.7 | 43 | 4.29 | 11.4 | 50 | 4.47 | 10.9 |
| 46 | 67 | 5.23 | 3.4 | 61 | 4.96 | 2.6 | 50 | 4.44 | 6.3 | 24 | 3.86 | 11.5 | 57 | 4.75 | 4.3 |
| 47 | 31 | 3.91 | 15.9 | 44 | 4.35 | 8.2 | 46 | 4.37 | 8.7 | 48 | 4.38 | 9.4 | 54 | 4.54 | 7.5 |
| 48 | 46 | 4.29 | 7.5 | 49 | 4.55 | 4.0 | 51 | 4.45 | 8.2 | 46 | 4.32 | 8.7 | 46 | 4.42 | 5.4 |
| 49 | 30 | 3.84 | 23.5 | 43 | 4.34 | 16.2 | 40 | 4.22 | 19.7 | 51 | 4.60 | 16.1 | 38 | 4.15 | 18.3 |
| 50 | 50 | 4.45 | 5.3 | 45 | 4.39 | 7.9 | 47 | 4.37 | 9.5 | 53 | 4.64 | 8.1 | 39 | 4.23 | 11.8 |
| 51 | 54 | 4.64 | 6.1 | 58 | 4.86 | 5.3 | 54 | 4.61 | 7.8 | 49 | 4.49 | 9.8 | 45 | 4.36 | 7.6 |
| 52 | 47 | 4.37 | 9.5 | 41 | 4.31 | 10.8 | 49 | 4.41 | 10.3 | 63 | 4.84 | 7.7 | 47 | 4.43 | 11.8 |
| 53 | 53 | 4.59 | 4.2 | 53 | 4.75 | 2.3 | 55 | 4.67 | 4.0 | 50 | 4.56 | 4.8 | 58 | 4.87 | 2.2 |
| 54 | 56 | 4.71 | 6.4 | 51 | 4.67 | 4.6 | 48 | 4.39 | 8.8 | 58 | 4.74 | 8.1 | 55 | 4.55 | 6.5 |
| 55 | 59 | 4.83 | 4.2 | 56 | 4.80 | 2.3 | 53 | 4.61 | 4.1 | 56 | 4.70 | 4.0 | 51 | 4.47 | 6.5 |
| 56 | 55 | 4.70 | 6.8 | 62 | 5.07 | 4.3 | 59 | 4.78 | 6.9 | 55 | 4.66 | 6.8 | 59 | 4.89 | 6.5 |
| 57 | 51 | 4.51 | 9.1 | 52 | 4.69 | 8.3 | 58 | 4.77 | 8.3 | 62 | 4.81 | 8.2 | 60 | 4.90 | 6.5 |
| 58 | 61 | 4.87 | 6.1 | 57 | 4.85 | 7.0 | 56 | 4.74 | 8.9 | 59 | 4.79 | 9.9 | 44 | 4.33 | 9.7 |
| 59 | 60 | 4.85 | 8.5 | 54 | 4.77 | 7.0 | 57 | 4.76 | 6.9 | 60 | 4.79 | 9.4 | 48 | 4.46 | 8.6 |

TABLE 10 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY PRIMARY CUSTOMER

| | One or two firms n = 266 | | | One or two industries n = 305 | | | Business in general n = 628 | | | The public n = 1427 | | | Government n = 93 | | |
|----|-----------------------------|------|----------------------|----------------------------------|------|----------------------|--------------------------------|------|----------------------|------------------------|------|----------------------|----------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 60 | 58 | 4.82 | 7.2 | 63 | 5.11 | 4.9 | 60 | 4.85 | 6.5 | 57 | 4.71 | 8.0 | 66 | 5.13 | 4.3 |
| 61 | 52 | 4.55 | 9.8 | 59 | 4.87 | 4.3 | 63 | 4.98 | 5.4 | 61 | 4.80 | 7.8 | 64 | 4.99 | 5.4 |
| 62 | 57 | 4.80 | 5.7 | 55 | 4.78 | 6.0 | 62 | 4.97 | 4.5 | 64 | 4.90 | 6.2 | 62 | 4.96 | 7.6 |
| 63 | 75 | 5.70 | 4.1 | 69 | 5.44 | 4.0 | 64 | 5.01 | 7.4 | 54 | 4.64 | 11.5 | 70 | 5.29 | 7.6 |
| 64 | 72 | 5.43 | 3.1 | 71 | 5.52 | 1.0 | 67 | 5.17 | 3.0 | 52 | 4.63 | 6.6 | 63 | 4.98 | 4.4 |
| 65 | 48 | 4.37 | 14.4 | 50 | 4.59 | 10.9 | 65 | 5.09 | 7.9 | 71 | 5.42 | 6.7 | 72 | 5.44 | 6.5 |
| 66 | 62 | 5.08 | 9.5 | 64 | 5.19 | 8.3 | 68 | 5.22 | 8.1 | 65 | 5.11 | 9.1 | 65 | 5.08 | 7.6 |
| 67 | 68 | 5.35 | 4.2 | 66 | 5.31 | 3.6 | 61 | 4.87 | 4.8 | 66 | 5.22 | 3.8 | 71 | 5.40 | 3.3 |
| 68 | 64 | 5.14 | 8.7 | 65 | 5.24 | 3.0 | 69 | 5.22 | 5.6 | 70 | 5.32 | 6.0 | 61 | 4.92 | 9.8 |
| 69 | 65 | 5.21 | 4.9 | 68 | 5.44 | 3.3 | 72 | 5.32 | 5.2 | 67 | 5.23 | 7.1 | 68 | 5.17 | 8.7 |
| 70 | 66 | 5.21 | 7.1 | 70 | 5.50 | 3.6 | 70 | 5.25 | 5.5 | 68 | 5.26 | 6.6 | 67 | 5.15 | 12.9 |
| 71 | 71 | 5.40 | 1.9 | 73 | 5.57 | 1.7 | 71 | 5.26 | 4.7 | 69 | 5.27 | 5.5 | 69 | 5.23 | 7.7 |
| 72 | 73 | 5.55 | 3.8 | 67 | 5.31 | 4.7 | 66 | 5.14 | 5.7 | 73 | 5.68 | 5.1 | 27 | 3.88 | 17.2 |
| 73 | 69 | 5.37 | 8.8 | 75 | 5.78 | 3.7 | 73 | 5.45 | 7.0 | 72 | 5.61 | 7.8 | 74 | 5.65 | 5.4 |
| 74 | 74 | 5.56 | 5.7 | 72 | 5.52 | 2.6 | 74 | 5.51 | 4.4 | 74 | 5.79 | 4.3 | 73 | 5.47 | 3.2 |
| 75 | 70 | 5.38 | 5.3 | 74 | 5.62 | 2.6 | 75 | 5.80 | 3.8 | 75 | 6.10 | 2.9 | 75 | 6.02 | 5.4 |



NUMBER OF OWNERS

Most small businesses (80 percent) are owned by one or two people. Only 20 percent are operated by more than two. Very few differences appear in problem ranking as the number of owners increase. The problems with the widest variation in rank include “Hiring/Firing/Employment Regulations,” “Training Employees” and “Estate Tax.” However, the variation in rank is likely influenced by business size and age. Businesses with multiple owners tend to be larger, small businesses and are generally older.¹⁶

Logically, estate planning becomes more complicated as the number of business owners increase. Each additional owner likely generates more disagreements and complexity to the final arrangement. This is illustrated in the ranking of the “Estate Tax” which ranges from 49th for those businesses with one owner to 19th for those with four. By contrast, “Ability to Cost Effectively Advertise” becomes more severe with fewer owners as it ranks 32nd for businesses with one owner and 54th for businesses with five or more.

NUMBER OF MANAGERS/SUPERVISORS

Issue differences in this category are similar to those differences found by number of employees. The main issue differences between those with few and many managers are employment related. “Locating Qualified Employees” is far more problematic for those owners with four or more managers/supervisors than those with none. The issue ranks 3rd for the former and 27th for the latter. However, the issue of “Cash Flow” is much less of a problem for those businesses with many managers/supervisors than those with none.



¹⁶ *Business Structure*, NFIB Small Business National Poll (ed.), William J. Dennis, Jr., NFIB Research Foundation, Vol. 4, Iss. 7, 2004.

TABLE 11
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OWNERS

| | One n = 1267 | | | Two n = 988 | | | Three n = 244 | | | Four n = 109 | | | Five or more n = 53 | | |
|---|-----------------|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-----------------|------|----------------------|------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 Cost of Health Insurance | 1 | 2.43 | 49.4 | 1 | 2.04 | 57.1 | 1 | 2.08 | 53.9 | 1 | 2.31 | 46.8 | 1 | 2.09 | 49.1 |
| 2 Unreasonable Government Regulations | 3 | 2.88 | 31.7 | 2 | 2.64 | 35.2 | 2 | 2.74 | 33.3 | 2 | 2.60 | 36.1 | 2 | 2.21 | 37.7 |
| 3 Federal Taxes on Business Income | 2 | 2.87 | 29.6 | 4 | 2.81 | 31.8 | 6 | 3.09 | 24.0 | 6 | 3.02 | 27.8 | 18 | 3.34 | 20.8 |
| 4 Uncertainty over Economic Conditions | 4 | 2.96 | 26.5 | 5 | 2.83 | 26.6 | 3 | 2.93 | 25.5 | 4 | 2.92 | 17.9 | 4 | 2.79 | 19.2 |
| 5 Tax Complexity | 5 | 3.00 | 27.1 | 3 | 2.73 | 28.7 | 4 | 3.05 | 25.5 | 3 | 2.81 | 29.0 | 7 | 2.92 | 18.9 |
| 6 Uncertainty over Government Actions | 6 | 3.05 | 26.3 | 6 | 2.98 | 27.5 | 8 | 3.14 | 24.6 | 5 | 2.92 | 20.4 | 3 | 2.75 | 28.8 |
| 7 Frequent Changes in Federal Tax Laws and Rules | 9 | 3.38 | 19.1 | 8 | 3.17 | 21.9 | 7 | 3.11 | 21.4 | 7 | 3.07 | 22.2 | 11 | 3.09 | 15.1 |
| 8 Property Taxes (real, inventory or personal property) | 7 | 3.31 | 24.5 | 7 | 3.16 | 22.4 | 11 | 3.36 | 19.3 | 13 | 3.36 | 19.3 | 12 | 3.17 | 20.8 |
| 9 State Taxes on Business Income | 8 | 3.37 | 22.9 | 10 | 3.31 | 22.9 | 5 | 3.08 | 23.8 | 10 | 3.31 | 21.7 | 20 | 3.35 | 19.2 |
| 10 Locating Qualified Employees | 10 | 3.51 | 23.7 | 9 | 3.25 | 26.7 | 12 | 3.43 | 21.3 | 12 | 3.43 | 21.3 | 11 | 3.31 | 23.1 |
| 11 State/Local Paperwork | 11 | 3.55 | 16.1 | 11 | 3.35 | 17.0 | 10 | 3.35 | 15.6 | 9 | 3.24 | 15.6 | 9 | 3.06 | 23.1 |
| 12 Federal Paperwork | 12 | 3.58 | 17.1 | 13 | 3.43 | 18.0 | 9 | 3.26 | 19.4 | 8 | 3.19 | 15.6 | 6 | 2.89 | 22.6 |
| 13 Workers' Compensation | 13 | 3.67 | 18.2 | 12 | 3.40 | 21.3 | 13 | 3.46 | 21.4 | 14 | 3.42 | 21.5 | 26 | 3.53 | 17.0 |
| 14 Finding and Keeping Skilled Employees | 15 | 3.69 | 21.4 | 14 | 3.49 | 21.2 | 14 | 3.66 | 20.2 | 12 | 3.33 | 21.1 | 8 | 3.00 | 34.0 |
| 15 Cost of Supplies/Inventories | 16 | 3.69 | 13.3 | 16 | 3.62 | 12.1 | 22 | 3.81 | 11.6 | 21 | 3.74 | 7.3 | 17 | 3.32 | 17.0 |
| 16 Poor Earnings (Profits) | 17 | 3.72 | 17.0 | 15 | 3.59 | 17.6 | 19 | 3.77 | 15.2 | 29 | 3.91 | 11.2 | 21 | 3.38 | 17.0 |
| 17 Dealing with IRS/State Tax Agencies | 14 | 3.69 | 17.2 | 18 | 3.63 | 16.2 | 26 | 3.84 | 14.8 | 18 | 3.65 | 12.0 | 14 | 3.26 | 11.3 |
| 18 Projecting Future Sales Changes | 18 | 3.74 | 11.1 | 17 | 3.62 | 11.5 | 20 | 3.78 | 7.4 | 17 | 3.64 | 9.3 | 27 | 3.57 | 15.1 |
| 19 Electricity Costs (rates) | 20 | 3.77 | 11.6 | 22 | 3.74 | 12.1 | 18 | 3.76 | 9.8 | 26 | 3.85 | 3.8 | 28 | 3.57 | 9.4 |
| 20 Cost and Availability of Liability Insurance | 19 | 3.77 | 16.3 | 25 | 3.77 | 13.8 | 17 | 3.70 | 15.2 | 27 | 3.87 | 11.2 | 37 | 3.85 | 7.5 |





TABLE 11 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OWNERS

| | One n = 1267 | | | Two n = 988 | | | Three n = 244 | | | Four n = 109 | | | Five or more n = 53 | | | |
|----|--|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-----------------|------|----------------------|------------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 21 | FICA (Social Security Taxes) | 21 | 3.82 | 13.5 | 21 | 3.70 | 13.8 | 23 | 3.81 | 10.8 | 24 | 3.83 | 6.7 | 34 | 3.81 | 5.7 |
| 22 | Fixed Costs Too High | 23 | 3.87 | 12.4 | 19 | 3.67 | 12.3 | 28 | 3.89 | 11.2 | 22 | 3.79 | 8.3 | 24 | 3.49 | 13.2 |
| 23 | Finding Out about Regulatory Requirements | 26 | 4.00 | 11.3 | 20 | 3.69 | 13.2 | 21 | 3.79 | 13.5 | 16 | 3.52 | 11.0 | 19 | 3.34 | 17.0 |
| 24 | Highly Variable Earnings (profits) | 24 | 3.90 | 11.6 | 28 | 3.87 | 11.2 | 27 | 3.84 | 10.3 | 30 | 3.91 | 5.5 | 22 | 3.40 | 15.1 |
| 25 | Cash Flow | 22 | 3.84 | 15.2 | 27 | 3.85 | 13.9 | 30 | 4.00 | 11.2 | 35 | 4.05 | 7.3 | 45 | 4.11 | 7.5 |
| 26 | Unemployment Compensation | 25 | 3.98 | 14.1 | 23 | 3.74 | 13.9 | 29 | 3.97 | 11.6 | 23 | 3.81 | 14.7 | 30 | 3.68 | 11.3 |
| 27 | Environmental Regulations | 36 | 4.15 | 15.9 | 24 | 3.75 | 18.5 | 16 | 3.68 | 21.4 | 15 | 3.49 | 21.3 | 15 | 3.31 | 23.1 |
| 28 | Health/Safety Regulations | 29 | 4.09 | 13.0 | 26 | 3.80 | 15.0 | 24 | 3.81 | 15.5 | 33 | 3.98 | 11.3 | 5 | 2.88 | 19.2 |
| 29 | Time Spent Shopping for Health Insurance | 33 | 4.12 | 14.4 | 29 | 3.90 | 14.6 | 25 | 3.83 | 12.1 | 28 | 3.87 | 11.0 | 16 | 3.31 | 15.4 |
| 30 | Cost of Government Required Equipment/Procedures | 31 | 4.11 | 13.8 | 30 | 3.95 | 13.8 | 15 | 3.66 | 15.7 | 20 | 3.73 | 16.5 | 13 | 3.21 | 17.0 |
| 31 | Competition from Large Businesses | 28 | 4.05 | 13.3 | 33 | 4.01 | 14.4 | 31 | 4.05 | 12.4 | 38 | 4.15 | 7.3 | 41 | 3.98 | 13.2 |
| 32 | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 34 | 4.12 | 8.5 | 32 | 3.97 | 7.7 | 38 | 4.28 | 6.6 | 31 | 3.93 | 5.6 | 32 | 3.70 | 9.4 |
| 33 | Telephone Costs and Service | 27 | 4.03 | 8.0 | 36 | 4.05 | 8.4 | 36 | 4.27 | 5.3 | 50 | 4.42 | 1.8 | 44 | 4.08 | 5.7 |
| 34 | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 30 | 4.10 | 11.1 | 35 | 4.04 | 11.3 | 32 | 4.09 | 10.4 | 41 | 4.22 | 6.7 | 35 | 3.81 | 15.1 |
| 35 | Controlling My Own Time | 35 | 4.13 | 11.5 | 31 | 3.96 | 12.4 | 42 | 4.37 | 6.7 | 43 | 4.26 | 7.4 | 53 | 4.26 | 3.8 |
| 36 | Minimum Wage/"Living" Wage | 40 | 4.23 | 12.9 | 34 | 4.01 | 15.9 | 43 | 4.38 | 9.5 | 34 | 4.04 | 15.0 | 25 | 3.51 | 17.0 |
| 37 | Locating Business Help When Needed | 38 | 4.20 | 10.4 | 37 | 4.05 | 10.8 | 48 | 4.49 | 6.1 | 37 | 4.14 | 9.3 | 47 | 4.13 | 11.3 |
| 38 | Credit Card Payment Processing Costs | 37 | 4.19 | 14.8 | 38 | 4.06 | 15.7 | 49 | 4.50 | 8.3 | 53 | 4.63 | 7.4 | 56 | 4.51 | 13.2 |
| 39 | Obtaining Licenses, Permits, etc. | 43 | 4.28 | 11.2 | 40 | 4.16 | 9.4 | 34 | 4.21 | 11.9 | 40 | 4.18 | 9.3 | 31 | 3.68 | 13.2 |

TABLE 11 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OWNERS

| | One n = 1267 | | | Two n = 988 | | | Three n = 244 | | | Four n = 109 | | | Five or more n = 53 | | | |
|----|---|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-----------------|------|----------------------|------------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 40 | Hiring/Firing/Employment Regulations | 47 | 4.41 | 8.0 | 39 | 4.13 | 9.6 | 33 | 4.12 | 7.0 | 25 | 3.84 | 11.2 | 23 | 3.42 | 9.4 |
| 41 | Keeping Up on Business and Market Developments | 41 | 4.24 | 5.5 | 45 | 4.25 | 5.6 | 46 | 4.40 | 3.7 | 42 | 4.24 | 4.6 | 39 | 3.90 | 5.8 |
| 42 | Training Employees | 46 | 4.37 | 8.5 | 41 | 4.16 | 7.1 | 40 | 4.32 | 4.9 | 32 | 3.94 | 6.5 | 29 | 3.57 | 11.3 |
| 43 | Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 42 | 4.28 | 9.2 | 43 | 4.22 | 7.7 | 44 | 4.38 | 5.8 | 44 | 4.27 | 5.6 | 46 | 4.11 | 5.7 |
| 44 | Pricing My Goods/Services | 44 | 4.34 | 7.3 | 42 | 4.20 | 8.7 | 37 | 4.27 | 8.3 | 39 | 4.17 | 9.2 | 33 | 3.75 | 15.4 |
| 45 | Poor Sales | 39 | 4.22 | 12.2 | 47 | 4.34 | 9.9 | 39 | 4.30 | 11.3 | 46 | 4.34 | 8.5 | 43 | 4.08 | 13.5 |
| 46 | Ability to Cost-Effectively Advertise | 32 | 4.11 | 9.5 | 48 | 4.37 | 8.3 | 56 | 4.72 | 2.9 | 55 | 4.66 | 3.7 | 54 | 4.30 | 5.7 |
| 47 | Real Estate Values | 48 | 4.45 | 8.4 | 44 | 4.22 | 10.8 | 41 | 4.32 | 10.4 | 36 | 4.13 | 12.8 | 48 | 4.15 | 13.2 |
| 48 | Using Computer(s), the Internet or New Technology Effectively | 45 | 4.37 | 8.7 | 49 | 4.38 | 7.7 | 45 | 4.38 | 3.7 | 49 | 4.40 | 5.6 | 51 | 4.21 | 5.8 |
| 49 | Estate Tax | 49 | 4.58 | 16.1 | 46 | 4.28 | 17.7 | 35 | 4.22 | 22.2 | 19 | 3.72 | 25.0 | 36 | 3.85 | 30.2 |
| 50 | Rules on Retirement Plans | 50 | 4.60 | 8.0 | 50 | 4.44 | 8.2 | 52 | 4.66 | 7.1 | 47 | 4.34 | 5.5 | 40 | 3.96 | 5.7 |
| 51 | Cyber Crime (viruses, hacking, etc.) | 51 | 4.60 | 8.4 | 51 | 4.52 | 8.4 | 54 | 4.71 | 7.4 | 58 | 4.75 | 4.6 | 42 | 4.02 | 13.2 |
| 52 | Traffic, Highways, Roads, Bridges | 55 | 4.67 | 9.5 | 53 | 4.64 | 8.4 | 47 | 4.41 | 12.3 | 45 | 4.30 | 5.6 | 38 | 3.85 | 7.5 |
| 53 | Reducing Energy Use in a Cost-Effective Manner | 52 | 4.62 | 4.6 | 56 | 4.68 | 3.8 | 50 | 4.62 | 3.7 | 51 | 4.46 | 0.9 | 49 | 4.15 | 3.8 |
| 54 | Delinquent Accounts/Late Payments | 53 | 4.65 | 8.0 | 52 | 4.63 | 7.4 | 51 | 4.64 | 6.2 | 56 | 4.71 | 8.3 | 55 | 4.45 | 9.4 |
| 55 | Handling Business Growth | 56 | 4.69 | 4.3 | 55 | 4.67 | 3.8 | 57 | 4.75 | 5.0 | 52 | 4.58 | 0.0 | 65 | 4.94 | 0.0 |
| 56 | Interest Rates | 54 | 4.67 | 6.6 | 62 | 4.85 | 6.4 | 61 | 4.92 | 6.2 | 59 | 4.77 | 6.4 | 60 | 4.62 | 3.8 |
| 57 | Zoning/Land Use Regulations | 62 | 4.86 | 7.4 | 54 | 4.66 | 8.3 | 53 | 4.68 | 10.8 | 61 | 4.80 | 6.5 | 52 | 4.23 | 17.0 |
| 58 | Mandatory Family or Sick Leave | 58 | 4.83 | 9.5 | 57 | 4.72 | 9.3 | 55 | 4.71 | 6.2 | 54 | 4.65 | 7.5 | 57 | 4.57 | 5.7 |
| 59 | Employee Turnover | 61 | 4.85 | 8.5 | 58 | 4.74 | 8.1 | 60 | 4.86 | 6.4 | 48 | 4.34 | 10.4 | 50 | 4.19 | 7.7 |





