



# National Small Business Poll

NFIB National

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## Small Business Poll

*Advisors on Critical Decisions*

# NFIB National Small Business Poll

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The **National Small Business Poll** is a series of regularly published survey reports based on data collected from national samples of small business employers. The initial volume was published in 2001. The **Poll** is designed to address small business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

The survey reports in this series generally contain three sections. The first section is a brief Executive Summary outlining a small number of themes or salient points from the survey. The second is a longer, generally descriptive, exposition of results. This section is not intended to be a thorough analysis of the data collected nor to explore a group of formal hypotheses. Rather, it is intended to textually describe that which appears subsequently in tabular form. The third section consists of a single series of tables. The tables display each question posed in the survey broken-out by employee size of firm.

Current individual reports are publicly accessible on the NFIB Web site ([www.nfib.com/research](http://www.nfib.com/research)) without charge. They are also available at [www.411smallbusinessfacts.com](http://www.411smallbusinessfacts.com). The 411 site also allows the user to search the entire data base. It searches all of the questions in all of the individual Polls with a user-friendly Google-type, key word, topic, or Poll sort facility.

Published (printed) reports can be obtained at \$15 per copy or by subscription (\$100 annually) by writing the **National Small Business Poll**, NFIB Research Foundation, 1201 "F" Street, NW, Suite 200, Washington, DC 20004. The micro-data and supporting documentation are also available for those wishing to conduct further analysis. Academic researchers using these data for public informational purposes, e.g., published articles or public presentations, and NFIB members can obtain them for \$20 per set. The charge for others is \$1,000 per set.

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Small Business  
Poll



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William J. Dennis, Jr.  
NFIB Research Foundation  
Series Editor



Goldman Sachs Foundation  
200 West Street  
New York, NY 10282  
[gs.com/10000smallbusinesses](http://gs.com/10000smallbusinesses)



1201 "F" Street, NW  
Suite 200  
Washington, DC 20004  
[nfib.com](http://nfib.com)

# National Small Business Poll



## *Advisors on Critical Decisions*

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# Executive Summary

- Business confidantes are the most common and influential small-business advisors. Two of three (67%) owners have such a person, that is, a single person who they consult prior to addressing a serious business problem or making a critical business decision. Business confidantes have typically served in that capacity since the business was founded.
- Twenty-three (23) percent of the small-business owners do not engage any person or persons in their deliberations when confronting a difficult business problem or critical business decision. They rely on themselves.
- Engaging different people for different situations appears to be the most productive consulting style in terms of profitability and employment increase/loss of the three styles examined. Relying on confidantes appears less productive and not engaging anyone appears even less so.
- The firms/occupations that small-business owners most frequently solicit for advice and/or counsel are accountants, insurance agents/brokers, other business owners, suppliers, bankers, IT consultants, including Web designers, and lawyers in that order. Thirty-five (35) percent consulted an accountant more intensively in the last 12 months than any other outside advisor.
- The median amount of time that a small employer or his/her designee spent with the firm/individual that he/she worked with most intensively the last year was 16 hours. The median amount of money spent on it was about \$2,000. The average was significantly higher.
- Small employers who solicit advice tend to implement that received. However, most carefully filter it, picking and choosing what they find useful and discarding the rest. About two of three who solicited advice in the last 12 months were able to implement a majority of what they received.
- The subject matter of the year's most critical decision varied widely – sales or marketing, 22 percent; operations or purchases, 21 percent; finance, 17 percent; and disposition or changing size of the firm, 13 percent. Fifteen (15) percent claim the year's most significant decision involved the very existence of the business.
- Discovering critical problems that need to be addressed is often more challenging than resolving them. In one of three cases, owners were surprised to find the matter that created the year's most critical business decision.
- Within a week of discovering the matter that required the year's most critical decision, half of small-business owners began to pursue a corrective course of action. Those waiting longer solicited counsel from more people about the matter. But the speed of instituting corrective action was not related to the seriousness of the matter.
- Small-business owners are substantially more likely to solicit information than they are to solicit direction. They also typically consult more people when the business decision is more serious.
- The most helpful advice paid consultants and vendors and suppliers typically provide is adding detail and depth to the owner's basic ideas.
- Forty-seven (47) percent of small employers did not seek out anyone to discuss the year's most significant business decision. The most frequent reason (56%) offered for pursuing this closely held course of action is that they knew what they needed to do as soon as they recognized the matter. The second most frequently cited reason was privacy (22%).





# Advisors on Critical Decisions

Small-business owners typically seek business-relevant information from many and various sources. They converse with others; they read; they “surf the net”. Some prefer to collect their information in systematic ways; others approach the task using ad hoc methods. Some are more likely to search expansively, others to confine their search to their own counsel. However, at some point small-business owners must make decisions, often critical decisions, with the information then available. They never have the luxury of full information, only better and worse content, greater and lesser amounts. But better content and greater amounts are likely to yield better decisions, all factors equal. This issue of the *National Small Business Poll* therefore focuses on collection of information, particularly information provided by business advisors and more specifically, information provided by business advisors on critical decisions.

A business advisor is anyone a small-business owner solicits advice or counsel from on a matter relevant to his or her business. That can be just about anyone. Advisors in the broadest terms can be a kid on the street (a customer) or a partner at McKinsey. They are not necessarily in the business of selling their ideas and suggestions, though many are. More are likely to be business acquaintances of greater and lesser familiarity. There is also a strong possibility that one or more are family members.

All business advisors are not created equal. Some advisors sell a skill; others sell an analysis or a thought process. Some sell their knowledge and information indirectly, rolling their selling price into sales of goods or services; and others simply give it away. Some are one-time and hold little sway; others are customarily engaged and highly influential. And then, there are small-business owners who keep the counsel of only one person, themselves. They do not solicit others. They effectively do not use advisors.

Such enormous variation in business advisors and their use results in the following examination of broad patterns of small-business owner and manager use of business advisors and counselors.

## Business Advisors and Business Confidantes

The most influential and common business advisor that small employers use is a business confidant. Two of three (67%) have one, that is, a single person that they consult prior to addressing a serious business problem or making a critical business decision (Q#1). Confidantes could also be termed a small-business owner's most trusted business advisor or counselor. But, whatever the term, it is the person an owner relies on when a critical decision is to be made. Or at least that is the small-business owner's perception. The reality, as will be demonstrated subsequently, is that small-business owners do not always consult their business confidante prior to making critical decisions, just usually. And, the use of these people as “sounding boards” is a continuous process.

Business confidantes are more frequent as the owner's business becomes larger. Four of five (81%) small-business owners with firms employing 20 or more people have a confidante compared to 65 percent among those employing fewer than 10. Still, confidantes are widespread in all portions of the small-business owner population.

A key characteristic of business confidantes is their longevity. Almost three of four (72%) owners have used the same person as their business confidant from the beginning (Q#1c). The person has served in that capacity from the day the owner entered his current business (and perhaps before) and continues to do so to the present. Even owners who have had their firms for 30 years or more are very likely to claim the same confidante now as when they started. As a result, 48 percent of the entire small-employer population has a typically long-standing (from the beginning), close business tie with a single individual.

### Family Member Confidantes

If a small-business owner has a business confidante, that person will more often than not be a member of the owner's immediate family (59%), defined as a spouse, parent, child, or sibling (Q#1a). Owners of smaller, small businesses are considerably more likely to use a family member than owners of larger, small firms (64% vs. 34%). For the most part, these family member confidantes are familiar with the business. Sixty-nine (69) percent of them work in the business on a daily or almost daily basis (Q#1a1); 16 percent help out periodically, though 15 percent do not work in the venture. As a result, a substantial majority of family member confidantes are likely to be very familiar with the firm's immediate issues. The skills, experience, and knowledge of these trusted advisors do not necessarily complement those of the owner(s) however, implying that management is likely to be deeply knowledgeable of the business and its idiosyncrasies, though it may lack breadth and perspective. The same is true for any confidante, family or not, working in the business.

While confidantes may or may not complement the owner's strengths and weaknesses, many family member confidantes who do not work regularly in the business exhibit credentials that indicate they have the skills, experience, and/or knowledge to counsel the owner. Twenty (20) percent of them provide business advice for a living, such as an accountant or management consultant (Q#1a2A); 27 percent own a business separate and distinct from the owner's (Q#1a2B); and, 29 percent manage a different business or a department in a large organization (Q#1a2C). There is overlap in these positions. Still, two-thirds of family member confidantes who do not work regularly in the firm hold at least one of

them. That means about 8 percent of small employers have an immediate family member not working regularly in the business serving as a confidante and that confidante has independent qualifications to offer advice and counsel in his/her own right.