TABLE 11 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OWNERS

| | One n = 1267 | | Two n = 988 | | Three n = 244 | | Four n = 109 | | Five or more n = 53 | |
|----|-----------------|------------------------------|----------------|------------------------------|------------------|------------------------------|-----------------|------------------------------|------------------------|------------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 60 | 57 | 4.82 | 61 | 4.83 | 58 | 4.80 | 57 | 4.72 | 59 | 4.60 |
| 61 | 60 | 4.83 | 59 | 4.79 | 59 | 4.81 | 66 | 5.13 | 67 | 4.96 |
| 62 | 64 | 4.98 | 60 | 4.79 | 62 | 5.02 | 60 | 4.77 | 58 | 4.57 |
| 63 | 59 | 4.83 | 64 | 5.00 | 66 | 5.06 | 73 | 5.58 | 68 | 5.13 |
| 64 | 63 | 4.94 | 63 | 4.95 | 63 | 5.02 | 62 | 4.87 | 61 | 4.69 |
| 65 | 68 | 5.19 | 65 | 5.12 | 64 | 5.04 | 67 | 5.15 | 62 | 4.70 |
| 66 | 67 | 5.19 | 66 | 5.15 | 65 | 5.05 | 64 | 4.99 | 64 | 4.77 |
| 67 | 65 | 5.14 | 67 | 5.21 | 68 | 5.25 | 63 | 4.92 | 63 | 4.72 |
| 68 | 71 | 5.30 | 68 | 5.23 | 69 | 5.28 | 65 | 5.01 | 66 | 4.96 |
| 69 | 66 | 5.17 | 70 | 5.35 | 70 | 5.46 | 68 | 5.18 | 74 | 5.56 |
| 70 | | | | | | | | | | |
| 71 | 69 | 5.19 | 69 | 5.32 | 73 | 5.58 | 70 | 5.31 | 72 | 5.47 |
| 72 | 70 | 5.19 | 71 | 5.42 | 72 | 5.49 | 72 | 5.50 | 71 | 5.32 |
| 73 | 72 | 5.47 | 72 | 5.48 | 67 | 5.15 | 69 | 5.31 | 73 | 5.50 |
| 74 | 73 | 5.52 | 73 | 5.58 | 75 | 5.86 | 74 | 5.60 | 69 | 5.19 |
| 75 | 74 | 5.73 | 74 | 5.66 | 71 | 5.47 | 71 | 5.50 | 70 | 5.28 |
| 76 | 75 | 5.97 | 75 | 5.91 | 74 | 5.64 | 75 | 5.63 | 75 | 5.60 |

TABLE 12
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF MANAGER/SUPERVISORS

| | Zero n = 893 | | | One n = 776 | | | Two n = 442 | | | Three n = 254 | | | Four or more n = 347 | | |
|---|-----------------|------|----------------------|----------------|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 Cost of Health Insurance | 1 | 2.56 | 47.7 | 1 | 2.26 | 52.3 | 1 | 1.95 | 59.5 | 1 | 1.85 | 60.7 | 1 | 2.04 | 52.3 |
| 2 Unreasonable Government Regulations | 2 | 2.94 | 32.3 | 2 | 2.81 | 31.8 | 2 | 2.65 | 35.9 | 2 | 2.49 | 37.5 | 2 | 2.53 | 34.3 |
| 3 Federal Taxes on Business Income | 5 | 3.03 | 27.8 | 4 | 2.94 | 28.6 | 3 | 2.69 | 32.6 | 4 | 2.69 | 30.7 | 4 | 2.88 | 30.8 |
| 4 Uncertainty over Economic Conditions | 4 | 3.01 | 26.4 | 3 | 2.92 | 25.4 | 5 | 2.80 | 27.5 | 3 | 2.67 | 29.5 | 3 | 2.99 | 20.1 |
| 5 Tax Complexity | 3 | 2.94 | 28.9 | 5 | 3.01 | 24.9 | 4 | 2.78 | 29.3 | 6 | 2.84 | 24.2 | 6 | 2.89 | 26.5 |
| 6 Uncertainty over Government Actions | 6 | 3.07 | 27.1 | 6 | 3.12 | 23.9 | 6 | 2.97 | 30.6 | 7 | 2.95 | 26.6 | 7 | 2.88 | 25.6 |
| 7 Frequent Changes in Federal Tax Laws and Rules | 8 | 3.29 | 22.4 | 10 | 3.41 | 18.7 | 10 | 3.13 | 22.0 | 12 | 3.27 | 18.2 | 10 | 3.16 | 18.7 |
| 8 Property Taxes (real, inventory or personal property) | 7 | 3.28 | 24.9 | 7 | 3.30 | 22.7 | 12 | 3.18 | 25.5 | 14 | 3.29 | 18.3 | 14 | 3.33 | 17.0 |
| 9 State Taxes on Business Income | 9 | 3.5 | 21.9 | 8 | 3.34 | 21.8 | 7 | 3.05 | 26.4 | 10 | 3.20 | 20.7 | 13 | 3.31 | 24.1 |
| 10 Locating Qualified Employees | 27 | 4.13 | 18.2 | 9 | 3.35 | 23.5 | 8 | 3.06 | 29.2 | 5 | 2.81 | 30.8 | 3 | 2.67 | 31.1 |
| 11 State/Local Paperwork | 12 | 3.68 | 14.9 | 12 | 3.50 | 16.6 | 11 | 3.16 | 19.0 | 11 | 3.23 | 19.0 | 12 | 3.24 | 16.4 |
| 12 Federal Paperwork | 14 | 3.73 | 15.7 | 16 | 3.59 | 16.7 | 14 | 3.24 | 20.1 | 13 | 3.28 | 18.1 | 11 | 3.19 | 19.8 |
| 13 Workers' Compensation | 30 | 4.24 | 14.7 | 11 | 3.48 | 19.0 | 9 | 3.07 | 23.6 | 9 | 3.07 | 23.2 | 9 | 3.08 | 24.3 |
| 14 Finding and Keeping Skilled Employees | 38 | 4.34 | 15.6 | 13 | 3.51 | 22.5 | 13 | 3.22 | 25.1 | 8 | 3.02 | 24.8 | 7 | 2.91 | 26.1 |
| 15 Cost of Supplies/Inventories | 11 | 3.64 | 14.1 | 15 | 3.59 | 14.4 | 22 | 3.66 | 13.2 | 24 | 3.71 | 9.5 | 30 | 3.93 | 8.2 |
| 16 Poor Earnings (Profits) | 10 | 3.61 | 18.8 | 14 | 3.57 | 18.2 | 17 | 3.56 | 16.9 | 30 | 3.81 | 11.9 | 38 | 4.15 | 12.5 |
| 17 Dealing with IRS/State Tax Agencies | 16 | 3.81 | 16.2 | 21 | 3.75 | 16.3 | 18 | 3.56 | 17.2 | 15 | 3.48 | 14.6 | 21 | 3.62 | 15.4 |
| 18 Projecting Future Sales Changes | 18 | 3.83 | 12.3 | 17 | 3.63 | 11.4 | 16 | 3.54 | 12.5 | 23 | 3.66 | 7.6 | 23 | 3.85 | 6.7 |
| 19 Electricity Costs (rates) | 13 | 3.72 | 13.5 | 22 | 3.76 | 11.1 | 24 | 3.73 | 11.1 | 31 | 3.81 | 9.6 | 25 | 3.86 | 7.4 |
| 20 Cost and Availability of Liability Insurance | 20 | 3.92 | 13.6 | 19 | 3.73 | 17.2 | 19 | 3.60 | 16.8 | 20 | 3.60 | 16.5 | 33 | 4.01 | 8.9 |





TABLE 12 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF MANAGER/SUPERVISORS

| | Zero n = 893 | | | One n = 776 | | | Two n = 442 | | | Three n = 254 | | | Four or more n = 347 | | |
|----|-----------------|------|----------------------|----------------|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 21 | 19 | 3.89 | 15.2 | 18 | 3.73 | 13.0 | 21 | 3.65 | 13.8 | 25 | 3.72 | 10.6 | 28 | 3.92 | 7.7 |
| 22 | 15 | 3.77 | 14.3 | 20 | 3.75 | 12.5 | 27 | 3.80 | 12.2 | 32 | 3.81 | 10.3 | 24 | 3.85 | 8.7 |
| 23 | 24 | 3.99 | 11.6 | 26 | 3.92 | 11.8 | 25 | 3.76 | 13.2 | 19 | 3.58 | 16.2 | 22 | 3.62 | 11.7 |
| 24 | 22 | 3.98 | 11.9 | 24 | 3.80 | 11.5 | 26 | 3.78 | 12.1 | 28 | 3.77 | 10.6 | 36 | 4.09 | 8.2 |
| 25 | 17 | 3.82 | 13.4 | 25 | 3.84 | 16.3 | 28 | 3.85 | 14.8 | 34 | 3.92 | 11.5 | 41 | 4.26 | 11.0 |
| 26 | 45 | 4.48 | 11.0 | 23 | 3.77 | 14.7 | 15 | 3.44 | 15.1 | 16 | 3.51 | 15.9 | 16 | 3.47 | 14.7 |
| 27 | 25 | 4.02 | 18.8 | 30 | 4.02 | 18.3 | 31 | 3.89 | 16.5 | 18 | 3.57 | 17.8 | 26 | 3.87 | 13.7 |
| 28 | 31 | 4.27 | 13.0 | 36 | 4.10 | 11.2 | 23 | 3.72 | 15.3 | 17 | 3.55 | 16.1 | 15 | 3.37 | 17.5 |
| 29 | 40 | 4.35 | 12.6 | 34 | 4.06 | 14.1 | 20 | 3.60 | 17.6 | 26 | 3.73 | 14.6 | 18 | 3.57 | 15.7 |
| 30 | 35 | 4.3 | 12.9 | 37 | 4.10 | 13.5 | 29 | 3.85 | 15.5 | 22 | 3.63 | 13.9 | 19 | 3.58 | 16.2 |
| 31 | 26 | 4.06 | 15.7 | 29 | 4.00 | 13.6 | 37 | 4.04 | 12.3 | 35 | 3.92 | 14.6 | 40 | 4.22 | 9.3 |
| 32 | 29 | 4.23 | 8.1 | 33 | 4.06 | 7.9 | 35 | 3.97 | 8.6 | 36 | 3.94 | 6.0 | 29 | 3.92 | 7.5 |
| 33 | 21 | 3.95 | 9.7 | 27 | 3.94 | 9.1 | 40 | 4.16 | 6.4 | 51 | 4.35 | 4.3 | 47 | 4.46 | 3.8 |
| 34 | 23 | 3.99 | 12.1 | 32 | 4.05 | 12.4 | 36 | 4.03 | 11.0 | 43 | 4.19 | 8.4 | 46 | 4.43 | 7.0 |
| 35 | 33 | 4.3 | 11.7 | 28 | 3.96 | 12.8 | 39 | 4.15 | 10.5 | 33 | 3.89 | 9.9 | 34 | 4.05 | 8.7 |
| 36 | 42 | 4.38 | 12.3 | 41 | 4.19 | 12.6 | 34 | 3.96 | 16.7 | 37 | 4.07 | 14.2 | 27 | 3.88 | 18.2 |
| 37 | 46 | 4.5 | 8.4 | 35 | 4.06 | 10.3 | 32 | 3.90 | 13.4 | 29 | 3.78 | 16.8 | 39 | 4.16 | 8.4 |
| 38 | 36 | 4.33 | 14.6 | 31 | 4.03 | 17.1 | 41 | 4.17 | 13.7 | 46 | 4.23 | 12.8 | 43 | 4.33 | 11.0 |
| 39 | 41 | 4.36 | 10.0 | 44 | 4.22 | 12.4 | 38 | 4.07 | 10.3 | 41 | 4.16 | 9.2 | 37 | 4.10 | 9.7 |

TABLE 12 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF MANAGER/SUPERVISORS

| | Zero n = 893 | | | One n = 776 | | | Two n = 442 | | | Three n = 254 | | | Four or more n = 347 | | |
|--|-----------------|------|----------------------|----------------|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 40 Hiring/Firing/Employment Regulations | 59 | 4.97 | 6.3 | 45 | 4.22 | 7.3 | 33 | 3.92 | 11.1 | 21 | 3.62 | 11.2 | 17 | 3.49 | 11.6 |
| 41 Keeping Up on Business and Market Developments | 39 | 4.35 | 5.2 | 38 | 4.14 | 6.8 | 45 | 4.24 | 5.7 | 47 | 4.24 | 4.4 | 44 | 4.33 | 4.4 |
| 42 Training Employees | 61 | 4.98 | 4.7 | 40 | 4.17 | 8.2 | 30 | 3.87 | 10.1 | 27 | 3.74 | 11.1 | 20 | 3.61 | 8.7 |
| 43 Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 34 | 4.3 | 9.0 | 43 | 4.20 | 9.1 | 46 | 4.24 | 7.6 | 39 | 4.09 | 7.9 | 48 | 4.47 | 4.0 |
| 44 Pricing My Goods/Services | 37 | 4.34 | 9.7 | 46 | 4.30 | 9.0 | 43 | 4.20 | 7.8 | 38 | 4.09 | 4.7 | 42 | 4.31 | 5.8 |
| 45 Poor Sales | 28 | 4.23 | 11.4 | 42 | 4.20 | 13.0 | 42 | 4.20 | 11.3 | 52 | 4.35 | 7.9 | 57 | 4.66 | 7.6 |
| 46 Ability to Cost-Effectively Advertise | 44 | 4.41 | 9.6 | 39 | 4.14 | 9.3 | 44 | 4.23 | 8.4 | 42 | 4.18 | 5.2 | 52 | 4.55 | 3.5 |
| 47 Real Estate Values | 32 | 4.28 | 11.4 | 47 | 4.33 | 10.3 | 47 | 4.34 | 10.9 | 48 | 4.28 | 8.4 | 53 | 4.57 | 5.0 |
| 48 Using Computer(s), the Internet or New Technology Effectively | 43 | 4.39 | 9.1 | 48 | 4.34 | 8.8 | 53 | 4.52 | 7.3 | 49 | 4.30 | 6.4 | 45 | 4.36 | 4.3 |
| 49 Estate Tax | 47 | 4.51 | 17.3 | 49 | 4.53 | 16.3 | 48 | 4.40 | 18.5 | 44 | 4.21 | 17.8 | 35 | 4.05 | 20.5 |
| 50 Rules on Retirement Plans | 50 | 4.61 | 8.9 | 51 | 4.57 | 8.6 | 52 | 4.50 | 8.0 | 50 | 4.34 | 7.5 | 49 | 4.48 | 4.9 |
| 51 Cyber Crime (viruses, hacking, etc.) | 49 | 4.6 | 9.9 | 50 | 4.57 | 8.1 | 56 | 4.60 | 6.5 | 57 | 4.52 | 8.7 | 56 | 4.58 | 7.0 |
| 52 Traffic, Highways, Roads, Bridges | 48 | 4.6 | 9.9 | 57 | 4.76 | 8.7 | 57 | 4.65 | 7.7 | 54 | 4.42 | 11.4 | 51 | 4.50 | 7.3 |
| 53 Reducing Energy Use in a Cost-Effective Manner | 54 | 4.81 | 4.1 | 54 | 4.65 | 4.4 | 54 | 4.52 | 4.6 | 56 | 4.50 | 2.8 | 50 | 4.48 | 2.6 |
| 54 Delinquent Accounts/Late Payments | 56 | 4.91 | 6.8 | 52 | 4.61 | 8.0 | 49 | 4.42 | 8.4 | 55 | 4.43 | 7.9 | 54 | 4.57 | 7.4 |
| 55 Handling Business Growth | 58 | 4.96 | 3.4 | 53 | 4.62 | 4.0 | 55 | 4.55 | 6.4 | 53 | 4.41 | 2.4 | 55 | 4.58 | 3.5 |
| 56 Interest Rates | 51 | 4.68 | 7.8 | 55 | 4.66 | 7.1 | 61 | 4.80 | 5.0 | 61 | 4.80 | 5.6 | 63 | 5.03 | 4.6 |
| 57 Zoning/Land Use Regulations | 52 | 4.77 | 9.3 | 59 | 4.83 | 6.9 | 58 | 4.71 | 8.9 | 60 | 4.80 | 8.8 | 59 | 4.74 | 6.4 |
| 58 Mandatory Family or Sick Leave | 69 | 5.4 | 6.0 | 62 | 4.87 | 7.1 | 51 | 4.46 | 11.7 | 45 | 4.21 | 11.9 | 31 | 3.95 | 15.1 |
| 59 Employee Turnover | 71 | 5.46 | 4.7 | 61 | 4.84 | 7.9 | 50 | 4.43 | 9.7 | 40 | 4.15 | 12.9 | 32 | 3.97 | 12.7 |





TABLE 12 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OF MANAGER/SUPERVISORS

| | Zero n = 893 | | | One n = 776 | | | Two n = 442 | | | Three n = 254 | | | Four or more n = 347 | | |
|----|-----------------|------|----------------------|----------------|------|----------------------|----------------|------|----------------------|------------------|------|----------------------|-------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 60 | 55 | 4.85 | 9.8 | 64 | 4.94 | 5.4 | 59 | 4.72 | 7.7 | 59 | 4.79 | 4.3 | 58 | 4.70 | 5.2 |
| 61 | 53 | 4.78 | 8.3 | 56 | 4.75 | 7.2 | 60 | 4.77 | 6.9 | 62 | 4.87 | 4.7 | 66 | 5.22 | 4.4 |
| 62 | 57 | 4.94 | 6.3 | 60 | 4.83 | 6.2 | 64 | 4.90 | 6.5 | 64 | 4.88 | 4.4 | 61 | 4.86 | 5.2 |
| 63 | 60 | 4.97 | 10.5 | 58 | 4.81 | 10.2 | 65 | 5.02 | 7.3 | 63 | 4.87 | 6.7 | 68 | 5.24 | 5.5 |
| 64 | 63 | 5.09 | 5.2 | 63 | 4.91 | 5.0 | 62 | 4.85 | 5.3 | 58 | 4.75 | 2.9 | 62 | 4.93 | 3.2 |
| 65 | 62 | 5.06 | 10.2 | 66 | 5.15 | 7.5 | 67 | 5.10 | 9.0 | 70 | 5.21 | 6.3 | 69 | 5.37 | 4.3 |
| 66 | 64 | 5.19 | 9.9 | 65 | 5.13 | 8.8 | 66 | 5.06 | 9.2 | 69 | 5.10 | 9.2 | 67 | 5.22 | 6.1 |
| 67 | 68 | 5.38 | 4.0 | 68 | 5.18 | 3.5 | 63 | 4.87 | 5.7 | 65 | 4.97 | 4.3 | 65 | 5.15 | 3.5 |
| 68 | 70 | 5.42 | 6.1 | 71 | 5.33 | 6.5 | 69 | 5.26 | 5.3 | 71 | 5.22 | 4.0 | 60 | 4.75 | 6.9 |
| 69 | 65 | 5.3 | 6.3 | 69 | 5.19 | 6.3 | 71 | 5.30 | 6.2 | 68 | 5.08 | 7.9 | 73 | 5.54 | 3.5 |
| 70 | | | | | | | | | | | | | | | |
| | 66 | 5.3 | 5.7 | 67 | 5.15 | 7.9 | 70 | 5.30 | 6.0 | 67 | 5.07 | 8.1 | 74 | 5.66 | 4.1 |
| 71 | 67 | 5.31 | 4.6 | 70 | 5.24 | 5.3 | 72 | 5.36 | 4.6 | 72 | 5.33 | 3.6 | 71 | 5.49 | 3.5 |
| 72 | 73 | 5.84 | 4.1 | 72 | 5.43 | 5.2 | 68 | 5.20 | 6.7 | 66 | 5.04 | 7.9 | 64 | 5.07 | 5.6 |
| 73 | 72 | 5.66 | 8.6 | 73 | 5.55 | 6.8 | 73 | 5.53 | 5.9 | 73 | 5.43 | 8.0 | 72 | 5.52 | 5.8 |
| 74 | 74 | 5.84 | 5.0 | 74 | 5.68 | 4.2 | 74 | 5.64 | 3.4 | 74 | 5.47 | 2.8 | 70 | 5.37 | 4.1 |
| 75 | 75 | 5.88 | 4.1 | 75 | 5.89 | 3.4 | 75 | 5.94 | 3.0 | 75 | 5.98 | 1.6 | 75 | 5.85 | 2.9 |

YEARS OF OWNERSHIP

Owner problems also vary by years of ownership. Problem severity often fluctuates depending on the maturity of the business.