The immediate family member most likely to serve in the capacity of most trusted business advisor is a spouse (Table 1). Fifty-six (56) percent identify a spouse as the family member confidante, a particularly common phenomenon in smaller, small firms (Q#1a3). In enterprises employing fewer than 10 people a spouse is the confidante in 58 percent of cases compared to 41 percent in larger, small firms. Brothers and fathers (10% each) are the next most common immediate family member confidantes followed by sons (7%). Sons and brothers are more likely to occupy that position in larger, small ventures. Mothers, sisters and daughters combine for 10 percent, divided relatively evenly between larger and smaller businesses.

Males tend to dominate the confidante position (62%) even though males are most commonly the owners, and spouses (females) are their most frequent confidant. Males operate 59 percent of the businesses where a family member confidante is present and employ their spouse as the business confidante 44 percent of the time. When women operate the business, they employ their spouse as the business confidante 74 percent of the time. If another family member serves in the most trusted advisor capacity, males engage males in 82 percent of cases and females engage females in about half of them, though few cases of the latter are available (N=26). The survey contains no data on changes in these relationships that have occurred over time, though it is likely they have evolved as women gained experience in the business world and marriages grew less stable.

### Non-Family Confidantes

Though family members are more commonly the business confidante than not, a non-family member serves that function in 40 percent of small enterprises where a confidante is present. The most common of these is a co-owner or business partner (Table 1). Co-owners and business partners constitute 46 percent of non-family confidantes (Q#1b). That figure rises to 75 percent when another person owns 10 percent of the firm or more. The remaining 25 percent, that is, those who share ownership interests, but have someone else as their busi-

**TABLE I**  
BUSINESS ADVISORS AS A PERCENT OF THE POPULATION

| <b>Classification</b>  | <b>Frequency</b> | <b>Classification</b>               | <b>Frequency</b> |
|------------------------|------------------|-------------------------------------|------------------|
| Confidante<br>(Family) | 67%<br>(40)      | No Confidante<br>(Outside Advisors) | 32%<br>(9)       |
| [Spouse]               | [22]             | [Different people]                  | [8]              |
| [Brother]              | [4]              | [Else]                              | [1]              |
| [Father]               | [4]              | (Self-reliant)                      | (23)             |
| [Else]                 | [10]             |                                     |                  |
| (Non-Family)           | (27)             |                                     |                  |
| [Co-owner/Partner]     | [13]             |                                     |                  |
| [Else]                 | [14]             |                                     |                  |
|                        |                  | <b>Total</b>                        | <b>100%</b>      |
|                        |                  | <b>N</b>                            | <b>750</b>       |

ness confidante, likely have an exciting relationship with their co-owner(s). The number of cases (N=19) is too small to examine those relationships, however.

Thirteen (13) percent of non-family confidantes are employees. Another 12 percent are professional advice-givers, such as lawyers, and 8 percent are business owners who are not professional advice-givers. Fifteen (15) percent are someone else, though it is not clear who these people are and what skills, experience, and/or knowledge they bring. Still, a majority of non-family confidantes are associated directly with the business and an even larger majority appear tied to the business world.

Webster’s ninth new collegiate dictionary defines “mentor” as “a trusted councilor or guide”. However, the term also contains teacher-pupil or elder-student connotations. A mentor is a confidante, plus. Small-business owners consider their non-family confidante a mentor in almost one-half (47%) of cases (Q#1b1). Mentors are most commonly people outside the firm. However, they can also be co-owners or business partners, though less frequently. Employees rarely appear to be mentors.

### Without a Confidant

Small-business owners without a confidante (32%) often seek outside advice and counsel (9%), or at least ask for information that might be considered advice. However, those without confidantes more commonly avoid outside input (23%).