The “Cost of Health Insurance” ranks as the most severe problem across all age of firm categories but the percent of owners who find it critical is highest for owners of younger firms and those most established. Newer firms are much less likely to offer health insurance to their employees compared to older firms but often struggle in affording their own. From 2012 to 2016 the percent of owners in the youngest firm age category that find the issue critical increases dramatically from 45 percent to 54 percent. The increase was likely due to the implementation of the healthcare law’s individual mandate. The primary complaint for both groups is cost, however those owners who do offer are more burdened by costs which explains the increase in the percent who say it is critical with the exception of the youngest firms.

The cost and availability of financing is a more severe problem for newer firms compared to older ones. Small businesses open and close frequently, but as they mature they generally become more stable and profitable and therefore a better risk for lending purposes. Survival is substantially more precarious early in a business’s life than after it has been in operation for a few years. This is reflected in the ranking of the three finance problems listed in the survey. “Obtaining Long-Term (5 years or more) Business Loans” ranks 50th for new firms and 52nd, 61st, 66th and 72nd for the oldest category. The same decline in ranking occurs with “Obtaining Short-Term (less than 12 months) Business Loans” which ranks 51st, 61st, 67th, 67th and 70th. “Interest Rates” follows a similar pattern ranking 37th, 51st, 48th, 57th and 60th among the oldest category of firms. Younger firms are likely to carry more debt and have fewer assets for collateral.

The ranking pattern of the “Estate Tax” is reversed where older firms are more affected by this problem than newer ones. This problem ranks 36th among the oldest firm category and gradually declines in rank from 51st, 60th, 70th to 67th for the newest firms. As firms get older, estate planning becomes more important.

“Environmental Regulations” is another problem that follows this pattern with the newest firms ranking it 61st and oldest firms ranking it 16th. Middle-aged firms rank the problem 57th, 31st and 39th.

GEOGRAPHIC REGIONS

The range of small-business problems across geographic regions is becoming less pronounced over time. Businesses are more strategic in the location of their business, taking advantage of states with more favorable business conditions and growth opportunities. The population is similar in that more people are willing to move for better employment opportunities. The combination of the two mollifies sharp regional differences that were found in earlier editions of the survey. The auto industry is no longer exclusive to Michigan and neither are wine vineyards to California. While this trend continues, some geographic differences remain due to industry concentrations, weather and regional political trends.





TABLE 13
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY YEARS OF OWNERSHIP

| | 3 Years or Fewer n = 108 | | | 4-5 years n = 110 | | | 6-10 years n = 272 | | | 11-20 years n = 664 | | | 21 years or more n = 1606 | | |
|---|-----------------------------|------|----------------------|----------------------|------|----------------------|-----------------------|------|----------------------|------------------------|------|----------------------|------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 1 Cost of Health Insurance | 1 | 2.58 | 54.2 | 1 | 3.20 | 41.3 | 1 | 2.62 | 48.1 | 1 | 2.19 | 51.4 | 1 | 2.14 | 53.8 |
| 2 Unreasonable Government Regulations | 6 | 2.96 | 34.6 | 4 | 3.32 | 27.8 | 4 | 2.91 | 32.3 | 5 | 2.94 | 27.6 | 2 | 2.61 | 36.3 |
| 3 Federal Taxes on Business Income | 4 | 2.92 | 34.3 | 2 | 3.27 | 29.6 | 3 | 2.87 | 31.7 | 2 | 2.74 | 30.3 | 6 | 2.95 | 27.7 |
| 4 Uncertainty over Economic Conditions | 3 | 2.89 | 31.1 | 5 | 3.48 | 22.2 | 2 | 2.83 | 30.4 | 4 | 2.90 | 22.8 | 4 | 2.90 | 26.1 |
| 5 Tax Complexity | 2 | 2.77 | 38.9 | 7 | 3.61 | 23.9 | 5 | 3.06 | 24.2 | 3 | 2.85 | 27.9 | 3 | 2.87 | 26.7 |
| 6 Uncertainty over Government Actions | 5 | 2.93 | 29.9 | 3 | 3.30 | 23.6 | 6 | 3.18 | 23.0 | 6 | 3.15 | 23.3 | 5 | 2.94 | 28.2 |
| 7 Frequent Changes in Federal Tax Laws and Rules | 10 | 3.34 | 17.6 | 13 | 3.84 | 19.3 | 9 | 3.40 | 18.9 | 10 | 3.48 | 17.3 | 7 | 3.12 | 22.6 |
| 8 Property Taxes (real, inventory or personal property) | 9 | 3.26 | 25.0 | 16 | 3.92 | 20.4 | 10 | 3.44 | 25.4 | 8 | 3.28 | 21.9 | 8 | 3.20 | 23.0 |
| 9 State Taxes on Business Income | 7 | 3.03 | 34.0 | 6 | 3.50 | 23.9 | 7 | 3.32 | 26.3 | 7 | 3.28 | 23.3 | 11 | 3.35 | 21.3 |
| 10 Locating Qualified Employees | 21 | 3.77 | 21.3 | 8 | 3.76 | 22.0 | 8 | 3.40 | 25.6 | 9 | 3.34 | 24.9 | 12 | 3.39 | 24.4 |
| 11 State/Local Paperwork | 25 | 3.83 | 17.9 | 15 | 3.91 | 13.9 | 11 | 3.54 | 15.4 | 13 | 3.64 | 13.1 | 9 | 3.29 | 18.4 |
| 12 Federal Paperwork | 23 | 3.82 | 15.9 | 20 | 4.05 | 16.5 | 19 | 3.71 | 14.2 | 14 | 3.65 | 16.3 | 10 | 3.34 | 18.8 |
| 13 Workers' Compensation | 17 | 3.62 | 21.7 | 31 | 4.28 | 14.7 | 12 | 3.54 | 20.4 | 12 | 3.54 | 18.5 | 13 | 3.52 | 20.1 |
| 14 Finding and Keeping Skilled Employees | 31 | 4.05 | 16.0 | 12 | 3.83 | 26.6 | 16 | 3.65 | 20.7 | 11 | 3.52 | 22.6 | 14 | 3.59 | 20.7 |
| 15 Cost of Supplies/Inventories | 8 | 3.20 | 21.7 | 14 | 3.87 | 13.6 | 13 | 3.57 | 16.0 | 17 | 3.70 | 10.5 | 19 | 3.69 | 12.5 |
| 16 Poor Earnings (Profits) | 15 | 3.58 | 18.5 | 9 | 3.81 | 17.3 | 21 | 3.75 | 17.2 | 21 | 3.83 | 13.1 | 15 | 3.59 | 18.4 |
| 17 Dealing with IRS/State Tax Agencies | 13 | 3.51 | 22.6 | 17 | 3.94 | 16.4 | 20 | 3.75 | 15.6 | 16 | 3.67 | 17.0 | 20 | 3.69 | 15.1 |
| 18 Projecting Future Sales Changes | 19 | 3.63 | 14.0 | 30 | 4.26 | 11.9 | 23 | 3.85 | 10.8 | 15 | 3.66 | 10.2 | 17 | 3.67 | 11.1 |
| 19 Electricity Costs (rates) | 24 | 3.83 | 17.3 | 27 | 4.22 | 9.1 | 18 | 3.70 | 12.8 | 20 | 3.78 | 10.3 | 21 | 3.72 | 11.1 |
| 20 Cost and Availability of Liability Insurance | 14 | 3.54 | 13.9 | 18 | 3.96 | 17.4 | 15 | 3.64 | 18.0 | 18 | 3.71 | 15.5 | 26 | 3.84 | 13.9 |

TABLE 13 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY YEARS OF OWNERSHIP

| | 3 Years or Fewer n = 108 | | | 4-5 years n = 110 | | | 6-10 years n = 272 | | | 11-20 years n = 664 | | | 21 years or more n = 1606 | | |
|---|-----------------------------|------|----------------------|----------------------|------|----------------------|-----------------------|------|----------------------|------------------------|------|----------------------|------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 21 FICA (Social Security Taxes) | 29 | 3.96 | 10.7 | 11 | 3.83 | 17.4 | 14 | 3.62 | 16.9 | 19 | 3.76 | 12.8 | 25 | 3.81 | 12.0 |
| 22 Fixed Costs Too High | 16 | 3.61 | 20.6 | 29 | 4.25 | 13.0 | 24 | 3.87 | 11.2 | 23 | 3.92 | 10.5 | 18 | 3.68 | 13.0 |
| 23 Finding Out about Regulatory Requirements | 30 | 3.99 | 14.2 | 34 | 4.35 | 13.0 | 25 | 3.92 | 11.4 | 28 | 4.00 | 10.3 | 22 | 3.72 | 13.1 |
| 24 Highly Variable Earnings (profits) | 28 | 3.94 | 10.4 | 28 | 4.23 | 10.2 | 32 | 4.09 | 12.3 | 25 | 3.93 | 10.3 | 24 | 3.80 | 11.6 |
| 25 Cash Flow | 12 | 3.50 | 16.8 | 10 | 3.83 | 17.4 | 17 | 3.69 | 17.0 | 22 | 3.85 | 12.3 | 30 | 3.95 | 13.8 |
| 26 Unemployment Compensation | 34 | 4.08 | 15.0 | 25 | 4.18 | 19.3 | 22 | 3.80 | 15.6 | 24 | 3.93 | 11.3 | 27 | 3.85 | 13.9 |
| 27 Environmental Regulations | 61 | 4.98 | 10.5 | 57 | 5.04 | 10.1 | 31 | 4.09 | 15.6 | 39 | 4.19 | 13.3 | 16 | 3.66 | 20.4 |
| 28 Health/Safety Regulations | 43 | 4.39 | 13.5 | 46 | 4.70 | 10.1 | 38 | 4.19 | 12.1 | 33 | 4.11 | 12.6 | 23 | 3.74 | 14.9 |
| 29 Time Spent Shopping for Health Insurance | 22 | 3.82 | 27.5 | 44 | 4.65 | 12.0 | 43 | 4.28 | 13.1 | 29 | 4.00 | 14.7 | 29 | 3.91 | 13.5 |
| 30 Cost of Government Required Equipment/Procedures | 36 | 4.14 | 16.2 | 41 | 4.52 | 12.0 | 36 | 4.16 | 14.1 | 37 | 4.17 | 11.7 | 28 | 3.88 | 14.8 |
| 31 Competition from Large Businesses | 26 | 3.92 | 22.2 | 23 | 4.15 | 14.5 | 27 | 3.93 | 13.3 | 31 | 4.07 | 12.4 | 31 | 4.06 | 13.6 |
| 32 Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 20 | 3.69 | 17.6 | 24 | 4.18 | 11.8 | 34 | 4.13 | 8.5 | 30 | 4.04 | 6.7 | 33 | 4.08 | 7.5 |
| 33 Telephone Costs and Service | 33 | 4.08 | 12.0 | 26 | 4.19 | 10.9 | 41 | 4.21 | 7.0 | 27 | 3.98 | 7.7 | 34 | 4.09 | 7.2 |
| 34 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 38 | 4.16 | 12.3 | 36 | 4.38 | 11.8 | 28 | 4.01 | 11.5 | 35 | 4.14 | 10.0 | 32 | 4.06 | 11.3 |
| 35 Controlling My Own Time | 39 | 4.19 | 9.3 | 33 | 4.33 | 11.2 | 26 | 3.93 | 14.3 | 26 | 3.96 | 12.1 | 38 | 4.18 | 10.3 |
| 36 Minimum Wage/"Living" Wage | 41 | 4.35 | 13.9 | 38 | 4.43 | 14.5 | 33 | 4.12 | 12.3 | 41 | 4.20 | 14.1 | 35 | 4.11 | 14.3 |
| 37 Locating Business Help When Needed | 40 | 4.20 | 8.3 | 42 | 4.53 | 9.1 | 42 | 4.21 | 10.1 | 32 | 4.09 | 9.6 | 37 | 4.15 | 11.1 |
| 38 Credit Card Payment Processing Costs | 11 | 3.36 | 25.2 | 21 | 4.08 | 19.1 | 30 | 4.06 | 16.7 | 34 | 4.13 | 13.5 | 47 | 4.30 | 13.3 |
| 39 Obtaining Licenses, Permits, etc. | 32 | 4.06 | 12.0 | 32 | 4.31 | 15.7 | 40 | 4.20 | 11.5 | 45 | 4.31 | 7.6 | 41 | 4.19 | 11.2 |





TABLE 13 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY YEARS OF OWNERSHIP

| | 3 Years or Fewer n = 108 | | | 4-5 years n = 110 | | | 6-10 years n = 272 | | | 11-20 years n = 664 | | | 21 years or more n = 1606 | | | |
|----|---|------|----------------------|----------------------|------|----------------------|-----------------------|------|----------------------|------------------------|------|----------------------|------------------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 40 | Hiring/Firing/Employment Regulations | 58 | 4.86 | 7.5 | 48 | 4.71 | 9.1 | 47 | 4.45 | 6.7 | 42 | 4.23 | 7.4 | 39 | 4.18 | 9.2 |
| 41 | Keeping Up on Business and Market Developments | 35 | 4.14 | 6.5 | 37 | 4.41 | 8.4 | 37 | 4.17 | 6.7 | 43 | 4.29 | 6.4 | 43 | 4.25 | 5.0 |
| 42 | Training Employees | 46 | 4.50 | 4.7 | 35 | 4.35 | 10.1 | 44 | 4.29 | 10.3 | 40 | 4.19 | 7.4 | 42 | 4.25 | 7.4 |
| 43 | Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 27 | 3.94 | 14.0 | 22 | 4.13 | 11.1 | 29 | 4.05 | 10.4 | 38 | 4.18 | 7.8 | 49 | 4.39 | 7.1 |
| 44 | Pricing My Goods/Services | 45 | 4.45 | 12.0 | 40 | 4.44 | 13.9 | 39 | 4.20 | 9.6 | 44 | 4.29 | 6.5 | 44 | 4.26 | 7.9 |
| 45 | Poor Sales | 44 | 4.43 | 7.6 | 45 | 4.69 | 8.3 | 45 | 4.31 | 9.6 | 46 | 4.35 | 10.5 | 40 | 4.19 | 12.2 |
| 46 | Ability to Cost-Effectively Advertise | 18 | 3.63 | 20.6 | 19 | 4.04 | 10.9 | 35 | 4.14 | 10.0 | 36 | 4.16 | 8.6 | 50 | 4.44 | 6.7 |
| 47 | Real Estate Values | 47 | 4.52 | 9.5 | 53 | 4.91 | 8.3 | 46 | 4.34 | 10.3 | 47 | 4.39 | 8.8 | 45 | 4.26 | 10.2 |
| 48 | Using Computer(s), the Internet or New Technology Effectively | 55 | 4.72 | 10.3 | 50 | 4.78 | 10.1 | 52 | 4.62 | 8.6 | 49 | 4.40 | 7.1 | 46 | 4.29 | 7.8 |
| 49 | Estate Tax | 67 | 5.21 | 10.3 | 70 | 5.60 | 5.5 | 60 | 4.91 | 12.2 | 51 | 4.57 | 14.6 | 36 | 4.11 | 21.1 |
| 50 | Rules on Retirement Plans | 57 | 4.83 | 13.3 | 68 | 5.42 | 5.5 | 63 | 4.94 | 6.3 | 52 | 4.58 | 7.3 | 48 | 4.35 | 8.4 |
| 51 | Cyber Crime (viruses, hacking, etc.) | 53 | 4.66 | 8.3 | 49 | 4.75 | 10.0 | 56 | 4.77 | 6.3 | 48 | 4.39 | 10.8 | 53 | 4.60 | 7.6 |
| 52 | Traffic, Highways, Roads, Bridges | 60 | 4.94 | 8.5 | 60 | 5.09 | 9.3 | 53 | 4.66 | 10.8 | 55 | 4.68 | 7.8 | 51 | 4.53 | 9.4 |
| 53 | Reducing Energy Use in a Cost-Effective Manner | 48 | 4.56 | 6.5 | 55 | 4.95 | 4.7 | 51 | 4.52 | 4.4 | 56 | 4.71 | 3.8 | 52 | 4.59 | 4.0 |
| 54 | Delinquent Accounts/Late Payments | 56 | 4.72 | 5.6 | 43 | 4.58 | 10.9 | 50 | 4.49 | 9.3 | 53 | 4.59 | 7.2 | 55 | 4.69 | 7.3 |
| 55 | Handling Business Growth | 42 | 4.38 | 3.8 | 39 | 4.44 | 9.2 | 49 | 4.49 | 5.2 | 50 | 4.57 | 3.8 | 58 | 4.82 | 3.4 |
| 56 | Interest Rates | 37 | 4.14 | 12.0 | 51 | 4.81 | 5.6 | 48 | 4.47 | 5.6 | 57 | 4.73 | 6.8 | 60 | 4.84 | 6.2 |
| 57 | Zoning/Land Use Regulations | 69 | 5.23 | 6.6 | 63 | 5.16 | 8.5 | 55 | 4.76 | 8.5 | 58 | 4.80 | 7.4 | 56 | 4.69 | 8.5 |
| 58 | Mandatory Family or Sick Leave | 66 | 5.18 | 3.7 | 65 | 5.26 | 6.4 | 64 | 4.96 | 6.6 | 63 | 4.89 | 7.8 | 54 | 4.66 | 10.2 |
| 59 | Employee Turnover | 68 | 5.22 | 7.6 | 47 | 4.70 | 11.4 | 54 | 4.68 | 9.7 | 54 | 4.64 | 8.5 | 59 | 4.84 | 8.0 |

TABLE 13 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY YEARS OF OWNERSHIP

| | 3 Years or Fewer n = 108 | | | 4-5 years n = 110 | | | 6-10 years n = 272 | | | 11-20 years n = 664 | | | 21 years or more n = 1606 | | |
|----|-----------------------------|------|----------------------|----------------------|------|----------------------|-----------------------|------|----------------------|------------------------|------|----------------------|------------------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 60 | 63 | 5.08 | 6.5 | 58 | 5.07 | 8.3 | 58 | 4.83 | 9.6 | 59 | 4.81 | 6.9 | 57 | 4.80 | 6.7 |
| 61 | 52 | 4.65 | 10.2 | 54 | 4.93 | 9.2 | 57 | 4.82 | 7.4 | 61 | 4.88 | 5.6 | 61 | 4.84 | 6.8 |
| 62 | 59 | 4.86 | 6.6 | 59 | 5.09 | 4.6 | 66 | 5.01 | 6.0 | 60 | 4.83 | 5.7 | 62 | 4.88 | 5.9 |
| 63 | 54 | 4.71 | 13.1 | 56 | 5.03 | 8.3 | 62 | 4.94 | 8.9 | 65 | 5.02 | 7.7 | 63 | 4.93 | 8.9 |
| 64 | 49 | 4.57 | 10.4 | 64 | 5.22 | 7.4 | 59 | 4.91 | 6.3 | 62 | 4.89 | 4.9 | 64 | 4.99 | 3.6 |
| 65 | 72 | 5.54 | 5.7 | 73 | 5.82 | 3.7 | 69 | 5.24 | 8.9 | 71 | 5.27 | 6.4 | 65 | 5.01 | 9.1 |
| 66 | 65 | 5.15 | 11.3 | 67 | 5.34 | 11.2 | 65 | 5.01 | 11.2 | 64 | 4.91 | 10.8 | 68 | 5.25 | 7.2 |
| 67 | 64 | 5.11 | 5.6 | 66 | 5.30 | 3.7 | 71 | 5.29 | 3.7 | 68 | 5.12 | 3.6 | 66 | 5.18 | 4.0 |
| 68 | 70 | 5.40 | 3.7 | 72 | 5.65 | 4.6 | 72 | 5.36 | 5.6 | 70 | 5.25 | 6.1 | 67 | 5.22 | 6.2 |
| 69 | 50 | 4.58 | 12.3 | 52 | 4.90 | 10.2 | 61 | 4.92 | 10.0 | 66 | 5.08 | 6.8 | 72 | 5.49 | 4.3 |
| 70 | | | | | | | | | | | | | | | |
| 71 | 51 | 4.63 | 10.2 | 61 | 5.10 | 12.1 | 67 | 5.03 | 7.5 | 67 | 5.12 | 6.4 | 70 | 5.44 | 5.4 |
| 72 | 62 | 4.99 | 7.5 | 62 | 5.15 | 9.3 | 68 | 5.14 | 7.8 | 69 | 5.19 | 3.7 | 69 | 5.43 | 3.9 |
| 73 | 71 | 5.53 | 4.0 | 69 | 5.56 | 5.6 | 70 | 5.28 | 7.1 | 72 | 5.42 | 5.4 | 71 | 5.44 | 5.6 |
| 74 | 74 | 5.70 | 8.3 | 71 | 5.60 | 8.3 | 73 | 5.60 | 6.8 | 73 | 5.53 | 6.1 | 73 | 5.59 | 7.3 |
| 75 | 73 | 5.63 | 5.7 | 74 | 5.92 | 4.7 | 74 | 5.77 | 3.4 | 74 | 5.68 | 3.7 | 74 | 5.64 | 4.3 |
| 75 | 75 | 6.08 | 4.8 | 75 | 6.26 | 1.9 | 75 | 6.04 | 3.0 | 75 | 5.94 | 3.4 | 75 | 5.80 | 3.6 |





TABLE 14
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | | Southeast n = 271 | | | South n = 412 | | | East North Central n = 738 | | | West North Central n = 407 | | | Mountain n = 250 | | | Pacific n = 371 | | | |
|----|---|------|----------------------|----------------------|------|----------------------|------------------|------|----------------------|-------------------------------|------|----------------------|-------------------------------|------|----------------------|---------------------|------|----------------------|--------------------|------|----------------------|------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | |
| 1 | Cost of Health Insurance | 1 | 2.27 | 53.3 | 1 | 2.20 | 54.9 | 1 | 2.47 | 49.6 | 1 | 2.34 | 51.6 | 1 | 2.02 | 56.0 | 1 | 2.27 | 50.6 | 1 | 2.20 | 50.7 |
| 2 | Unreasonable Government Regulations | 2 | 2.78 | 31.4 | 4 | 2.88 | 31.5 | 4 | 2.91 | 32.0 | 2 | 2.78 | 32.3 | 2 | 2.59 | 36.9 | 4 | 2.92 | 32.1 | 2 | 2.55 | 37.8 |
| 3 | Federal Taxes on Business Income | 5 | 3.08 | 22.5 | 5 | 2.91 | 32.8 | 3 | 2.88 | 33.2 | 4 | 2.98 | 27.8 | 3 | 2.67 | 32.0 | 5 | 2.96 | 29.0 | 3 | 2.84 | 29.8 |
| 4 | Uncertainty over Economic Conditions | 6 | 3.08 | 21.8 | 3 | 2.87 | 29.3 | 2 | 2.86 | 31.5 | 5 | 3.00 | 23.7 | 5 | 2.77 | 25.8 | 3 | 2.87 | 25.7 | 4 | 2.92 | 23.8 |
| 5 | Tax Complexity | 4 | 2.95 | 23.9 | 2 | 2.84 | 33.0 | 6 | 3.01 | 26.0 | 3 | 2.94 | 26.4 | 4 | 2.75 | 28.7 | 2 | 2.87 | 29.7 | 5 | 3.02 | 26.1 |
| 6 | Uncertainty over Government Actions | 9 | 3.29 | 22.1 | 6 | 2.98 | 26.3 | 5 | 2.93 | 32.3 | 6 | 3.04 | 24.4 | 6 | 2.86 | 27.9 | 6 | 3.18 | 25.2 | 6 | 3.04 | 26.6 |
| 7 | Frequent Changes in Federal Tax Laws and Rules | 12 | 3.41 | 17.4 | 10 | 3.39 | 21.0 | 9 | 3.41 | 22.2 | 7 | 3.30 | 19.8 | 7 | 2.99 | 23.5 | 7 | 3.28 | 17.3 | 10 | 3.18 | 23.5 |
| 8 | Property Taxes (real, inventory or personal property) | 7 | 3.18 | 25.1 | 8 | 3.28 | 25.9 | 7 | 3.12 | 24.6 | 8 | 3.32 | 22.1 | 8 | 3.06 | 25.2 | 14 | 3.63 | 15.4 | 12 | 3.52 | 19.1 |
| 9 | State Taxes on Business Income | 3 | 2.90 | 26.0 | 9 | 3.37 | 22.2 | 20 | 3.89 | 24.7 | 9 | 3.33 | 19.8 | 9 | 3.18 | 24.6 | 12 | 3.58 | 15.2 | 8 | 3.16 | 26.7 |
| 10 | Locating Qualified Employees | 11 | 3.38 | 26.1 | 7 | 3.22 | 27.7 | 8 | 3.35 | 26.2 | 12 | 3.53 | 22.6 | 16 | 3.60 | 21.5 | 8 | 3.29 | 22.1 | 11 | 3.32 | 25.9 |
| 11 | State/Local Paperwork | 8 | 3.22 | 20.2 | 19 | 3.70 | 15.6 | 17 | 3.80 | 13.1 | 10 | 3.41 | 15.3 | 11 | 3.38 | 17.5 | 13 | 3.58 | 12.6 | 9 | 3.17 | 21.1 |
| 12 | Federal Paperwork | 14 | 3.56 | 14.4 | 13 | 3.56 | 18.5 | 12 | 3.61 | 19.2 | 11 | 3.49 | 16.6 | 10 | 3.27 | 21.4 | 10 | 3.46 | 14.8 | 17 | 3.58 | 17.3 |
| 13 | Workers' Compensation | 10 | 3.29 | 23.6 | 12 | 3.54 | 23.9 | 27 | 4.01 | 16.7 | 14 | 3.64 | 17.6 | 25 | 3.76 | 16.4 | 9 | 3.44 | 15.5 | 7 | 3.10 | 26.0 |
| 14 | Finding and Keeping Skilled Employees | 15 | 3.60 | 23.3 | 11 | 3.42 | 19.9 | 10 | 3.50 | 24.3 | 15 | 3.69 | 21.1 | 22 | 3.72 | 19.8 | 11 | 3.55 | 19.0 | 19 | 3.64 | 19.8 |

TABLE 14 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | Southeast n = 271 | | South n = 412 | | East North Central n = 738 | | West North Central n = 407 | | Mountain n = 250 | | Pacific n = 371 | |
|----|----------------------|------------------------------|----------------------|------------------------------|------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|---------------------|------------------------------|--------------------|------------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 15 | 17 | 3.70 | 14 | 3.58 | 11 | 3.60 | 16 | 3.72 | 15 | 3.57 | 17 | 3.74 | 26 | 3.83 |
| 16 | 19 | 3.73 | 20 | 3.77 | 14 | 3.65 | 18 | 3.76 | 12 | 3.50 | 20 | 3.82 | 13 | 3.52 |
| 17 | 27 | 3.90 | 17 | 3.63 | 16 | 3.68 | 13 | 3.63 | 21 | 3.71 | 16 | 3.73 | 21 | 3.69 |
| 18 | 20 | 3.75 | 15 | 3.62 | 13 | 3.62 | 20 | 3.80 | 18 | 3.65 | 23 | 3.91 | 18 | 3.62 |
| 19 | 16 | 3.60 | 21 | 3.78 | 28 | 4.02 | 17 | 3.73 | 26 | 3.78 | 18 | 3.77 | 20 | 3.67 |
| 20 | 13 | 3.47 | 16 | 3.63 | 15 | 3.68 | 29 | 4.06 | 32 | 3.97 | 21 | 3.84 | 16 | 3.57 |
| 21 | 21 | 3.76 | 18 | 3.65 | 24 | 4.00 | 19 | 3.77 | 17 | 3.60 | 19 | 3.81 | 29 | 3.91 |
| 22 | 23 | 3.78 | 25 | 3.87 | 22 | 3.90 | 21 | 3.85 | 19 | 3.67 | 24 | 3.92 | 15 | 3.56 |
| 23 | 24 | 3.79 | 28 | 3.92 | 25 | 4.00 | 22 | 3.89 | 14 | 3.55 | 28 | 4.00 | 25 | 3.82 |
| 24 | 30 | 3.92 | 24 | 3.85 | 21 | 3.90 | 24 | 3.94 | 24 | 3.75 | 29 | 4.02 | 28 | 3.89 |
| 25 | 22 | 3.76 | 23 | 3.85 | 18 | 3.82 | 26 | 3.98 | 28 | 3.87 | 32 | 4.14 | 27 | 3.84 |
| 26 | 18 | 3.70 | 22 | 3.83 | 38 | 4.24 | 23 | 3.91 | 31 | 3.97 | 15 | 3.72 | 22 | 3.70 |
| 27 | 32 | 3.94 | 29 | 3.97 | 47 | 4.46 | 25 | 3.94 | 13 | 3.54 | 22 | 3.87 | 24 | 3.80 |
| 28 | 25 | 3.87 | 35 | 4.10 | 36 | 4.19 | 30 | 4.07 | 20 | 3.67 | 26 | 3.95 | 23 | 3.70 |
| 29 | 29 | 3.91 | 26 | 3.87 | 35 | 4.17 | 27 | 4.03 | 29 | 3.89 | 25 | 3.92 | 38 | 4.09 |





TABLE 14 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | Southeast n = 271 | | South n = 412 | | East North Central n = 738 | | West North Central n = 407 | | Mountain n = 250 | | Pacific n = 371 | |
|----|----------------------|------------------------------|----------------------|------------------------------|------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|---------------------|------------------------------|--------------------|------------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 30 | 33 | 4.02 | 32 | 4.06 | 34 | 4.16 | 31 | 4.08 | 23 | 3.73 | 27 | 3.98 | 31 | 3.99 |
| 31 | 34 | 4.02 | 31 | 4.04 | 19 | 3.87 | 32 | 4.11 | 27 | 3.84 | 36 | 4.20 | 45 | 4.33 |
| 32 | 36 | 4.07 | 34 | 4.09 | 32 | 4.13 | 33 | 4.11 | 30 | 3.90 | 33 | 4.16 | 37 | 4.07 |
| 33 | 26 | 3.88 | 27 | 3.91 | 29 | 4.03 | 34 | 4.18 | 37 | 4.14 | 48 | 4.42 | 35 | 4.01 |
| 34 | 31 | 3.93 | 45 | 4.27 | 40 | 4.33 | 28 | 4.03 | 33 | 4.02 | 39 | 4.24 | 34 | 4.01 |
| 35 | 35 | 4.05 | 42 | 4.19 | 26 | 4.00 | 35 | 4.22 | 38 | 4.16 | 35 | 4.19 | 30 | 3.93 |
| 36 | 28 | 3.90 | 44 | 4.27 | 48 | 4.47 | 40 | 4.31 | 45 | 4.30 | 38 | 4.23 | 14 | 3.53 |
| 37 | 38 | 4.13 | 33 | 4.08 | 30 | 4.04 | 39 | 4.30 | 36 | 4.12 | 31 | 4.12 | 42 | 4.24 |
| 38 | 39 | 4.13 | 30 | 3.99 | 23 | 3.97 | 42 | 4.34 | 48 | 4.46 | 30 | 4.04 | 41 | 4.22 |
| 39 | 37 | 4.09 | 40 | 4.18 | 41 | 4.34 | 45 | 4.38 | 39 | 4.17 | 37 | 4.22 | 33 | 4.00 |
| 40 | 41 | 4.20 | 38 | 4.14 | 42 | 4.37 | 47 | 4.41 | 44 | 4.28 | 41 | 4.26 | 32 | 3.99 |
| 41 | 45 | 4.26 | 43 | 4.25 | 37 | 4.22 | 38 | 4.29 | 41 | 4.20 | 45 | 4.34 | 43 | 4.26 |

TABLE 14 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | Southeast n = 271 | | South n = 412 | | East North Central n = 738 | | West North Central n = 407 | | Mountain n = 250 | | Pacific n = 371 | |
|--|----------------------|------------------------------|----------------------|------------------------------|------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|---------------------|------------------------------|--------------------|------------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 42 Training Employees | 42 | 4.23 | 36 | 4.11 | 39 | 4.31 | 43 | 4.37 | 46 | 4.33 | 34 | 4.17 | 40 | 4.15 |
| 43 Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 46 | 4.26 | 39 | 4.16 | 43 | 4.37 | 48 | 4.45 | 40 | 4.18 | 44 | 4.34 | 36 | 4.02 |
| 44 Pricing My Goods/Services | 40 | 4.19 | 46 | 4.29 | 45 | 4.40 | 36 | 4.23 | 42 | 4.21 | 46 | 4.35 | 47 | 4.38 |
| 45 Poor Sales | 47 | 4.43 | 41 | 4.18 | 33 | 4.13 | 41 | 4.33 | 43 | 4.28 | 42 | 4.32 | 44 | 4.31 |
| 46 Ability to Cost-Effectively Advertise | 43 | 4.24 | 37 | 4.12 | 31 | 4.09 | 44 | 4.38 | 49 | 4.46 | 43 | 4.33 | 46 | 4.35 |
| 47 Real Estate Values | 49 | 4.46 | 47 | 4.30 | 50 | 4.52 | 37 | 4.23 | 35 | 4.11 | 47 | 4.38 | 52 | 4.54 |
| 48 Using Computer(s), the Internet or New Technology Effectively | 44 | 4.26 | 48 | 4.33 | 46 | 4.41 | 46 | 4.39 | 50 | 4.49 | 49 | 4.49 | 48 | 4.39 |
| 49 Estate Tax | 57 | 4.63 | 49 | 4.35 | 49 | 4.50 | 49 | 4.48 | 34 | 4.03 | 40 | 4.26 | 49 | 4.45 |
| 50 Rules on Retirement Plans | 52 | 4.56 | 50 | 4.46 | 53 | 4.58 | 51 | 4.59 | 47 | 4.36 | 54 | 4.63 | 51 | 4.52 |
| 51 Cyber Crime (viruses, hacking, etc.) | 58 | 4.77 | 52 | 4.53 | 51 | 4.56 | 50 | 4.58 | 52 | 4.61 | 52 | 4.56 | 50 | 4.45 |
| 52 Traffic, Highways, Roads, Bridges | 54 | 4.60 | 59 | 4.72 | 59 | 4.76 | 52 | 4.60 | 51 | 4.53 | 53 | 4.62 | 53 | 4.59 |
| 53 Reducing Energy Use in a Cost-Effective Manner | 50 | 4.49 | 51 | 4.49 | 54 | 4.65 | 54 | 4.71 | 54 | 4.64 | 57 | 4.77 | 54 | 4.62 |
| 54 Delinquent Accounts/Late Payments | 56 | 4.62 | 53 | 4.55 | 44 | 4.39 | 53 | 4.71 | 56 | 4.75 | 51 | 4.54 | 61 | 4.90 |
| 55 Handling Business Growth | 51 | 4.50 | 56 | 4.66 | 56 | 4.66 | 55 | 4.73 | 57 | 4.77 | 58 | 4.80 | 57 | 4.80 |





TABLE 14 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | | Southeast n = 271 | | | South n = 412 | | | East North Central n = 738 | | | West North Central n = 407 | | | Mountain n = 250 | | | Pacific n = 371 | | |
|----|----------------------|------|----------------------|----------------------|------|----------------------|------------------|------|----------------------|-------------------------------|------|----------------------|-------------------------------|------|----------------------|---------------------|------|----------------------|--------------------|------|----------------------|
| | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem | Rank | Mean | % "Critical" Problem |
| 56 | 53 | 4.59 | 5.6 | 54 | 4.61 | 8.5 | 58 | 4.75 | 9.1 | 56 | 4.75 | 6.8 | 60 | 4.87 | 5.4 | 62 | 4.87 | 3.6 | 60 | 4.87 | 5.7 |
| 57 | 48 | 4.46 | 10.1 | 58 | 4.72 | 8.6 | 69 | 5.24 | 4.4 | 57 | 4.80 | 8.2 | 53 | 4.61 | 8.4 | 55 | 4.65 | 9.5 | 56 | 4.71 | 8.7 |
| 58 | 55 | 4.62 | 11.5 | 60 | 4.74 | 10.8 | 64 | 4.92 | 9.0 | 64 | 5.07 | 5.5 | 61 | 4.88 | 7.9 | 63 | 4.89 | 8.1 | 39 | 4.10 | 13.6 |
| 59 | 60 | 4.83 | 7.9 | 57 | 4.66 | 10.5 | 57 | 4.70 | 8.2 | 60 | 4.95 | 7.3 | 58 | 4.78 | 7.8 | 50 | 4.51 | 9.8 | 58 | 4.82 | 8.8 |
| 60 | 64 | 5.05 | 6.1 | 55 | 4.63 | 8.9 | 52 | 4.56 | 10.0 | 58 | 4.89 | 6.4 | 64 | 5.09 | 4.2 | 56 | 4.76 | 6.4 | 55 | 4.70 | 8.4 |
| 61 | 59 | 4.80 | 8.5 | 61 | 4.75 | 6.4 | 55 | 4.65 | 9.6 | 59 | 4.94 | 5.8 | 55 | 4.68 | 5.9 | 60 | 4.84 | 6.5 | 66 | 5.15 | 5.7 |
| 62 | 63 | 5.03 | 5.4 | 65 | 4.97 | 6.9 | 60 | 4.76 | 7.4 | 61 | 4.97 | 4.7 | 59 | 4.82 | 5.5 | 59 | 4.80 | 6.6 | 59 | 4.82 | 6.0 |
| 63 | 61 | 4.91 | 8.5 | 64 | 4.90 | 9.0 | 61 | 4.79 | 11.7 | 63 | 5.01 | 8.6 | 66 | 5.14 | 7.2 | 61 | 4.84 | 9.2 | 63 | 4.94 | 7.3 |
| 64 | 62 | 4.93 | 4.8 | 63 | 4.89 | 3.8 | 63 | 4.90 | 6.2 | 62 | 4.99 | 4.3 | 63 | 4.99 | 5.0 | 65 | 4.95 | 2.9 | 62 | 4.93 | 5.0 |
| 65 | 67 | 5.25 | 8.4 | 62 | 4.85 | 10.9 | 71 | 5.35 | 8.1 | 67 | 5.24 | 6.0 | 62 | 4.89 | 9.2 | 68 | 5.21 | 8.1 | 64 | 5.07 | 9.0 |
| 66 | 66 | 5.16 | 11.2 | 70 | 5.24 | 9.0 | 62 | 4.83 | 13.0 | 66 | 5.23 | 8.2 | 68 | 5.27 | 6.5 | 64 | 4.93 | 6.1 | 69 | 5.27 | 7.1 |
| 67 | 65 | 5.12 | 4.0 | 69 | 5.21 | 4.1 | 65 | 5.03 | 5.1 | 65 | 5.19 | 3.7 | 65 | 5.09 | 4.7 | 66 | 5.10 | 3.3 | 73 | 5.49 | 3.0 |

TABLE 14 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

| | Northeast n = 382 | | Southeast n = 271 | | South n = 412 | | East North Central n = 738 | | West North Central n = 407 | | Mountain n = 250 | | Pacific n = 371 | |
|----|----------------------|---------------------------|----------------------|---------------------------|------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|---------------------|---------------------------|--------------------|---------------------------|
| | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean | Rank | % "Critical" Problem Mean |
| 68 | 71 | 5.38 | 72 | 5.31 | 66 | 5.03 | 71 | 5.35 | 67 | 5.19 | 69 | 5.29 | 68 | 5.20 |
| | | 5.3 | | 4.9 | | 9.1 | | 5.1 | | 6.7 | | 5.7 | | 6.8 |
| 69 | 68 | 5.26 | 68 | 5.14 | 67 | 5.22 | 68 | 5.30 | 70 | 5.45 | 72 | 5.36 | 67 | 5.17 |
| | | 4.8 | | 8.2 | | 9.3 | | 5.6 | | 3.7 | | 3.7 | | 7.3 |
| 70 | 69 | 5.38 | 66 | 5.03 | 70 | 5.31 | 69 | 5.30 | 72 | 5.52 | 67 | 5.19 | 65 | 5.12 |
| | | 4.8 | | 9.7 | | 7.4 | | 6.3 | | 3.3 | | 7.0 | | 6.8 |
| 71 | 70 | 5.38 | 71 | 5.24 | 68 | 5.23 | 70 | 5.33 | 69 | 5.34 | 73 | 5.41 | 71 | 5.33 |
| | | 4.5 | | 5.7 | | 5.5 | | 3.9 | | 3.5 | | 5.0 | | 5.0 |
| 72 | 72 | 5.53 | 67 | 5.08 | 73 | 5.44 | 72 | 5.52 | 73 | 5.53 | 70 | 5.31 | 72 | 5.37 |
| | | 5.1 | | 8.3 | | 7.4 | | 4.8 | | 3.3 | | 5.3 | | 6.4 |
| 73 | 73 | 5.66 | 74 | 5.56 | 72 | 5.35 | 74 | 5.79 | 75 | 5.72 | 71 | 5.31 | 70 | 5.29 |
| | | 5.6 | | 6.1 | | 10.1 | | 6.1 | | 4.7 | | 10.2 | | 8.5 |
| 74 | 74 | 5.82 | 73 | 5.47 | 74 | 5.72 | 73 | 5.71 | 71 | 5.48 | 74 | 5.67 | 74 | 5.72 |
| | | 2.4 | | 6.1 | | 6.1 | | 3.2 | | 4.3 | | 4.1 | | 4.6 |
| 75 | 75 | 6.08 | 75 | 5.78 | 75 | 6.13 | 75 | 5.95 | 74 | 5.56 | 75 | 5.74 | 75 | 5.82 |
| | | 2.2 | | 4.9 | | 2.2 | | 3.5 | | 4.8 | | 3.3 | | 3.6 |



NORTHEAST

The Northeast region includes the following states: CT, MA, ME, NJ, PA, RI and VT. Problem ranking in this part of the country varied little compared to the overall population. Notable differences are generally related to state taxes, labor costs and land use.

The Northeast is more affected by “State Taxes on Business Income” than any other region. Owners in the Northeast rank this problem third whereas the other regions rank it between eighth and 20th, the latter being in the Southeast. Twenty-six (26) percent in the region assess it as a critical problem compared to 15 percent in the Mountain region and 23 percent overall.

“Zoning/Land Use Regulations” is also more problematic in the Northeast than in any other region. Owners rank it 48th and the problem is critical for 1 in 10 owners compared to owners in the Southeast who rank it 58th. Owners are also more likely to complain about “Minimum Wage/Living Wage” than other regions ranking it 28th compared to 36th for the overall population.

SOUTHEAST

The ranking of issues by owners in the Southeast (DC, DE, MD, VA, FL, GA, NC, SC and WV) generally tracks that of the overall ranking with no notable differences.

SOUTH

The South region (AL, AR, KY, LA, MS, OK, TN and TX) is also generally in-step with the overall ranking of business problems with a few exceptions.