#### *a. Various and Sundry Advisory Sources*

Of the nearly one-third who do not have a confidante, 28 percent or about 10 percent of the population use different people as the situation demands or they use multiple people rather than just one to make a decision (Q#2). Those adopting the former approach are the more numerous. In fact, owners who engage different people as the situation demands are six times as plentiful as those who draw on multiple people (24% vs. 4%). The former seem to be engaging in a type of “use the expert” policy to fill their advisory needs. For example, members of this group might consult their banker on a finance problem, but their brother-in-law on a marketing matter. This approach offers no guarantee that those consulted will be the most qualified (or even qualified) to offer advice for the situation at hand. But if one examines the educational background of owners adopting this “use the expert” approach and assumes peers prefer to consult peers, it would appear that that is exactly what they are trying to do. Sixty-seven (67) percent employing this approach have a college or graduate degree. In contrast, 48 percent using a confidante have one or the other degree and 38 percent relying on themselves exclusively have that level of formal education.

A much smaller number seek the advice of multiple, though not necessarily the same, people. Just 16 percent who do not have a confidante, but consult others, have a formal Board of Directors that they use for advice

and counsel (Q#2b). Thirteen (13) percent of them have an informal advisory body that meets periodically to review the business and offer ideas and recommendations (Q#2c). Family members are often included in the process. At least one is consulted in 47 percent of cases involving owners who consult, but who do not have a confidante (Q#2a).

#### *b. Self-Reliance*

A significant share of small employers (23%) does not solicit counsel when confronting a serious business problem or a critical business decision. They rely on themselves in those situations. That does not mean these small employers do not ever solicit advice, however. Later in these pages the reader will learn that self-reliant owners sometimes do solicit outside opinion though perhaps they might prefer to term it information rather than advice. Their solicitation is just not necessarily to help them resolve a serious business problem or make a critical decision.

The principal reason for the behavior of the group is that these matters are private (47%), that is, business problems and/or developing critical decisions are matters for the owner(s) exclusively (Q#2d). One in 10 small-business owners, therefore, does not seek assistance in important business matters because they think relevant information cannot be shared without unacceptable consequences. The survey did not elicit the nature of those unacceptable consequences, though they do not necessarily assume betrayal of a confidence.

The second most common reason for not consulting others during deliberations over serious business problems or critical decisions (29%) is the view that others can never be in your position. This outlook effectively treats every issue as unique to each business. Experience in other firms is therefore not transferable, and hence irrelevant. While concern over the uniqueness of businesses and situations has merit, that outlook is parochialism carried to the extreme. There must be something that one can learn from the experiences of others. Assuming most would defend that argument, the uniqueness reason may just be another way of expressing the privacy concern.

The remainder of reasons cited for the failure to solicit outside opinions and assessments are scattered. Eight (8) percent argue that they just

have not found the right person with whom to discuss such matters. This is an expected reason of owners newly in business. There are too few cases to judge the accuracy of that expectation, but only one firm of the 12 relevant cases was less than five years old. Another reason is potential cost and/or obligations (7%) involved with soliciting counsel from another person. Just 2 percent claim they tried to solicit advice and it just did not work out for them.

While one would expect owners closed to outside influences to fare much less well than those more open to them, the variables here cannot substantiate that proposition. The principal differences between the two are that the self-reliant experience less change, perhaps because they have less desire to grow. Those who consulted outside sources grew (measured by employment) more often and more than those who did not and appear to more often have experienced greater recent profit growth as well. But they also saw a larger proportion losing employees and faring less well with recent profitability.

## Outside Advisors

The term “outside advisor” in the current context means any person outside the firm who a small-business owner might consult or seek advice from regarding a business matter. The potential population is therefore huge. For example, the private sector has 134,796 management, scientific and technical consulting service firms, rising to 640,829 if independent non-employing firms are included.<sup>1</sup> It has 108,701 accounting, tax preparation, bookkeeping-type ventures, rising to 350,368 including the self-employed. And, 178,714 enterprises offer legal services, rising to 254,570 counting independent non-employers. Those industries are only the most obvious. The outside advisors discussed below, therefore, are loosely classified by the industry or occupation in which they work.

Eighty-three (83) percent of small-business owners solicited advice, paid or unpaid, from someone outside the firm in the last 12 months. However, most solicited advice from relatively few sources. The median is three and the mean over four out of the 13 types of potential advice-givers listed on the survey (Table 2). While 13 percent identified only a

<sup>1</sup> These 2008 data were taken from SBA’s Office of Advocacy Web site, <http://www.sba.gov/advocacy/849/12162#ne>

single source from the list as one that they had used during the year, another 12 percent identified two; 8 percent claim to have engaged more than seven.