One of the South’s largest difference in issue ranking comes from “Poor Sales” where it ranks 33rd for the region but 45th overall. Along the same issue trend is “Delinquent Accounts/Late Payments”, ranking of 44th for the region, but 54th overall. “Competition from Large Businesses” is also a struggle as it ranks 19th for the region and 31st overall. One area of relative relief for owners in this region compared to others is “State Taxes on Business Income” as it ranks 20th compared to ninth overall and “Workers’ Compensation” which ranks 27th for the region and 13th overall. Other problems of less importance compared to the general population include “Environmental Regulations” and “Zoning/Land Use Regulations”.

MID-WEST

Small-business owners in the mid-West also generally follow the sentiments of the overall population. States in this region include: IL, IN, MI, OH and WI. Only a few problems vary from the collective, the most notable being “Real Estate Values” and the “Energy Costs, except Electricity” The former ranks 37th for the region and 47th overall while the latter ranks 28th for the region and 34th overall. Otherwise, most other business problems vary less than five positions from the overall ranking.

CENTRAL

Small-business owners in the Central region (IA, KS, MN, MO, ND and SD) vary on many issues in problem ranking compared to owners elsewhere. Owners in this region of the country are greatly affected by the agricultural industry and decline in oil prices. The rapid development of oil and natural gas drilling in parts of the Dakotas and subsequent decline in energy prices contributed to the regions strong economic fluctuations.

“Poor Earnings” hold the most severe ranking in this region compared to all other regions of the country. It ranks 12th in the Central region and ranges from 13th to 20th in the other six. This region has been negatively impacted by the dramatic drop in energy costs, creating a boom and bust economy over the last four years.

Also, the heavy influence of agriculture and energy drilling in the region elevates the severity of problems related to the environment and land. “Environmental Regulations”



ranks 13th for owners in the region compared to 27th for the overall population. “Real Estate Values” also ranks more severely for this group although it is unclear whether the problem is related to depressed or quickly appreciating real estate. Many areas of the region are experiencing a boom as the population of the area expands to accommodate the increased number of jobs and development opportunities especially in the Dakotas. Values are also up in Iowa where farm land is increasing valuable in producing and exporting corn, mainly for ethanol use. “Real Estate Values” ranks 35th for the region and 47th overall.

MOUNTAIN

Owners in the Mountain region generally follow the overall ranking of listed problems. The problems that vary most with the population are generally related to the more conservative political climate in the region and its expansive geographic area with few densely populated areas. The most notable problem difference is the “Unemployment Compensation.” The problem ranks 15th in the region compared to 26th overall.

PACIFIC

Small-business owners in the Pacific region (AK, CA, HI, OR and WA) offer only a few divergent rankings compared to the overall population. Owners in this region seem to be more burdened by “Minimum Wage/ Living Wage” and less burdened by “Competition from Large Businesses.” The former ranks 14th in the region compared to its overall ranking of 36th. Many states in this region have higher state and city minimum wage requirements than most anywhere else in the country. The problem of large business competition is much less severe as it ranks 45th for the region, but 31st overall.



SELECT STATE PROBLEMS AND PRIORITIES

SMALL BUSINESS PROBLEMS AND PRIORITIES - CALIFORNIA

The California Small Business Problems and Priorities report is based on the responses of 294 NFIB small-business owner/members to a mail survey conducted from mid-January through April 2016. A national sample of 20,000 members was drawn for a response rate of 14 percent with separate samples of 1,500 each drawn for CA, OH and TX to create three state specific rankings. Owners evaluated 75 potential business problems individually and assessed their severity on a scale of “1” for a “Critical Problem” to “7” for “Not a Problem.” A mean (average) was calculated from the responses for each problem. Problems are ranked by mean score.

The ten most burdensome problems for small-business owners in California are: “Cost of Health Insurance,” “Unreasonable Government Regulations,” “Federal Taxes on Business Income,” “State Taxes on Business Income,” “Workers’ Compensation Costs,” “Uncertainty over Economic Conditions,” “Tax Complexity,” “Uncertainty over Government Actions,” “State/Local Paperwork” and “Frequent Changes in Federal Tax Laws and Rules.” California’s top ten generally tracks that of the nation with a few exceptions. “Workers’ Compensation Costs” ranks 5th in California and 13th overall and “Property Taxes (Real, Inventory or Personal Property)” ranks 12th in California and 8th overall. Smaller differences between the U.S. and California top ten lists are “State/Local Paperwork” at 9th in California and 11th overall and “Locating Qualified Employees” at 11th in California and 10th overall (Table 15).

The severity among many of the survey’s business problems differ substantially between small business owners in California and owners in the rest of the country as shown in (Table 16). The ten largest differences in average mean scores between California and the rest of the country occur in the problems: “Mandatory Family or Sick Leave,” “Competition from Large Businesses,” “Minimum Wage/“Living” Wage,” “Hiring/Firing/Employment Regulations,” “Environmental Regulations,” “Dealing with IRS/State Tax Agencies,” “Health/Safety Regulations,” “Cost of Supplies/Inventories,” “Unemployment Compensation,” “Time Spent Shopping for Health Insurance.”

California small-business owners are less burdened on average than owners in the rest of the country by the following four problems: “Competition from Large Businesses,” “Dealing with IRS/State Tax Agencies,” “Cost of Supplies/Inventories,” and “Time Spent Shopping for Health Insurance.” The remaining six problems are more burdensome.

“Mandatory Family or Sick Leave” holds the largest ranking disparity between California (33rd) and the rest of the country (58th). Seventeen percent of small business owners in California regard this problem as a critical issue. California’s paid sick leave and family leave requirements are among the most expansive leave programs in the United States. Employers are required to allow employees to take three days of paid sick leave each year, 12 weeks of unpaid family leave, and four additional months of unpaid maternity leave.^{17, 18} In addition to state-level mandates, San Francisco recently passed a law that requires employers with more than 50 employees to supplement payments by California’s family leave insurance program up to full wage replacement. That employee threshold decreases to firms with over 20 employees in 2018.¹⁹ Small business owners find leave mandates particularly burdensome on an administrative level because they are required to keep records of all employee leave to ensure compliance.

“Competition from Large Businesses” has the second largest mean difference between California (#47) and the rest of the country (#31) and the largest difference where California



¹⁷ National Conference of State Legislatures, “State Family and Medical Leave Laws,” <http://www.ncsl.org/research/labor-and-employment/state-family-and-medical-leave-laws.aspx>.

¹⁸ California Assembly Bill No. 1522, http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1522&search_keywords=.

¹⁹ City and County of San Francisco, “Paid Parental Leave Ordinance,” <http://sf.gov/olse/paid-parental-leave-ordinance>.

small business owners regard the issue as less of a problem. Thirteen percent of California small business owners regard this as a critical issue while 23 percent do not consider this a problem.

“Minimum Wage/Living Wage” has the third largest ranking difference between California (21st) and the rest of the country (36th). Twenty percent of California small business owners regard this as a critical issue. Similar to sick and family leave mandates, California’s minimum wage laws are the most expansive in the nation. After Los Angeles and San Francisco announced incremental minimum wage increases to \$15 per hour, California passed a statewide increase to reach \$15 per hour in 2022 with annual adjustments for inflation thereafter.²⁰ CKE Restaurants CEO Andy Puzder has criticized these increases extensively for their negative effect on young, low-skill workers and has highlighted increases in the use of automation in the fast food industry as a result of rising labor costs.²¹

Continuing with employment related issues, “Hiring/Firing/Employment Regulations” also has a ranking difference of 15 positions between California (25th) and the rest of the country (40th). Thirteen percent of California small business owners regard this as a critical issue while twelve percent do not consider it to be a problem.

“Environmental Regulations” has the fifth largest ranking difference between small business owners in California (14th) and owners in the rest of the country (27th). Twenty-six percent of owners in California regard this problem as critical. California is one of the more aggressive states in creating and enforcing environmental regulations. These regulations are often in conflict with the business community, especially in more natural resource intensive type industries such as manufacturing and agriculture. Environmental regulations have also contributed to a weak recovery by the construction sector of the economy, according to a 2015 report by the California Legislative Analyst’s Office.²²

“Dealing with IRS/State Tax Agencies” also has a difference of 13 places between California (30th) and the rest of the country (17th), tied for the fifth largest difference in rankings. Fourteen percent of California small-business owners regard this as a critical issue while thirteen percent do not consider it a problem.

“Health/Safety Regulations” has the seventh largest difference in ranking between small business owners in California (16th) and owners in the rest of the country (28th). Nineteen percent of California small-business owners regard this as a critical issue while 15 percent do not regard this as a problem. Small business owners bear the cost of health and safety regulations in the form of compliance costs and in the cost of defending against lawsuits from state and federal agencies. California is stricter than most states in what it considers to be a “serious violation” of occupational health and safety law.²³ In addition, concerns over health and safety are often manifested in the form of occupational licensing regulations that require a burdensome process for a small-business owner to enter a market. In this survey, California small business owners ranked “Obtaining Licenses, Permits, etc.” higher (32nd) than the rest of the country (39th). While not all licenses are occupational, the non-profit Institute for Justice ranks California as one of the most onerous states both in the number of occupations that require licensing and the cost of occupational licensing.²⁴



²⁰ Paul Davidson, “California reaches deal on \$15 minimum wage,” USA Today, March 29, 2016. <http://www.usatoday.com/story/money/2016/03/28/california-raises-minimum-wage-15-hour/82348622/>

²¹ Andy Puzder, “Why Restaurant Automation Is on the Menu,” Wall Street Journal, March 24, 2016. http://www.wsj.com/article_email/why-restaurant-automation-is-on-the-menu-1458857730-1MyQjAxMTE2NDI4NTgyMDUyWj.

²² California Legislative Analyst’s Office, “California’s High Housing Costs: Causes and Consequences,” March 17, 2015. <http://www.lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.aspx>.

²³ California Assembly Bill No. 2774, ftp://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_2751-2800/ab_2774_bill_20100930_chaptered.html.

²⁴ Institute for Justice, “License to Work: A National Study of Burdens from Occupational Licensing,” https://www.ij.org/images/pdf_folder/economic_liberty/occupational_licensing/licensetowork.pdf.

“Cost of Supplies/Inventories” also has a difference of 12 places between California (27th) and the rest of the country (15th), tied for the seventh largest difference in rankings. Eleven percent of California small-business owners regard this as a critical issue while nine percent do not regard this as a problem. California has a very high cost of living when viewed as a whole. A recent Tax Foundation study found that \$100 buys less only in New York, New Jersey, Hawaii, and Washington D.C.²⁵ The California small business owners who responded to this survey prioritized the policies that have forced supplier businesses to increase the cost of inventories and supplies such as state and federal taxes (4th and 3rd, respectively), unreasonable government regulations (#2), and the cost of healthcare (1st).

“Unemployment Compensation” has the ninth largest difference in averages between small business owners in California (15th) and owners in the rest of the country (26th). Sixteen percent of California small-business owners regard this as a critical issue while ten percent do not regard this as a problem. California small-business owners view the cost of unemployment compensation as a problem despite a favorable ranking by the Tax Foundation, which ranked California’s unemployment insurance program 13th among the 50 states.²⁶ This ranking is not specific to small business, however; it may reflect a higher average unemployment insurance rate among smaller businesses than larger ones due to higher employee turnover. Larger businesses experience less turnover because they can offer higher wages than small businesses.²⁷ California has high taxes and mandates non-wage compensation in the form of paid leave, limiting the funds available for small business owners to offer a competitive wage.

“Time Spent Shopping for Health Insurance” also has a difference of 11 positions between California (40th) and the rest of the country (29th), tied for the ninth largest difference in rankings. Eleven percent of California small-business owners regard this as a critical issue while 16 percent do not regard this as a problem. While the cost of health insurance tops the list of problems that California small-business owners face, time spent shopping for health insurance is considerably less of a concern. It is unclear what factors caused the difference between California small business owners and the rest of the country. Because both the California and U.S. rankings are near the middle of the issues, it is likely that California small-business owners simply found other issues to be more pressing.



²⁵ Tax Foundation, “The Real Value of \$100 in Each State,” <http://taxfoundation.org/blog/real-value-100-each-state-2016>.

²⁶ Jared Walczak, Scott Drenkard, and Joseph Henschman, *2016 State Business Tax Climate Index*, http://taxfoundation.org/sites/taxfoundation.org/files/docs/TF_2016_StateBusinessTaxClimateIndex.pdf.

²⁷ John Haltiwanger et al., “Business Dynamics Statistics Briefing: Job Creation, Worker Churning, and Wages at Young Businesses,” November 2012, https://www.census.gov/ces/pdf/BDS_StatBrief7_Creation_Churning_Wages.pdf.

TABLE 15
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - CALIFORNIA

| Problem | CA Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|--|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Cost of Health Insurance | 1 | 1 | 2.29 | 1.77 | 48.8 | 7.2 |
| Unreasonable Government Regulations | 2 | 2 | 2.51 | 1.82 | 42.1 | 7.2 |
| Federal Taxes on Business Income | 3 | 3 | 2.72 | 1.65 | 30.7 | 4.1 |
| State Taxes on Business Income | 4 | 9 | 2.82 | 1.82 | 30.4 | 6.7 |
| Workers' Compensation | 5 | 13 | 2.91 | 1.92 | 32.1 | 9.0 |
| Uncertainty over Economic Conditions | 6 | 4 | 2.99 | 1.68 | 23.3 | 3.5 |
| Tax Complexity | 7 | 5 | 3.02 | 1.88 | 25.6 | 7.6 |
| Uncertainty over Government Actions | 8 | 6 | 3.06 | 1.87 | 28.2 | 7.3 |
| State/Local Paperwork | 9 | 11 | 3.08 | 1.86 | 22.4 | 7.9 |
| Frequent Changes in Federal Tax Laws and Rules | 10 | 7 | 3.22 | 1.82 | 22.1 | 7.6 |
| Locating Qualified Employees | 11 | 10 | 3.31 | 1.92 | 22.7 | 10.7 |
| Property Taxes (real, inventory or personal property) | 12 | 8 | 3.44 | 2.01 | 21.6 | 12.7 |
| Cost and Availability of Liability Insurance | 13 | 20 | 3.52 | 1.95 | 17.1 | 12.0 |
| Environmental Regulations | 14 | 27 | 3.54 | 2.14 | 25.8 | 14.8 |
| Unemployment Compensation | 15 | 26 | 3.56 | 1.91 | 16.3 | 10.4 |
| Health/Safety Regulations | 16 | 28 | 3.57 | 2.06 | 19.2 | 15.4 |
| Federal Paperwork | 17 | 12 | 3.59 | 1.97 | 17.9 | 12.1 |
| Electricity Costs (rates) | 18 | 19 | 3.62 | 1.92 | 15.6 | 11.1 |
| Projecting Future Sales Changes | 19 | 18 | 3.66 | 1.73 | 10.0 | 9.0 |
| Finding and Keeping Skilled Employees | 20 | 14 | 3.67 | 2.03 | 17.9 | 14.5 |
| Minimum Wage/"Living" Wage | 21 | 36 | 3.67 | 2.14 | 20.3 | 17.2 |
| Fixed Costs Too High | 22 | 22 | 3.70 | 1.81 | 13.9 | 9.4 |
| Poor Earnings (Profits) | 23 | 16 | 3.71 | 1.99 | 18.1 | 10.4 |
| Finding Out about Regulatory Requirements | 24 | 23 | 3.74 | 1.96 | 15.2 | 14.1 |
| Hiring/Firing/Employment Regulations | 25 | 40 | 3.81 | 1.94 | 13.4 | 12.3 |
| Cash Flow | 26 | 25 | 3.82 | 1.93 | 15.8 | 11.0 |
| Cost of Supplies/Inventories | 27 | 15 | 3.83 | 1.70 | 10.5 | 8.7 |
| Highly Variable Earnings (profits) | 28 | 24 | 3.86 | 1.84 | 12.2 | 11.1 |
| FICA (Social Security Taxes) | 29 | 21 | 3.87 | 1.83 | 10.4 | 12.8 |
| Dealing with IRS/State Tax Agencies | 30 | 17 | 3.88 | 1.97 | 13.9 | 12.8 |
| Cost of Government Required Equipment/Procedures | 31 | 30 | 3.95 | 2.16 | 18.8 | 17.8 |
| Obtaining Licenses, Permits, etc. | 32 | 39 | 3.97 | 2.01 | 13.1 | 16.6 |
| Mandatory Family or Sick Leave | 33 | 58 | 4.03 | 2.09 | 16.5 | 18.2 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 34 | 32 | 4.04 | 1.87 | 9.9 | 14.4 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 35 | 43 | 4.05 | 1.87 | 8.9 | 14.1 |
| Controlling My Own Time | 36 | 35 | 4.06 | 1.95 | 11.8 | 16.3 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 37 | 34 | 4.08 | 1.98 | 12.1 | 15.9 |
| Telephone Costs and Service | 38 | 33 | 4.12 | 1.77 | 7.9 | 11.4 |
| Training Employees | 39 | 42 | 4.12 | 1.83 | 8.6 | 16.2 |
| Time Spent Shopping for Health Insurance | 40 | 29 | 4.18 | 1.91 | 10.5 | 16.4 |
| Locating Business Help When Needed | 41 | 37 | 4.27 | 1.90 | 9.3 | 16.8 |
| Poor Sales | 42 | 45 | 4.31 | 2.01 | 11.4 | 19.0 |



TABLE 15 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - CALIFORNIA

| Problem | CA Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|--|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Pricing My Goods/Services | 43 | 44 | 4.34 | 1.80 | 5.8 | 15.8 |
| Keeping Up on Business and Market Developments | 44 | 41 | 4.37 | 1.69 | 6.2 | 12.5 |
| Ability to Cost-Effectively Advertise | 45 | 46 | 4.38 | 1.89 | 7.3 | 19.7 |
| Credit Card Payment Processing Costs | 46 | 38 | 4.40 | 2.16 | 11.4 | 27.6 |
| Competition from Large Businesses | 47 | 31 | 4.42 | 2.10 | 12.8 | 23.3 |
| Reducing Energy Use in a Cost-Effective Manner | 48 | 53 | 4.48 | 1.73 | 5.2 | 16.0 |
| Rules on Retirement Plans | 49 | 50 | 4.51 | 1.99 | 9.3 | 23.1 |
| Using Computer(s), the Internet or New Technology Effectively | 50 | 48 | 4.54 | 1.86 | 5.5 | 21.2 |
| Cyber Crime (viruses, hacking, etc.) | 51 | 51 | 4.54 | 1.92 | 8.7 | 19.1 |
| Real Estate Values | 52 | 47 | 4.57 | 2.02 | 9.0 | 26.0 |
| Traffic, Highways, Roads, Bridges | 53 | 52 | 4.59 | 2.10 | 11.8 | 28.6 |
| Handling Business Growth | 54 | 55 | 4.60 | 1.82 | 5.6 | 22.9 |
| Estate Tax | 55 | 49 | 4.62 | 2.33 | 17.6 | 35.3 |
| Crime, including Identity Theft, Shoplifting, etc. | 56 | 60 | 4.69 | 1.92 | 8.3 | 22.4 |
| Delinquent Accounts/Late Payments | 57 | 54 | 4.77 | 1.96 | 8.2 | 25.8 |
| Zoning/Land Use Regulations | 58 | 57 | 4.86 | 2.06 | 8.0 | 34.0 |
| Protecting Intellectual Property | 59 | 62 | 4.86 | 2.00 | 8.0 | 31.6 |
| Employee Turnover | 60 | 59 | 4.95 | 1.96 | 8.1 | 30.2 |
| Competition from Internet Businesses | 61 | 63 | 5.01 | 2.05 | 7.9 | 37.9 |
| Interest Rates | 62 | 56 | 5.02 | 1.80 | 4.5 | 26.8 |
| Costs and Frequency of Lawsuits/Threatened Lawsuits | 63 | 68 | 5.05 | 2.02 | 7.9 | 34.4 |
| Using Social Media to Promote Business (facebook, twitter, etc.) | 64 | 64 | 5.08 | 1.84 | 3.5 | 35.7 |
| Competition from Imported Products | 65 | 65 | 5.09 | 2.12 | 9.7 | 41.5 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 66 | 70 | 5.12 | 2.00 | 8.0 | 36.4 |
| Anti-Competitive Practices, e.g., Price Fixing | 67 | 61 | 5.16 | 1.86 | 5.9 | 32.5 |
| Undocumented Workers | 68 | 73 | 5.18 | 2.13 | 11.1 | 42.6 |
| Obtaining Long-Term (5 years or more) Business Loans | 69 | 69 | 5.24 | 1.93 | 7.1 | 38.5 |
| Access to High-Speed Internet | 70 | 66 | 5.30 | 2.01 | 6.9 | 43.9 |
| Credit Rating/Record Errors | 71 | 71 | 5.33 | 1.79 | 4.9 | 36.2 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 72 | 67 | 5.37 | 1.65 | 3.4 | 32.1 |
| Winning Contracts from Federal/State/Local Governments | 73 | 72 | 5.37 | 1.88 | 5.2 | 45.1 |
| Out-of-State Sales Tax | 74 | 74 | 5.79 | 1.74 | 3.1 | 55.4 |
| Exporting My Products/Services | 75 | 75 | 5.94 | 1.58 | 1.4 | 58.5 |



TABLE 16
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN CA AND US

| More Difficult in California | CA Rank | US Rank | Rank Difference |
|--|----------------|----------------|------------------------|
| Mandatory Family or Sick Leave | 33 | 58 | 25 |
| Minimum Wage/"Living" Wage | 21 | 36 | 15 |
| Hiring/Firing/Employment Regulations | 25 | 40 | 15 |
| Environmental Regulations | 14 | 27 | 13 |
| Health/Safety Regulations | 16 | 28 | 12 |
| Unemployment Compensation | 15 | 26 | 11 |
| Workers' Compensation | 5 | 13 | 8 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 35 | 43 | 8 |
| Obtaining Licenses, Permits, etc. | 32 | 39 | 7 |
| Cost and Availability of Liability Insurance | 13 | 20 | 7 |
| Less Difficult in California | | | |
| Competition from Large Businesses | 47 | 31 | -16 |
| Dealing with IRS/State Tax Agencies | 30 | 17 | -13 |
| Cost of Supplies/Inventories | 27 | 15 | -12 |
| Time Spent Shopping for Health Insurance | 40 | 29 | -11 |
| FICA (Social Security Taxes) | 29 | 21 | -8 |
| Credit Card Payment Processing Costs | 46 | 38 | -8 |
| Poor Earnings (Profits) | 23 | 16 | -7 |
| Interest Rates | 62 | 56 | -6 |
| Finding and Keeping Skilled Employees | 20 | 14 | -6 |
| Anti-Competitive Practices, e.g., Price Fixing | 67 | 61 | -6 |



SMALL BUSINESS PROBLEMS AND PRIORITIES - OHIO

The Ohio Small Business Problems and Priorities report is based on the responses of 385 NFIB small-business owner/members to a mail survey conducted from mid-January through April 2016. A national sample of 20,000 members was drawn for a response rate of 14 percent with separate samples of 1,500 each drawn for CA, OH and TX to create three state specific rankings. Owners evaluated 75 potential business problems individually and assessed their severity on a scale of “1” for a “Critical Problem” to “7” for “Not a Problem.” A mean (average) was calculated from the responses for each problem. Problems are ranked by mean score.