Though 23 percent report that they handle serious problems and make critical business decisions by themselves (the self-reliant group), only 17 percent did not solicit advice or counsel from someone outside the firm, paid or unpaid, in the last 12 months. Over one in four of small employers who claim to handle critical business decisions by themselves therefore solicited outside advice in the

last 12 months. The reverse is also true. Fourteen (14) percent who claimed to have a business confidante or who sought out an expert depending on the situation consulted no one in the past year, or at least no one on the 13-item list of potential advice-givers.

In almost all cases, except for government-supported sources, owners of larger, small businesses (20 or more employees) proved considerably more likely to contact outside sources for advice and counsel than did owners of smaller, small firms (fewer than 10 employees).<sup>2</sup>

**TABLE 2**  
OUTSIDE ADVISORS USED IN LAST 12 MONTHS

| <b>Advisor</b>                   | <b>Used – 2011</b> | <b>Most Intensively Used – 2011</b> | <b>Used – 2002*</b> |
|----------------------------------|--------------------|-------------------------------------|---------------------|
| Accountant                       | 64.4%              | 35.0%                               | 58.7%               |
| Engineer                         | 11.5               | 1.6                                 | 10.5                |
| Women’s Business Center          | 1.3                | 0.3                                 | N/A                 |
| Banker                           | 34.6               | 5.9                                 | 28.2                |
| Insurance Agent/Broker           | 41.5               | 5.3                                 | 30.3                |
| SBDC                             | 7.2                | 0.8                                 | N/A                 |
| Supplier                         | 38.2               | 10.7                                | 31.3                |
| Marketing/Advertising Consultant | 18.8               | 4.2                                 | 12.8 <sup>†</sup>   |
| Lawyer                           | 33.1               | 5.0                                 | 39.1                |
| Management Consultant            | 5.7                | 0.3                                 | 12.8 <sup>†</sup>   |
| Business Owner                   | 39.1               | 10.7                                | 34.2                |
| SCORE                            | 3.9                | 0.6                                 | N/A                 |
| Designer (not IT)                | 8.3                | 1.1                                 | 16.5 <sup>#</sup>   |
| Computers/Software/Web           | 33.2               | 6.7                                 | 16.5 <sup>#</sup>   |
| Other                            | —                  | 4.3                                 | —                   |
| Minimal                          | —                  | 4.6                                 | —                   |
| DK/Refuse                        | —                  | 2.7                                 | —                   |
| <b>Total</b>                     | <b>—</b>           | <b>100%</b>                         | <b>—</b>            |
| <b>N</b>                         | <b>750</b>         | <b>639</b>                          | <b>751</b>          |

\* Data from Advice and Advisors, *National Small Business Poll*, (ed.) William J. Dennis, Jr., Vol. 2, Iss. 5, NFIB Research Foundation, Washington.

† The 2002 data make reference to “a management, marketing, or financial consultant.”

# The 2002 data make reference to “a designer, including a Web site designer.”

N/A Not asked

<sup>2</sup> Two points should be noted here. The first is that the number of different sources is the measure employed to determine use of outside advisors. The number of contacts with an advisor is an alternative measure. The survey attempts to address that perspective by examining intensity of use. The second point is that this small-business sample includes only current employers. It does not include people who are in the process of starting a business or who are self-employed, but employ no other people. These groups may solicit advice from different sources in different amounts than current employers.

## The Most Frequent Advisory Sources

The most frequently solicited source of advice in the last 12 months was an accountant. Sixty-four (64) percent of small employers or about 3.7 million of them sought the counsel of an accountant (Q#3A). While owners of larger, small firms were more likely to do so than owners of smaller, small firms, the difference was only 8 percentage points. The 2011 total represents an increase of about 5 percentage points from 2002, nine years ago (Table 2).

The second most common was an insurance agent or broker. Forty-two (42) percent consulted or solicited advice from at least one of them in the last 12 months (Q#3E). The frequency of contacts suggests the importance and lack of familiarity many small-business people have with insurance products. While the public is now focused on employee health insurance and its costs due to recent enactment of major health care legislation, property and casualty, products (professional) liability, workers' compensation and vehicle insurance are other examples of important and costly forms of insurance that most small businesses must purchase. The 2011 number represents a 12 percentage point increase from 2002. The immediate instinct is to attribute the increase to the doubling of health insurance costs over the period, and subsequent shopping for new/different policies. That may be responsible for a large share of the increase. But, one cannot ignore the increasing attention given all forms of business insurance.