Ohio has long held a reputation for being a microcosm for the United States. It has four cities among the 100 most populous metropolitan areas in the United States, vast amounts of agriculture in the counties between these cities, and coal mining in the southeastern part of the state. In addition, it is a swing state in presidential elections. Unsurprisingly, the concerns of Ohio small-business owners are very representative of those of small-business owners in the United States as a whole. While Texas and California had issues that differed from the total population by more than 20 position in the rankings, Ohio’s largest difference was 11 positions. It can be misleading to assign policy explanations to small differences in rankings, because rankings can fluctuate several positions without any intrinsic reason. One issue may be moved to a lower ranking by default as a result of another issue moving to a higher position (Table 17).

The ten most burdensome problems for small business owners in Ohio are: “Cost of Health Insurance,” “Unreasonable Government Regulations,” “Tax Complexity,” “Federal Taxes on Business Income,” “Uncertainty over Economic Conditions,” “Uncertainty over Government Actions,” “State/Local Paperwork,” “Frequent Changes in Federal Tax Laws and Rules,” “Property Taxes,” and “Federal Paperwork.” Ohio’s top ten generally tracks that of the nation with a few small exceptions. “Federal Paperwork” ranks 10th in Ohio and 12th overall and “State/Local Paperwork” ranks 7th in Ohio and 11th overall. These exceptions replace “State Taxes on Business Income” which ranks 11th in Ohio and 9th overall and “Locating Qualified Employees” which ranks 14th in Ohio and 10th overall.

The severity among many of the survey’s business problems differ only slightly between small business owners in Ohio and owners in the rest of the country as shown in Table 18. The largest differences in rankings between Ohio and the rest of the country occur in the problems: “Cost of Natural Gas, Propane, Gasoline, Diesel Fuel, and Oil,” “Real Estate Values,” “Cost and Availability of Liability Insurance,” “Poor Sales,” “Crime, including Identity Theft, Shoplifting, etc.,” and “Credit Card Payment Processing Costs.” The seventh largest difference has a seven-way tie of six positions in the rankings among “Electricity Costs,” “Locating Business Help When Needed,” “Ability to Cost-Effectively Advertise,” “Keeping Up on Business and Market Developments,” “Using Computer(s), the Internet or New Technology Effectively,” “Using Social Media to Promote Business,” and “Competition from Imported Products.”

Ohio small-business owners are more burdened on average than owners in the rest of the country by two of the three problems with double-digit differences in ranking: “Cost of Natural Gas, Propane, Gasoline, Diesel Fuel, and Oil,” and “Real Estate Values.” The remaining problem, “Cost and Availability of Liability Insurance”, is less burdensome.

“Cost of Natural Gas, Propane, Gasoline, Diesel Fuel, and Oil” is one of three issues that have a difference of 11 positions in rankings between Ohio (23rd) and the rest of the country (34th). Eleven percent of Ohio small-business owners regard this as a critical issue and 16 percent do not regard it as a problem. It is not clear why small-business owners from Ohio find the cost of petroleum products to be so much more burdensome than small-business owners from other states. U.S. Energy Information Administration data from 2013 ranks Ohio as having the 21st highest petroleum prices and the 29th highest natural gas prices among the 50 states.²⁸ However, all but the most recent data on energy prices must be viewed skeptically



²⁸ U.S. Energy Information Administration, “Petroleum and Natural Gas Price and Expenditure Estimates, Ranked by State, 2014,” https://www.eia.gov/state/seds/data.cfm?incfile=/state/seds/sep_sum/html/rank_pr_pa_ng.html.

because of the recent dramatic fall in energy prices. According to AAA, Ohio currently has the 15th highest gasoline prices of the 50 states.²⁹ This is partially a result of the market and partially a result of policy, and Ohio has the 26th largest gas tax among the 50 states.³⁰

“Real Estate Values” is another issue that has a difference of 11 positions in rankings between Ohio (36th) and the rest of the country (47th). Eleven percent of Ohio small-business owners regard this as a critical issue and 17 percent do not regard it as a problem. Real estate values can be a problem if they are too high or too low, so it is important to properly interpret Ohio’s specific real estate situation. If prices are too high, small-business owners find it difficult to expand by purchasing a second location or moving to a larger location. However, if prices are too low, small business owners may have trouble using home equity as collateral for accessing credit. The real estate company Trulia ranks Ohio as the state with the lowest average home listing price.³¹ The National Association of Realtors’ Affordability Index shows that the cities have low real estate prices as well. Of the 180 metropolitan areas in the United States, all eight of Ohio’s metropolitan areas were among the 50 most affordable.³² Many businesses use home equity as collateral for obtaining favorable terms on business loans. While real estate values are depressed, more small-business owners are unable to use this tool to access credit.

“Cost and Availability of Liability Insurance” has a difference of 11 positions in rankings between Ohio (31st) and the rest of the country (20th). Twelve percent of Ohio small-business owners regard this as a critical issue and 20 percent do not regard it as a problem.



²⁹ AAA, *State Gas Prices*, <http://gasprices.aaa.com/>.

³⁰ American Petroleum Institute, “Gasoline Tax,” <http://www.api.org/oil-and-natural-gas/consumer-information/motor-fuel-taxes/gasoline-tax>.

³¹ Trulia, “National Home Prices,” http://www.trulia.com/home_prices/.

³² National Association of REALTORS, “Affordability Index of Existing Single-Family Homes for Metropolitan Areas,” <http://www.realtor.org/sites/default/files/reports/2016/embargoes/2015-metro-affordability/metro-affordability-2015-existing-single-family-2015-02-10.pdf>.

TABLE 17
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - OHIO

| Problem | OH Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|--|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Cost of Health Insurance | 1 | 1 | 2.42 | 1.99 | 51.1 | 10.0 |
| Unreasonable Government Regulations | 2 | 2 | 2.80 | 1.82 | 32.9 | 6.0 |
| Tax Complexity | 3 | 5 | 2.92 | 1.83 | 26.8 | 7.0 |
| Federal Taxes on Business Income | 4 | 3 | 3.05 | 1.88 | 26.7 | 6.8 |
| Uncertainty over Economic Conditions | 5 | 4 | 3.05 | 1.78 | 23.8 | 5.5 |
| Uncertainty over Government Actions | 6 | 6 | 3.21 | 1.85 | 21.6 | 7.1 |
| State/Local Paperwork | 7 | 11 | 3.34 | 1.83 | 17.8 | 8.6 |
| Frequent Changes in Federal Tax Laws and Rules | 8 | 7 | 3.39 | 1.89 | 19.3 | 8.6 |
| Property Taxes (real, inventory or personal property) | 9 | 8 | 3.41 | 1.98 | 19.5 | 11.2 |
| Federal Paperwork | 10 | 12 | 3.44 | 1.86 | 17.1 | 7.4 |
| State Taxes on Business Income | 11 | 9 | 3.47 | 1.95 | 18.5 | 10.8 |
| Dealing with IRS/State Tax Agencies | 12 | 17 | 3.62 | 1.93 | 15.8 | 11.2 |
| Electricity Costs (rates) | 13 | 19 | 3.63 | 1.84 | 14.7 | 11.3 |
| Locating Qualified Employees | 14 | 10 | 3.65 | 2.16 | 21.1 | 16.9 |
| Workers' Compensation | 15 | 13 | 3.65 | 1.95 | 15.7 | 12.5 |
| Finding and Keeping Skilled Employees | 16 | 14 | 3.76 | 2.22 | 22.0 | 18.8 |
| Poor Earnings (Profits) | 17 | 16 | 3.83 | 1.95 | 16.4 | 9.7 |
| Cost of Supplies/Inventories | 18 | 15 | 3.84 | 1.79 | 10.5 | 9.7 |
| FICA (Social Security Taxes) | 19 | 21 | 3.86 | 1.87 | 12.7 | 11.3 |
| Projecting Future Sales Changes | 20 | 18 | 3.86 | 1.76 | 9.7 | 9.9 |
| Fixed Costs Too High | 21 | 22 | 3.98 | 1.82 | 8.6 | 12.8 |
| Finding Out about Regulatory Requirements | 22 | 23 | 3.99 | 1.97 | 11.0 | 16.8 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 23 | 34 | 4.01 | 1.97 | 11.3 | 15.7 |
| Highly Variable Earnings (profits) | 24 | 24 | 4.03 | 1.92 | 11.0 | 14.4 |
| Cash Flow | 25 | 25 | 4.03 | 1.96 | 13.4 | 13.6 |
| Environmental Regulations | 26 | 27 | 4.07 | 2.13 | 14.5 | 21.3 |
| Health/Safety Regulations | 27 | 28 | 4.07 | 2.01 | 13.7 | 16.6 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 28 | 32 | 4.09 | 1.72 | 5.7 | 11.5 |
| Time Spent Shopping for Health Insurance | 29 | 29 | 4.10 | 2.10 | 12.9 | 20.1 |
| Unemployment Compensation | 30 | 26 | 4.11 | 1.99 | 10.4 | 18.5 |
| Cost and Availability of Liability Insurance | 31 | 20 | 4.13 | 2.02 | 11.5 | 19.6 |
| Cost of Government Required Equipment/Procedures | 32 | 30 | 4.15 | 2.00 | 11.7 | 17.8 |
| Competition from Large Businesses | 33 | 31 | 4.20 | 2.01 | 10.5 | 19.2 |
| Telephone Costs and Service | 34 | 33 | 4.21 | 1.82 | 7.8 | 13.0 |
| Controlling My Own Time | 35 | 35 | 4.26 | 1.97 | 11.2 | 18.0 |
| Real Estate Values | 36 | 47 | 4.28 | 1.96 | 10.7 | 17.4 |
| Minimum Wage/"Living" Wage | 37 | 36 | 4.33 | 2.06 | 12.0 | 22.1 |
| Poor Sales | 38 | 45 | 4.36 | 1.97 | 11.5 | 17.4 |
| Pricing My Goods/Services | 39 | 44 | 4.36 | 1.85 | 7.3 | 17.2 |
| Ability to Cost-Effectively Advertise | 40 | 46 | 4.39 | 1.91 | 7.1 | 19.4 |
| Hiring/Firing/Employment Regulations | 41 | 40 | 4.45 | 1.97 | 5.8 | 23.6 |
| Using Computer(s), the Internet or New Technology Effectively | 42 | 48 | 4.48 | 1.88 | 6.3 | 19.2 |



TABLE 17 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - OHIO

| Problem | OH Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|--|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Locating Business Help When Needed | 43 | 37 | 4.48 | 1.91 | 6.6 | 18.9 |
| Obtaining Licenses, Permits, etc. | 44 | 39 | 4.48 | 1.98 | 8.1 | 21.5 |
| Credit Card Payment Processing Costs | 45 | 38 | 4.48 | 2.18 | 12.0 | 30.3 |
| Training Employees | 46 | 42 | 4.50 | 1.88 | 5.5 | 20.6 |
| Keeping Up on Business and Market Developments | 47 | 41 | 4.51 | 1.71 | 4.8 | 15.2 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 48 | 43 | 4.51 | 1.86 | 7.4 | 20.9 |
| Cyber Crime (viruses, hacking, etc.) | 49 | 51 | 4.56 | 2.01 | 9.7 | 23.8 |
| Reducing Energy Use in a Cost-Effective Manner | 50 | 53 | 4.71 | 1.73 | 4.7 | 20.7 |
| Estate Tax | 51 | 49 | 4.74 | 2.24 | 13.1 | 37.4 |
| Rules on Retirement Plans | 52 | 50 | 4.75 | 1.93 | 7.3 | 25.0 |
| Crime, including Identity Theft, Shoplifting, etc. | 53 | 60 | 4.79 | 1.87 | 5.7 | 23.9 |
| Interest Rates | 54 | 56 | 4.85 | 1.88 | 7.5 | 26.5 |
| Handling Business Growth | 55 | 55 | 4.86 | 1.73 | 3.2 | 23.0 |
| Delinquent Accounts/Late Payments | 56 | 54 | 4.89 | 1.91 | 6.8 | 24.2 |
| Traffic, Highways, Roads, Bridges | 57 | 52 | 4.94 | 1.94 | 6.3 | 32.6 |
| Using Social Media to Promote Business (facebook, twitter, etc.) | 58 | 64 | 4.97 | 1.79 | 3.2 | 29.4 |
| Employee Turnover | 59 | 59 | 5.00 | 2.00 | 9.3 | 32.9 |
| Zoning/Land Use Regulations | 60 | 57 | 5.01 | 1.94 | 7.3 | 32.7 |
| Mandatory Family or Sick Leave | 61 | 58 | 5.04 | 1.96 | 6.6 | 34.7 |
| Protecting Intellectual Property | 62 | 62 | 5.04 | 1.88 | 4.7 | 32.1 |
| Anti-Competitive Practices, e.g., Price Fixing | 63 | 61 | 5.06 | 1.80 | 5.3 | 27.4 |
| Competition from Internet Businesses | 64 | 63 | 5.13 | 1.94 | 6.8 | 34.7 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 65 | 67 | 5.24 | 1.77 | 4.5 | 33.2 |
| Costs and Frequency of Lawsuits/Threatened Lawsuits | 66 | 68 | 5.24 | 1.91 | 5.0 | 37.8 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 67 | 70 | 5.27 | 1.93 | 6.8 | 38.7 |
| Obtaining Long-Term (5 years or more) Business Loans | 68 | 69 | 5.28 | 1.96 | 7.1 | 41.1 |
| Access to High-Speed Internet | 69 | 66 | 5.31 | 1.99 | 7.6 | 43.6 |
| Credit Rating/Record Errors | 70 | 71 | 5.33 | 1.82 | 3.7 | 39.3 |
| Competition from Imported Products | 71 | 65 | 5.40 | 1.94 | 4.5 | 47.1 |
| Winning Contracts from Federal/State/Local Governments | 72 | 72 | 5.51 | 1.88 | 5.0 | 48.8 |
| Out-of-State Sales Tax | 73 | 74 | 5.82 | 1.66 | 2.6 | 53.0 |
| Undocumented Workers | 74 | 73 | 5.90 | 1.76 | 5.6 | 59.9 |
| Exporting My Products/Services | 75 | 75 | 5.98 | 1.62 | 2.9 | 60.8 |



TABLE 18
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN OH AND US

| More Difficult in Ohio | OH Rank | US Rank | Rank Difference |
|--|----------------|----------------|------------------------|
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 23 | 34 | -11 |
| Real Estate Values | 36 | 47 | -11 |
| Poor Sales | 38 | 45 | -7 |
| Crime, including Identity Theft, Shoplifting, etc. | 53 | 60 | -7 |
| Electricity Costs (rates) | 13 | 19 | -6 |
| Ability to Cost-Effectively Advertise | 40 | 46 | -6 |
| Using Computer(s), the Internet or New Technology Effectively | 42 | 48 | -6 |
| Using Social Media to Promote Business (facebook, twitter, etc.) | 58 | 64 | -6 |
| Dealing with IRS/State Tax Agencies | 12 | 17 | -5 |
| Pricing My Goods/Services | 39 | 44 | -5 |
| Less Difficult in Ohio | | | |
| Cost and Availability of Liability Insurance | 31 | 20 | 11 |
| Credit Card Payment Processing Costs | 45 | 38 | 7 |
| Competition from Imported Products | 71 | 65 | 6 |
| Keeping Up on Business and Market Developments | 47 | 41 | 6 |
| Locating Business Help When Needed | 43 | 37 | 6 |
| Traffic, Highways, Roads, Bridges | 57 | 52 | 5 |
| Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 48 | 43 | 5 |
| Obtaining Licenses, Permits, etc. | 44 | 39 | 5 |
| Training Employees | 46 | 42 | 4 |
| Unemployment Compensation | 30 | 26 | 4 |



SMALL BUSINESS PROBLEMS AND PRIORITIES - TEXAS

The Texas Small Business Problems and Priorities report is based on the responses of 276 NFIB small-business owner/members to a mail survey conducted from mid-January through April 2016. A national sample of 20,000 members was drawn for a response rate of 14 percent with separate samples of 1,500 each drawn for CA, OH and TX to create three state specific rankings. Owners evaluated 75 potential business problems individually and assessed their severity on a scale of “1” for a “Critical Problem” to “7” for “Not a Problem.” A mean (average) was calculated from the responses for each problem. Problems are ranked by mean score.

The ten most burdensome problems for small-business owners in Texas are: “Cost of Health Insurance,” “Uncertainty over Economic Conditions,” “Uncertainty over Government Actions,” “Unreasonable Government Regulations,” “Property Taxes,” “Federal Taxes on Business Income,” “Tax Complexity,” “Frequent Changes in Federal Tax Laws and Rules,” “Locating Qualified Employees” and “Federal Paperwork.” Texas’s top ten generally tracks that of the nation with two exceptions. “Federal Paperwork” ranks 10th in Texas and 12th overall while “State Taxes on Business Income” ranks 32nd in Texas and 9th overall (Table 19).

The severity among many of the survey’s business problems differ substantially between small-business owners in Texas and owners in the rest of the country as shown in Table 2. The ten largest ranking differences between Texas and the rest of the country occur in the problems: “State Taxes on Business Income,” “Workers’ Compensation,” “Unemployment Compensation,” “Poor Sales,” “Minimum Wage/“Living” Wage,” “Credit Card Payment Processing Costs,” “Environmental Regulations,” “Competition from Large Businesses,” “Cost of Natural Gas, Propane, Gasoline, Diesel Fuel, and Oil,” “Zoning/Land Use Regulations.”

Texas small business owners are more burdened on average than owners in the rest of the country by three of these problems: “Poor Sales,” “Credit Card Payment Processing Costs,” and “Competition from Large Businesses.” The remaining seven problems are less burdensome.

“State Taxes on Business Income” has the largest difference in rankings between Texas (32nd) and the rest of the country (9th). This large difference is explained by Texas’s business-friendly tax environment. The Tax Foundation ranked Texas 10th in its 2016 State Business Tax Climate Index.³³ Texas is one of six states that do not impose a state-level corporate income tax and one of seven that do not impose an individual income tax, which is applied for businesses not registered as corporations. The same publication ranked Texas 15th for unemployment insurance taxes. The respondents of this survey seemed to agree with that report, evidenced by the second largest ranking difference between small-business owners in Texas (44th) and owners in the rest of the country (26th) in evaluating to what degree “Unemployment Compensation” is a concern.

“Workers’ Compensation” is also tied for the second largest difference in rankings with 18 positions between Texas (31st) and the rest of the country (13th). Fourteen percent of Texas small business owners regard this as a critical issue while 19 percent do not regard this as a problem. Texas is the only state in the United States that does not require its businesses to purchase workers’ compensation insurance.³⁴ Furthermore, those that choose to purchase workers’ compensation insurance find it relatively inexpensive. A biennial report by the Oregon Department of Consumer and Business Services found that Texas had the 15th lowest workers’ compensation premium rate in 2014.³⁵

“Poor Sales” has the fourth largest difference in rankings with 16 places between Texas (29th) and the rest of the country (45th). It has the largest ranking difference of the 75 issues



³³ Jared Walczak, Scott Drenkard, and Joseph Henschman, *2016 State Business Tax Climate Index*, http://taxfoundation.org/sites/taxfoundation.org/files/docs/TF_2016_StateBusinessTaxClimateIndex.pdf.

³⁴ National Federation of Independent Business, “Workers’ Compensation Laws – State by State Comparison,” March 18, 2015, <http://www.nfib.com/content/legal-compliance/legal/workers-compensation-laws-state-by-state-comparison-57181/>.

³⁵ Jay Dotter and Mike Manley, “2014 Oregon Workers’ Compensation Premium Rate Ranking Summary,” October 2014, http://www.cbs.state.or.us/external/dir/wc_cost/files/report_summary.pdf.

that small-business owners in Texas find more concerning than owners in the rest of the country. Sixteen percent of Texas small business owners regard this as a critical issue. Texas has been negatively affected by the drop in energy prices in the past two years. The crash has had a disproportionately large impact on the mining and extraction industries, but the entire state economy has felt the ripple effect. On the opposite side of lower energy prices, Texas business owners are saving money by spending less on oil and gas. This is reflected in the survey as “Cost of Natural Gas, Propane, Gasoline, Diesel Fuel, and Oil” has the ninth largest difference in rankings between Texas (46th) and the rest of the country (34th).

“Minimum Wage/Living Wage” has the fifth largest difference between Texas (51st) and the rest of the country (36th). Nine percent of Texas small-business owners regard this as a critical issue while 25 percent do not regard this as a problem. Texas, along with 20 other states, follows the federal minimum wage of \$7.25 per hour. While other states are increasing labor costs by raising minimum wages, Texas continues to maintain a business-friendly environment.

Following the theme of a business-friendly environment, “Environmental Regulation” has the sixth largest difference in rankings between Texas (41st) and the rest of the country (27th). And similarly, “Zoning/Land Use Regulations” has the tenth largest difference in rankings between Texas (67th) and the rest of the country (57th). This is significant in a state with large mining and agriculture industries, which tend to be subjected to high levels of environmental regulation, even more so when the market for those industries is not doing well.

“Credit Card Payment Processing Costs” also has a difference in rankings of 14 places between Texas (24th) and the rest of the country (38th). Seventeen percent of Texas small-business owners regard this as a critical issue while 22 percent do not regard this as a problem. Credit card payment processing fees are standardized from state to state, so it is unclear what about this issue would be more problematic for Texas small-business owners. The most likely reasoning for this disparity is that small business owners in Texas found the tax and regulatory issues described above to be less burdensome than small-business owners in other states, moving this issue up in the ranking by default.

“Competition from Large Businesses” has the eighth largest difference between Texas (18th) and the rest of the country (31st) and the third largest difference which Texas small-business owners regard the issue as more of a problem. Fifteen percent of Texas small-business owners regard this as a critical issue while 14 percent do not consider this a problem. This is a stark contrast with California’s ranking of 47 on the same issue. Several explanations could partially explain this difference, one being a difference in the types of businesses in each state. Small businesses in sectors of the economy that require greater capital expenditure or regulatory adherence are most disadvantaged by larger businesses achieving “economies of scale.” Another possible explanation is that Texas’s business-friendly tax and regulatory environment simply has allowed more small businesses to proliferate to compete against large businesses in sectors of the economy that are dominated by large businesses in other states.



TABLE 19
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - TEXAS

| Problem | TX Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|--|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Cost of Health Insurance | 1 | 1 | 2.36 | 1.95 | 53.3 | 8.8 |
| Uncertainty over Economic Conditions | 2 | 4 | 2.65 | 1.78 | 37.2 | 4.7 |
| Uncertainty over Government Actions | 3 | 6 | 2.68 | 1.85 | 37.4 | 7.0 |
| Unreasonable Government Regulations | 4 | 2 | 2.71 | 1.81 | 35.9 | 5.4 |
| Property Taxes (real, inventory or personal property) | 5 | 8 | 2.79 | 1.80 | 29.9 | 5.8 |
| Federal Taxes on Business Income | 6 | 3 | 2.82 | 1.88 | 32.2 | 8.3 |
| Tax Complexity | 7 | 5 | 2.97 | 1.79 | 27.5 | 5.9 |
| Frequent Changes in Federal Tax Laws and Rules | 8 | 7 | 3.22 | 1.90 | 23.6 | 8.7 |
| Locating Qualified Employees | 9 | 10 | 3.32 | 2.16 | 27.6 | 14.9 |
| Federal Paperwork | 10 | 12 | 3.38 | 1.96 | 22.0 | 8.4 |
| Finding and Keeping Skilled Employees | 11 | 14 | 3.41 | 2.15 | 23.7 | 14.2 |
| Projecting Future Sales Changes | 12 | 18 | 3.48 | 1.83 | 15.8 | 8.8 |
| Poor Earnings (Profits) | 13 | 16 | 3.63 | 1.99 | 17.4 | 11.2 |
| Dealing with IRS/State Tax Agencies | 14 | 17 | 3.64 | 1.89 | 18.2 | 8.0 |
| Cost and Availability of Liability Insurance | 15 | 20 | 3.72 | 2.08 | 17.9 | 16.1 |
| Cost of Supplies/Inventories | 16 | 15 | 3.72 | 1.86 | 14.9 | 10.2 |
| Finding Out about Regulatory Requirements | 17 | 23 | 3.78 | 1.96 | 14.5 | 14.2 |
| Competition from Large Businesses | 18 | 31 | 3.79 | 1.99 | 14.5 | 14.1 |
| State/Local Paperwork | 19 | 11 | 3.80 | 1.88 | 12.0 | 10.9 |
| Highly Variable Earnings (profits) | 20 | 24 | 3.81 | 1.81 | 11.8 | 9.2 |
| Cash Flow | 21 | 25 | 3.81 | 1.99 | 16.0 | 12.0 |
| FICA (Social Security Taxes) | 22 | 21 | 3.88 | 1.99 | 14.2 | 16.4 |
| Time Spent Shopping for Health Insurance | 23 | 29 | 3.92 | 2.11 | 16.7 | 20.4 |
| Credit Card Payment Processing Costs | 24 | 38 | 3.95 | 2.20 | 17.4 | 22.1 |
| Electricity Costs (rates) | 25 | 19 | 3.97 | 1.76 | 10.0 | 9.6 |
| Controlling My Own Time | 26 | 35 | 3.98 | 1.93 | 12.5 | 14.7 |
| Fixed Costs Too High | 27 | 22 | 3.98 | 1.87 | 11.8 | 12.9 |
| Cost of Government Required Equipment/Procedures | 28 | 30 | 3.99 | 2.07 | 16.7 | 16.7 |
| Poor Sales | 29 | 45 | 4.01 | 1.99 | 15.9 | 13.3 |
| Health/Safety Regulations | 30 | 28 | 4.03 | 2.13 | 15.4 | 19.9 |
| Workers' Compensation | 31 | 13 | 4.05 | 2.04 | 14.2 | 18.6 |
| State Taxes on Business Income | 32 | 9 | 4.06 | 2.39 | 23.2 | 29.2 |
| Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 33 | 32 | 4.07 | 1.80 | 8.0 | 11.6 |
| Keeping Up on Business and Market Developments | 34 | 41 | 4.10 | 1.83 | 8.7 | 12.7 |
| Locating Business Help When Needed | 35 | 37 | 4.11 | 1.92 | 10.3 | 14.7 |
| Telephone Costs and Service | 36 | 33 | 4.13 | 1.79 | 9.8 | 10.5 |
| Ability to Cost-Effectively Advertise | 37 | 46 | 4.15 | 1.95 | 10.9 | 16.4 |
| Training Employees | 38 | 42 | 4.17 | 1.96 | 11.3 | 17.8 |
| Using Computer(s), the Internet or New Technology Effectively | 39 | 48 | 4.21 | 2.07 | 12.4 | 21.1 |
| Hiring/Firing/Employment Regulations | 40 | 40 | 4.24 | 1.99 | 10.2 | 19.3 |
| Environmental Regulations | 41 | 27 | 4.24 | 2.12 | 13.9 | 22.3 |
| Obtaining Licenses, Permits, etc. | 42 | 39 | 4.26 | 2.05 | 8.8 | 21.0 |



TABLE 19 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - TEXAS

| Problem | TX Rank | US Rank | Mean | Standard Deviation | Percent "Critical" | Percent "Not a Problem" |
|---|----------------|----------------|-------------|---------------------------|---------------------------|--------------------------------|
| Physical Facilities Costs, such as Rent/ Mortgage/Maintenance | 43 | 43 | 4.27 | 1.92 | 9.5 | 17.5 |
| Unemployment Compensation | 44 | 26 | 4.27 | 2.09 | 12.4 | 21.1 |
| Delinquent Accounts/Late Payments | 45 | 54 | 4.36 | 1.94 | 10.2 | 17.1 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 46 | 34 | 4.38 | 1.99 | 9.1 | 21.5 |
| Pricing My Goods/Services | 47 | 44 | 4.39 | 2.01 | 8.3 | 22.1 |
| Cyber Crime (viruses, hacking, etc.) | 48 | 51 | 4.41 | 2.06 | 12.5 | 21.3 |
| Estate Tax | 49 | 49 | 4.41 | 2.30 | 18.6 | 30.3 |
| Real Estate Values | 50 | 47 | 4.47 | 1.96 | 9.6 | 21.3 |
| Minimum Wage/"Living" Wage | 51 | 36 | 4.49 | 2.04 | 8.8 | 25.2 |
| Rules on Retirement Plans | 52 | 50 | 4.55 | 2.10 | 12.2 | 26.9 |
| Reducing Energy Use in a Cost-Effective Manner | 53 | 53 | 4.57 | 1.80 | 4.4 | 20.1 |
| Crime, including Identity Theft, Shoplifting, etc. | 54 | 60 | 4.59 | 1.97 | 10.1 | 21.0 |
| Traffic, Highways, Roads, Bridges | 55 | 52 | 4.61 | 1.95 | 9.1 | 24.3 |
| Handling Business Growth | 56 | 55 | 4.61 | 1.78 | 5.5 | 19.6 |
| Access to High-Speed Internet | 57 | 66 | 4.66 | 2.23 | 14.0 | 34.9 |
| Protecting Intellectual Property | 58 | 62 | 4.68 | 1.94 | 7.4 | 27.3 |
| Anti-Competitive Practices, e.g., Price Fixing | 59 | 61 | 4.69 | 2.06 | 9.5 | 27.4 |
| Employee Turnover | 60 | 59 | 4.76 | 2.00 | 7.4 | 29.2 |
| Competition from Internet Businesses | 61 | 63 | 4.79 | 2.11 | 10.5 | 32.7 |
| Mandatory Family or Sick Leave | 62 | 58 | 4.80 | 1.99 | 9.8 | 28.6 |
| Using Social Media to Promote Business (facebook, twitter, etc.) | 63 | 64 | 4.82 | 1.99 | 7.0 | 30.5 |
| Interest Rates | 64 | 56 | 4.88 | 1.96 | 7.3 | 29.2 |
| Bad Debts (not delinquencies) and/or Bankruptcies | 65 | 67 | 4.96 | 1.91 | 5.1 | 29.3 |
| Costs and Frequency of Lawsuits/ Threatened Lawsuits | 66 | 68 | 5.08 | 2.02 | 9.1 | 36.5 |
| Zoning/Land Use Regulations | 67 | 57 | 5.09 | 1.86 | 5.1 | 31.8 |
| Credit Rating/Record Errors | 68 | 71 | 5.22 | 1.74 | 3.0 | 33.6 |
| Obtaining Long-Term (5 years or more) Business Loans | 69 | 69 | 5.26 | 2.03 | 8.0 | 43.3 |
| Undocumented Workers | 70 | 73 | 5.26 | 2.15 | 10.3 | 48.5 |
| Competition from Imported Products | 71 | 65 | 5.38 | 1.94 | 7.0 | 45.4 |
| Winning Contracts from Federal/State/ Local Governments | 72 | 72 | 5.47 | 2.05 | 8.4 | 53.3 |
| Obtaining Short-Term (less than 12 months or revolving) Business Loans | 73 | 70 | 5.47 | 1.88 | 5.9 | 45.9 |
| Out-of-State Sales Tax | 74 | 74 | 5.86 | 1.77 | 6.2 | 57.1 |
| Exporting My Products/Services | 75 | 75 | 6.14 | 1.55 | 4.0 | 64.7 |



TABLE 20
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN TX AND US

| More Difficult in Texas | TX Rank | US Rank | Rank Difference |
|---|----------------|----------------|------------------------|
| Poor Sales | 29 | 45 | -16 |
| Credit Card Payment Processing Costs | 24 | 38 | -14 |
| Competition from Large Businesses | 18 | 31 | -13 |
| Controlling My Own Time | 26 | 35 | -9 |
| Ability to Cost-Effectively Advertise | 37 | 46 | -9 |
| Using Computer(s), the Internet or New Technology Effectively | 39 | 48 | -9 |
| Delinquent Accounts/Late Payments | 45 | 54 | -9 |
| Access to High-Speed Internet | 57 | 66 | -9 |
| Keeping Up on Business and Market Developments | 34 | 41 | -7 |
| Projecting Future Sales Changes | 12 | 18 | -6 |
| Less Difficult in Texas | | | |
| State Taxes on Business Income | 32 | 9 | 23 |
| Unemployment Compensation | 44 | 26 | 18 |
| Workers' Compensation | 31 | 13 | 18 |
| Minimum Wage/"Living" Wage | 51 | 36 | 15 |
| Environmental Regulations | 41 | 27 | 14 |
| Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 46 | 34 | 12 |
| Zoning/Land Use Regulations | 67 | 57 | 10 |
| Interest Rates | 64 | 56 | 8 |
| State/Local Paperwork | 19 | 11 | 8 |
| Competition from Imported Products | 71 | 65 | 6 |



CONCLUDING OBSERVATIONS

The rankings in this report can lead readers to the conclusion that only the most highly ranked problems matter. That may be true for the entire group, but it certainly is not for the diverse sub-populations of individual small-business owners. A critical problem for the individual is critical regardless of the problem's overall rank across the population. For example, exporting is not an issue for the group. But if owners are having a problem selling their product in another country, it is a critical problem for them.

Perhaps the most important aspect of this report then is that it helps policymakers and others identify which is which; which problems are widely shared and which problems are parochial. While one can sympathize with the parochial and work to alleviate those concerns, the need is to focus on those problems that are widely shared. The rankings therefore provide data and rationale to establish a small-business problem priority list headed by the most widely shared.

Policymakers characteristically focus only on the problems they and their immediate colleagues create for small-business owners. The Congress looks at the federal taxes it levies; the state legislature looks at the state taxes it levies; the city council looks at the municipal taxes it levies. No one, except the business owner who must pay the taxes, looks at the accumulation of levies. Owners see the problem as a whole and distinguish less among the problem's sources. The high ranking of federal, state and locally generated taxes underscore the point. But, taxes are only the most obvious example. The point holds across most policy topics. The inherent dual perspectives cause considerable misunderstanding between policymakers and small-business owners. It is not clear how the problem can be resolved, but policymakers must at least understand it exists.

Finally, the problem that no policymaker wants to address is the longer-term fiscal problem facing federal and state governments. While huge deficits are not directly a small-business problem, the taxes required to fund government are, as are the programs those taxes pay for. Small businesses therefore have a huge stake in fiscal policy. So unless policymakers are able to solve these problems and avoid the "fiscal cliff," small-business owners will certainly find many of the survey's 75 problems vastly more critical in future editions.

METHODOLOGICAL APPENDIX

The survey on which Problems and Priorities is based was conducted from mid-January through April of 2016 across a randomly drawn sample of 20,000 members of the National Federation of Independent Business (NFIB). Separate samples of 1,500 each were drawn for CA, OH and TX to create three state specific rankings. Sampled small-business owner members received a four-page mail questionnaire and up to two follow-ups. They provided 2,831 useable responses by the April cut-off date for a response rate of 14 percent.

Appendix Table 1 provides a comparison between NFIB members and the overall small business population by employee size of business and industry, the two most important variables distinguishing respondents in the survey. Note that NFIB member respondents have marginally larger businesses than the population. But the distributions are reasonably similar and reflect the large skew toward the smallest firms. Also, NFIB member respondents contain 11 percent non-employers. The population sample contains non-employers for the week in which the data were collected. However, those non-employers did have employees at some time during the preceding year, information not available for NFIB non-employers. Totals will therefore marginally reduce concern over employee-related problems and somewhat overstate concerns with certain regulatory issues. Yet, the fit is still quite good.

The industry comparison between NFIB member respondents and the population is not as close, in part due to the detail of the NAICS codes. The major discrepancy is that respondents more frequently have businesses in traditional industries, such as manufacturing and construction, and less frequently in rapidly growing newer services industries. Agriculture represents the most pronounced difference because official statistics do not include farmers and ranchers in the population and NFIB does. The result of these differences is that the



concerns of the services will be muted in totals, though far from unrepresented, while those from production will be louder than its population's share. Still, significant numbers of respondents reported from every major industrial sector and industry differences are revealed in the industry break-out. Overall, the 325,000 NFIB member firms are subject to the same policies and economic conditions as non-member firms. Consequently, it is likely that their responses accurately reflect the views of owners in the larger small business sector.

The sampling frame could lead to modest biases, but they are likely to be minimal. Certainly they will not alter the relative position of any problem by more than a rank or two. Problems that are of great concern would remain problems of great concern (even with a weighted result) while problems in the middle would remain in the middle and those at the bottom would remain at the bottom.

Despite being only four pages, the questionnaire could easily become tedious for the respondent. To avoid possible bias brought about by respondent fatigue, half of the sample received version A of the questionnaire and half received version B. The two versions are identical except that version B is inverted. The first question on version A is the last question on version B, and so on. The purpose is to ensure that should fatigue set in, it would not affect one half of the questionnaire's responses any more than the other. The data collected from version B was inverted prior to tabulation to produce a unified data set.

NFIB member respondents evaluated each of the 75 potential problems presented to them on a scale of "1" to "7." The former represents a "Critical Problem." The latter represents "Not a Problem." The numbers between represent varying degrees of problem difficulty within the 1 – 7 extremes. An average for each problem was calculated and it served as the basis for ranking or rank-ordering problems. There are two associated issues. Non-response could be treated as non-interest, effectively relegating it to the lowest rating ("7"), or it could be treated as indecision or oversight, effectively giving the problem average score. The latter was selected because non-response seemed to generate no pattern across problems. The second issue is the rank of those problems with the identical average score. Ties led to the arbitrary decision to give precedence to those with a higher standard deviation.



APPENDIX TABLE 1
SMALL BUSINESS POPULATION AND SURVEY SAMPLE

| | Small Bus. Population | Survey Sample |
|--|------------------------------|----------------------|
| Employee Size | | |
| 0 - 4 Employees | 61.9% | 44.2% |
| 5 - 9 Employees | 17.2 | 21.6 |
| 10 - 19 Employees | 10.4 | 15.4 |
| 20 - 99 Employees | 8.7 | 15.0 |
| 100 or More Employees | 1.7 | 2.2 |
| Unclassified; DK | — | 1.7 |
| Industry | | |
| Agriculture, Forestry, Fishing | 0.0% | 15.7% |
| Construction | 12.1 | 16.0 |
| Manufacturing | 4.9 | 11.3 |
| Wholesale | 5.5 | 4.2 |
| Retail | 11.6 | 17.2 |
| Transportation, Warehousing | 2.8 | 3.1 |
| Information | | 0.8 |
| Finance, Insurance | 4.2 | 4.5 |
| Real Estate, Leasing | 4.7 | 2.0 |
| Professional, Technical, Scientific Services | 13.0 | 5.1 |
| Administrative Support Services | 6.1 | 2.3 |
| Educational Services | 1.4 | 0.5 |
| Health and Social Services | 10.8 | 3.0 |
| Art, Entertainment, Leisure | 2.0 | 0.7 |
| Accommodations, Food Services | 8.2 | 2.9 |
| Other Services (Personal Services) | 11.5 | 9.3 |
| Not Elsewhere Classified; DK | 0.0 | 1.4 |

¹ Source of figures: www.census.gov/csd/susb/index.html

² Not directly comparable; the population includes only firms that employed people at some point in the year, though not necessarily the week of survey.

³ Estimate

⁴ Less than 0.05 percent

⁵ The population includes no farmers or ranchers; the survey sample does not distinguish between farmers, ranchers (production agriculture) and other agricultural activities.



APPENDIX TABLE 2
DISTRIBUTION OF RESPONSES TO SMALL BUSINESS PROBLEM SEVERITY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | N/A | Total |
|---|------|------|------|------|------|------|----------------------|-----|-------|
| Critical Problem | | | | | | | Not a problem | | |
| 1 Cost of Health Insurance | 51.8 | 18.9 | 9.3 | 6.3 | 2.6 | 2.6 | 7.7 | 1.0 | 100% |
| 2 Unreasonable Government Regulations | 33.1 | 21.5 | 14.6 | 12.4 | 6.6 | 4.9 | 5.9 | 0.9 | 100% |
| 3 Federal Taxes on Business Income | 29.1 | 22.5 | 15.3 | 13.2 | 6.5 | 5.0 | 7.6 | 0.8 | 100% |
| 4 Uncertainty over Economic Conditions | 25.4 | 22.4 | 18.5 | 14.7 | 8.2 | 5.2 | 4.7 | 1.0 | 100% |
| 5 Tax Complexity | 26.8 | 22.3 | 17.6 | 13.6 | 6.7 | 5.3 | 6.3 | 1.4 | 100% |
| 6 Uncertainty over Government Actions | 25.9 | 21.0 | 16.4 | 14.6 | 7.0 | 6.4 | 7.2 | 1.5 | 100% |
| 7 Frequent Changes in Federal Tax Laws and Rules | 20.5 | 19.4 | 18.4 | 16.2 | 9.9 | 6.7 | 7.9 | 1.0 | 100% |
| 8 Property Taxes (real, inventory or personal property) | 22.5 | 20.1 | 17.0 | 13.9 | 7.8 | 7.4 | 10.4 | 0.9 | 100% |
| 9 State Taxes on Business Income | 22.3 | 19.6 | 15.8 | 14.1 | 7.3 | 7.2 | 11.6 | 2.0 | 100% |
| 10 Locating Qualified Employees | 24.2 | 18.1 | 14.6 | 13.0 | 7.7 | 8.2 | 13.8 | 0.4 | 100% |
| 11 State/Local Paperwork | 16.2 | 19.5 | 19.5 | 16.7 | 9.1 | 8.5 | 8.8 | 1.6 | 100% |
| 12 Federal Paperwork | 17.3 | 19.8 | 16.7 | 16.4 | 9.1 | 9.0 | 10.5 | 1.1 | 100% |
| 13 Workers' Compensation | 19.3 | 17.8 | 16.4 | 14.4 | 8.6 | 7.1 | 14.8 | 1.4 | 100% |
| 14 Finding and Keeping Skilled Employees | 21.0 | 18.1 | 14.1 | 12.1 | 9.0 | 9.4 | 15.6 | 0.8 | 100% |
| 15 Cost of Supplies/Inventories | 12.5 | 15.2 | 20.7 | 20.7 | 10.9 | 9.1 | 9.3 | 1.7 | 100% |
| 16 Poor Earnings (Profits) | 16.7 | 15.7 | 15.6 | 17.2 | 11.8 | 12.6 | 9.4 | 1.0 | 100% |
| 17 Dealing with IRS/State Tax Agencies | 15.9 | 15.8 | 16.8 | 18.1 | 9.9 | 12.0 | 10.8 | 0.7 | 100% |
| 18 Projecting Future Sales Changes | 10.8 | 17.4 | 19.4 | 21.9 | 10.5 | 9.5 | 9.6 | 1.0 | 100% |
| 19 Electricity Costs (rates) | 11.0 | 16.3 | 19.5 | 19.7 | 10.5 | 10.3 | 10.3 | 2.4 | 100% |
| 20 Cost and Availability of Liability Insurance | 14.8 | 16.3 | 17.4 | 16.3 | 10.0 | 11.5 | 13.5 | 0.2 | 100% |
| 21 FICA (Social Security Taxes) | 12.6 | 15.8 | 18.2 | 19.6 | 9.4 | 8.7 | 13.4 | 2.4 | 100% |





APPENDIX TABLE 2 CONTINUED
DISTRIBUTION OF RESPONSES TO SMALL BUSINESS PROBLEM SEVERITY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | N/A | Total |
|----|--|------|------|------|------|------|----------------------|------|-------|
| | Critical Problem | | | | | | Not a problem | | |
| 22 | Fixed Costs Too High | 12.3 | 14.3 | 18.0 | 21.5 | 12.4 | 9.3 | 10.6 | 100% |
| 23 | Finding Out about Regulatory Requirements | 12.2 | 16.4 | 17.6 | 18.5 | 10.7 | 9.5 | 14.0 | 100% |
| 24 | Highly Variable Earnings (profits) | 11.1 | 14.3 | 17.3 | 21.3 | 12.0 | 11.0 | 11.6 | 100% |
| 25 | Cash Flow | 13.8 | 14.8 | 15.5 | 17.4 | 11.5 | 12.9 | 12.9 | 100% |
| 26 | Unemployment Compensation | 13.6 | 16.8 | 16.5 | 16.4 | 8.8 | 9.8 | 17.1 | 100% |
| 27 | Environmental Regulations | 17.3 | 14.8 | 13.8 | 13.8 | 8.5 | 11.1 | 19.6 | 100% |
| 28 | Health/Safety Regulations | 13.5 | 14.4 | 15.9 | 17.2 | 9.9 | 10.5 | 16.4 | 100% |
| 29 | Time Spent Shopping for Health Insurance | 14.1 | 13.7 | 15.8 | 17.0 | 8.7 | 11.1 | 18.1 | 100% |
| 30 | Cost of Government Required Equipment/Procedures | 13.8 | 13.1 | 16.1 | 16.8 | 9.6 | 12.3 | 16.9 | 100% |
| 31 | Competition from Large Businesses | 13.5 | 13.6 | 16.4 | 14.6 | 10.6 | 13.2 | 17.5 | 100% |
| 32 | Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 7.8 | 12.8 | 18.8 | 21.4 | 14.2 | 12.0 | 12.4 | 100% |
| 33 | Telephone Costs and Service | 7.6 | 12.4 | 18.7 | 22.1 | 13.6 | 13.7 | 11.2 | 100% |
| 34 | Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 10.9 | 13.3 | 16.5 | 17.6 | 11.5 | 13.4 | 15.7 | 100% |
| 35 | Controlling My Own Time | 11.1 | 12.9 | 15.9 | 18.5 | 12.2 | 11.5 | 17.0 | 100% |
| 36 | Minimum Wage/"Living" Wage | 13.8 | 12.9 | 14.0 | 15.7 | 9.5 | 11.3 | 21.7 | 100% |
| 37 | Locating Business Help When Needed | 10.4 | 12.2 | 15.3 | 19.2 | 11.5 | 14.2 | 15.9 | 100% |
| 38 | Credit Card Payment Processing Costs | 14.1 | 14.4 | 13.8 | 12.5 | 7.8 | 10.2 | 25.5 | 100% |
| 39 | Obtaining Licenses, Permits, etc. | 10.4 | 13.6 | 14.2 | 16.4 | 10.8 | 15.3 | 17.7 | 100% |
| 40 | Hiring/Firing/Employment Regulations | 8.4 | 14.0 | 16.8 | 16.9 | 10.7 | 12.4 | 20.2 | 100% |
| 41 | Keeping Up on Business and Market Developments | 5.5 | 10.2 | 18.4 | 22.9 | 14.4 | 15.2 | 12.1 | 100% |

APPENDIX TABLE 2 CONTINUED
DISTRIBUTION OF RESPONSES TO SMALL BUSINESS PROBLEM SEVERITY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | N/A | Total |
|--|------|------|------|------|------|------|----------------------|-----|-------|
| Critical Problem | | | | | | | Not a problem | | |
| 42 Training Employees | 7.6 | 12.7 | 17.1 | 19.5 | 11.1 | 13.1 | 18.1 | 0.9 | 100% |
| 43 Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 7.8 | 11.4 | 16.0 | 20.8 | 12.5 | 13.6 | 16.7 | 1.2 | 100% |
| 44 Pricing My Goods/Services | 8.0 | 12.5 | 14.8 | 19.9 | 12.4 | 14.6 | 16.8 | 1.1 | 100% |
| 45 Poor Sales | 10.8 | 10.3 | 14.7 | 16.5 | 13.2 | 16.0 | 17.0 | 1.6 | 100% |
| 46 Ability to Cost-Effectively Advertise | 8.1 | 12.2 | 16.6 | 18.2 | 11.8 | 13.6 | 18.5 | 0.9 | 100% |
| 47 Real Estate Values | 9.6 | 10.2 | 14.4 | 19.3 | 11.9 | 14.4 | 19.0 | 1.2 | 100% |
| 48 Using Computer(s), the Internet or New Technology Effectively | 7.7 | 11.3 | 16.5 | 16.6 | 11.5 | 16.6 | 18.8 | 1.0 | 100% |
| 49 Estate Tax | 17.5 | 11.4 | 8.9 | 11.8 | 6.4 | 11.2 | 31.7 | 1.2 | 100% |
| 50 Rules on Retirement Plans | 7.9 | 11.1 | 12.7 | 16.6 | 12.3 | 14.9 | 23.1 | 1.3 | 100% |
| 51 Cyber Crime (viruses, hacking, etc.) | 8.2 | 9.4 | 12.9 | 15.8 | 12.0 | 19.1 | 21.1 | 1.6 | 100% |
| 52 Traffic, Highways, Roads, Bridges | 9.0 | 10.6 | 11.3 | 15.9 | 10.5 | 14.7 | 27.1 | 1.0 | 100% |
| 53 Reducing Energy Use in a Cost-Effective Manner | 4.1 | 8.1 | 13.5 | 22.1 | 16.0 | 16.7 | 18.4 | 1.2 | 100% |
| 54 Delinquent Accounts/Late Payments | 7.5 | 9.6 | 12.4 | 14.7 | 13.0 | 19.1 | 22.4 | 1.2 | 100% |
| 55 Handling Business Growth | 3.9 | 7.7 | 13.8 | 21.9 | 13.0 | 17.3 | 20.8 | 1.6 | 100% |
| 56 Interest Rates | 6.5 | 8.2 | 11.9 | 17.3 | 12.4 | 18.0 | 24.9 | 0.8 | 100% |
| 57 Zoning/Land Use Regulations | 8.1 | 8.7 | 11.5 | 14.7 | 11.3 | 16.8 | 27.7 | 1.2 | 100% |
| 58 Mandatory Family or Sick Leave | 8.9 | 8.7 | 11.0 | 14.9 | 9.6 | 15.4 | 30.7 | 1.0 | 100% |
| 59 Employee Turnover | 8.1 | 8.7 | 11.4 | 13.7 | 9.6 | 18.2 | 28.0 | 2.3 | 100% |
| 60 Crime, including Identity Theft, Shoplifting, etc. | 7.0 | 7.7 | 11.9 | 13.6 | 12.3 | 22.7 | 24.4 | 0.4 | 100% |
| 61 Anti-Competitive Practices, e.g., Price Fixing | 6.7 | 8.1 | 10.6 | 15.8 | 10.8 | 20.5 | 26.1 | 1.3 | 100% |
| 62 Protecting Intellectual Property | 5.7 | 7.7 | 10.7 | 18.0 | 10.9 | 14.9 | 30.0 | 2.2 | 100% |





APPENDIX TABLE 2 CONTINUED
DISTRIBUTION OF RESPONSES TO SMALL BUSINESS PROBLEM SEVERITY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | N/A | Total |
|----|--|-----|------|------|------|------|----------------------|-----|-------|
| | Critical Problem | | | | | | Not a problem | | |
| 63 | Competition from Internet Businesses | 8.4 | 9.7 | 11.6 | 9.7 | 16.5 | 34.6 | 0.7 | 100% |
| 64 | Using Social Media to Promote Business (Facebook, Twitter, etc.) | 7.0 | 11.3 | 18.6 | 11.1 | 14.9 | 30.2 | 2.3 | 100% |
| 65 | Competition from Imported Products | 7.5 | 8.1 | 11.1 | 8.2 | 15.6 | 40.3 | 1.2 | 100% |
| 66 | Access to High-Speed Internet | 7.0 | 8.4 | 10.2 | 8.5 | 14.7 | 41.2 | 1.4 | 100% |
| 67 | Bad Debts (not delinquencies) and/or Bankruptcies | 6.1 | 10.0 | 13.8 | 12.0 | 20.5 | 32.5 | 1.0 | 100% |
| 68 | Costs and Frequency of Lawsuits/Threatened Lawsuits | 6.2 | 8.0 | 11.3 | 9.7 | 19.3 | 38.1 | 1.3 | 100% |
| 69 | Obtaining Long-Term (5 years or more) Business Loans | 5.2 | 8.4 | 11.5 | 10.3 | 18.9 | 38.2 | 1.6 | 100% |
| 70 | Obtaining Short-Term (less than 12 months or revolving) Business Loans | 6.0 | 7.4 | 11.3 | 9.5 | 19.2 | 38.7 | 1.7 | 100% |
| 71 | Credit Rating/Record Errors | 5.3 | 7.0 | 13.7 | 10.6 | 20.1 | 36.3 | 2.4 | 100% |
| 72 | Winning Contracts from Federal/State/Local Governments | 6.1 | 7.0 | 11.0 | 8.2 | 12.7 | 47.3 | 2.2 | 100% |
| 73 | Undocumented Workers | 4.2 | 6.1 | 8.3 | 6.7 | 14.6 | 51.1 | 2.0 | 100% |
| 74 | Out-of-State Sales Tax | 4.1 | 4.3 | 9.9 | 7.6 | 16.4 | 50.1 | 1.7 | 100% |
| 75 | Exporting My Products/Services | 3.4 | 4.0 | 8.0 | 6.2 | 13.6 | 58.0 | 2.1 | 100% |

SMALL BUSINESS PROBLEMS AND PRIORITIES

A 1

1. What is your form of business?
 [1] Proprietorship [2] Partnership [3] Corporation [4] Sub-Chapter S Corp. [5] Limited Liability Co. 2
2. How important is **each** of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 "Critical Problem" to 7 "Not a Problem.")

| PROBLEM AREA | IMPORTANCE OF THE PROBLEM | | | | | | | |
|---|---------------------------|---|---|---|---|---|---------------|----|
| | Critical Problem | | | | | | Not a Problem | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| a) Access to High-Speed Internet | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 3 |
| b) Locating Qualified Employees | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 4 |
| c) Crime, including Identity Theft, Shoplifting, etc. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 5 |
| d) Cost and Availability of Liability Insurance | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 6 |
| e) Controlling My Own Time | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 7 |
| f) Mandatory Family or Sick Leave | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| g) Reducing Energy Use in a Cost-Effective Manner | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 9 |
| h) Bad Debts (not delinquencies) and/or Bankruptcies | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 10 |
| i) Hiring/Firing/Employment Regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 11 |
| j) Using Computer(s), the Internet or New Technology Effectively | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 12 |
| k) FICA (Social Security taxes) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 13 |

3. How many employees do you have (**not** including yourself or unpaid family)?
 [1] None [2] 1-4 [3] 5-9 [4] 10-19 [5] 20-49 [6] 50-99 [7] 100 or More 14

4. How important is **each** of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 "Critical Problem" to 7 "Not a Problem.")

| PROBLEM AREA | IMPORTANCE OF THE PROBLEM | | | | | | | |
|---|---------------------------|---|---|---|---|---|---------------|----|
| | Critical Problem | | | | | | Not a Problem | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| a) Poor Sales | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 15 |
| b) Keeping Up on Business and Market Developments | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 16 |
| c) Federal Taxes on Business Income | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 17 |
| d) Exporting My Products/Services | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 18 |
| e) Environmental Regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 19 |
| f) Time Spent Shopping for Health Insurance | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 20 |
| g) Physical Facilities Costs, such as Rent/Mortgage/Maintenance | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 21 |
| h) Cost of Government Required Equipment/Procedures | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 22 |
| i) Interest Rates | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 23 |
| j) Pricing My Goods/Services | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 24 |
| k) Employee Turnover | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 25 |

5. Estimate the average annual (fiscal or calendar) changes in your sales volume over the last **three** years:
 [1] Decrease – 10% or more [4] Increase – 10%-24% [7] Too New to Estimate 26
 [2] Decrease – Less than 10% [5] Increase – 25%-49%
 [3] Increase – Less than 10% [6] Increase – 50% or More

6. How important is **each** of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 "Critical Problem" to 7 "Not a Problem.")

| PROBLEM AREA | IMPORTANCE OF THE PROBLEM | | | | | | | |
|---|---------------------------|---|---|---|---|---|---------------|----|
| | Critical Problem | | | | | | Not a Problem | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| a) Traffic, Highways, Roads, Bridges | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 27 |
| b) Uncertainty over Economic Conditions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 28 |



IMPORTANCE OF THE PROBLEM

| PROBLEM AREA | Critical Problem | | | | | | Not a Problem | |
|---|------------------|---|---|---|---|---|---------------|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | | |
| c) Obtaining Long-Term (5 years or more) Business Loans | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 29 |
| d) Competition from Large Businesses | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 30 |
| e) Zoning/Land Use Regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 31 |
| f) Telephone Costs and Service | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 32 |
| g) Dealing with IRS/State Tax Agencies | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 33 |
| h) Ability to Cost-Effectively Advertise | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 34 |
| i) Competition from Internet Businesses | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 35 |
| j) Federal Paperwork | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 36 |
| 7. Which best describes your most important customer? (Mark one only.) | | | | | | | | |
| [1] One or Two Firms | | | | | | | | |
| [2] One or Two Industries, e.g., firms in steel or lumber, etc. | | | | | | | | |
| [3] Business in General | | | | | | | | |
| [4] The Public | | | | | | | | |
| [5] Governments, including public schools, hospitals, etc. | | | | | | | | 37 |
| 8. How important is each of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 "Critical Problem" to 7 "Not a Problem.") | | | | | | | | |

IMPORTANCE OF THE PROBLEM

| PROBLEM AREA | Critical Problem | | | | | | Not a Problem | |
|--|------------------|---|---|---|---|---|---------------|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | | |
| a) State Taxes on Business Income | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 38 |
| b) Competition from Imported Products | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 39 |
| c) Rules on Retirement Plans | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 40 |
| d) Highly Variable Earnings (profits) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 41 |
| e) Finding and Keeping Skilled Employees | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 42 |
| f) Real Estate Values | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 43 |
| g) Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 44 |
| h) Handling Business Growth | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 45 |
| i) Winning Contracts from Federal/State/Local Governments | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 46 |
| j) Finding Out about Regulatory Requirements | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 47 |
| k) Electricity Costs (rates) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 48 |
| 9. How many people own at least 10% of this business? | | | | | | | | |
| [1] One | | | | | | | | |
| [2] Two | | | | | | | | |
| [3] Three | | | | | | | | |
| [4] Four | | | | | | | | |
| [5] Five or More | | | | | | | | |
| 10. How important is each of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 "Critical Problem" to 7 "Not a Problem.") | | | | | | | | |

IMPORTANCE OF THE PROBLEM

| PROBLEM AREA | Critical Problem | | | | | | Not a Problem | |
|--|------------------|---|---|---|---|---|---------------|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | | |
| a) State/Local Paperwork | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 50 |
| b) Cost of Health Insurance | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 51 |
| c) Obtaining Short-Term (less than 12 months or revolving) Business Loans | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 52 |
| d) Uncertainty over Government Actions | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 53 |
| e) Training Employees | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 54 |
| f) Cyber Crime (viruses, hacking, etc.) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 55 |
| g) Cash Flow | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 56 |
| h) Anti-Competitive Practices, e.g., Price Fixing | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 57 |
| i) Delinquent Accounts/Late Payments | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 58 |
| j) Cost of Supplies/Inventories | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 59 |
| 11. How many managers and/or supervisors do you employ (excluding yourself)? | | | | | | | | |
| [1] Zero | | | | | | | | |
| [2] One | | | | | | | | |
| [3] Two | | | | | | | | |
| [4] Three | | | | | | | | |
| [5] Four or More | | | | | | | | |



12. How important is **each** of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 “Critical Problem” to 7 “Not a Problem.”)

| PROBLEM AREA | IMPORTANCE OF THE PROBLEM | | | | | | | |
|---|---------------------------|---|---|---|---|----------------------|---------------|----|
| | Critical Problem | | | | | | Not a Problem | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| a) Unemployment Compensation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 61 |
| b) Unreasonable Government Regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 62 |
| c) Projecting Future Sales Changes | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 63 |
| d) Tax Complexity | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 64 |
| e) Locating Business Help When Needed | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 65 |
| f) Poor Earnings (profits) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 66 |
| g) Obtaining Licenses, Permits, etc. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 67 |
| h) Property Taxes (real, inventory or personal property) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 68 |
| i) Undocumented Workers | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 69 |
| j) Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 70 |
| k) Using Social Media to Promote Business (Facebook, Twitter, etc.) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 71 |
| 13. How many years have you owned/operated this business? | | | | | | | | 72 |
| [1] 3 Years or Fewer | [3] 6-7 Years | | | | | [7] 21 Years or More | | |
| [2] 4-5 Years | [4] 8-10 Years | | | | | | | |

14. How important is **each** of the following business problems for you? (Indicate the importance of each problem by circling the appropriate number on a scale of 1 “Critical Problem” to 7 “Not a Problem.”)

| PROBLEM AREA | IMPORTANCE OF THE PROBLEM | | | | | | | |
|--|---------------------------|---|---|---|---|---|---------------|----|
| | Critical Problem | | | | | | Not a Problem | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| a) Credit Rating/Record Errors | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 73 |
| b) Costs and Frequency of Lawsuits/Threatened Lawsuits | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 74 |
| c) Out-of-State Sales Tax | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 75 |
| d) Estate (Inheritance) Tax | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 76 |
| e) Credit Card Payment Processing Costs | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 77 |
| f) Workers’ Compensation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 78 |
| g) Protecting Intellectual Property | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 79 |
| h) Fixed Costs Too High | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 80 |
| i) Frequent Changes in Federal Tax Laws and Rules | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 81 |
| j) Minimum Wage/“Living” Wage | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 82 |
| k) Health/Safety Regulations | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 83 |

15. Please classify your major business activity, using one of the categories or examples below. (If more than one applies, circle the **one** which contributes the most toward your gross sales or total revenues.)

- [1] Agriculture, forestry, fishing (farming, logging, aqua-culture, harvesting, ginning, etc.)
- [2] Construction (general contractor, painting, plumbing, heating, highway, etc.)
- [3] Manufacturing and mining (food processing, printing, machine shops, ready-mix concrete, drilling, mining support, etc.)
- [4] Wholesale (sales to resellers, such as distributors, manufacturer’s rep, grain elevators, etc.)
- [5] Retail (sales to ultimate consumer, such as gas stations, direct sellers, vending machine operators, florists, etc.)
- [6] Transportation and warehousing (truckers, movers, towing, messenger service, air control, marine loading, etc.)
- [7] Information (newspapers, directories, data processing, software publishing, broadcasting, motion pictures, etc.)
- [8] Finance and insurance (banks, loan brokers, securities brokers, insurance sales, etc.)
- [9] Real estate and rental/leasing (pr operty sales/leasing, auto rental, video rental, community equipment rental, etc.)
- [10] Professional, scientific or technical services (legal, accounting, photography, advertising, testing labs, etc.)
- [11] Admin. support services (employment agencies, call centers, copy shops, collection agencies, guards/security, janitorial or landscaping services, waste collection, etc.)
- [12] Education services (schools, flight training, language schools, barber training, driving schools, etc.)
- [13] Health care and social assistance (dental office, medical lab, nursing care, ambulances, daycare, vocational rehab., etc.)
- [14] Arts, entertainment, recreation (arcades, bowling alleys, golf courses, promoters and agents, artists/writers, etc.)
- [15] Accommodations or food service (motels, B&Bs, RV parks, caterers, bars, restaurants, etc.)
- [16] Other service (repair and maintenance, dry cleaning, beauty/barber shops, funeral homes, photo finishing, parking lots, etc.)
- [17] Other (please describe) _____

16. Is there any problem you consider important, but was not included? _____



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