Other business owners, both in their capacity as owners and as suppliers, are another group solicited often. Thirty-nine (39) percent sought out other business owners in the last year (Q#3K) and 38 percent did the same with suppliers (who may or may not be other business owners) (Q#3G). Small-business owners increased their use of the former by 5 percentage points and the latter 7 percentage points since 2002. Other business owners and suppliers offer at least three advantages over most other potential advisors: they typically can convey industry-specific information, the type of information generalists cannot offer. There is usually no direct cost. There may be indirect cost in the sense that advice is rolled into the purchase price of a good or another service. But there is no direct outlay, which may cause owners to balk at soliciting sources that sell advice. And third, contacts are more

likely to occur in an informal setting, encouraging a peer-to-peer atmosphere.

## Less Frequent, But Still Common Sources

Bankers and lawyers are other common sources of advice and counsel. Thirty-five (35) percent report soliciting advice from a banker in the last 12 months (Q#3D). The Great Recession created a number of finance issues, particularly for larger, small businesses. Owners of these businesses sought out a banker much more frequently than owners of smaller, small firms (51% vs. 33%). The number of owners overall consulting a banker rose 7 percentage points compared to 2002, another period of economic recovery though not as extended as the present one. Still, the increase does not appear unique to bankers. Other major sources of advice, excepting lawyers, seem to have grown in frequency by similar amounts.

Lawyers are a traditional source of advice for small employers. One-third (33%) of them or just under two million sought advice from a lawyer in the last 12 months (Q#3I). That number rose to 52 percent among owners of businesses employing 20 or more people. However, the number consulting a lawyer declined from 39 percent in 2002. The data do not provide a reason for the decline. However, it is likely tied to the cost of legal advice and its increasing availability on the Web.

The growing use of information technologies (IT) among smaller firms, including Web sites, spurred the engagement of outside computer specialists. In fact, outsourcing IT functions is now common. IT firms, including Web designers, were engaged by one in three (33%) employing small businesses in the last 12 months (Q#3N). Owners of larger, small firms were about 50 percent more likely to use one than owners of smaller, small firms. The current measure cannot be directly compared to 2002. But it appears and makes intuitive sense that small business demand for these services grew substantially over the past several years. While one assumes that use of IT advisors is likely to continue to grow, that may not be true. As computer-based skills become more common, increased employee technical skills may cap the need for outside IT capabilities.

The Great Recession and its aftermath left many small firms with serious sales issues. Nineteen (19) percent responded by soliciting counsel from a marketing or advertising

consultant (Q#3H). By way of comparison, just 6 percent used a management consultant (Q#3J). Again, the 2011 figures cannot be directly compared to 2002 for either marketing or management consultants, when marketing, management, and financial consultants were wrapped into a single survey item.

## Government Sources

The remaining three potential sources of advice and counsel on the assessed list are government supported, though the amount of that support and their interaction with the private sector varies notably. The largest and most expensive are university-based small business and/or entrepreneurship development centers, generally falling under the rubric of SBDCs. They are principally financed by public resources (federal, state and local), though they draw notable private money. Seven percent or a little over 400,000 small employers solicited one (or more) of these centers in the last 12 months (Q#3F).

SCORE receives a smattering of government funds, but is financed primarily from the in-kind contributions of its retired business executive counselors. Four percent of small employers sought counsel from SCORE over the last 12 months, the overwhelming majority of whom owned firms having fewer than 10 employees (Q#3L).

The third of the government supported organizations is Women's Business Centers. Since only women obtain advice from these centers, comparison with other sources is not directly relevant. Four percent of female small employers patronized these centers in the last 12 months (Q#3C). That number represents about 1 percent of the entire small-employer population

## Groups of Providers

Small-business owners tended to solicit advice from groups of providers. In other words, if an owner solicited one type of provider, there was a good chance he or she would solicit another in the group as well. The first group included the big four: accountants, lawyers, insurance agents and brokers, and bankers. These are the traditional suppliers of business advice to small firms, and typically would be the first to be identified as such. The services of these professionals are not free, though insurance agents/brokers and bankers usually sell their expertise as part of a package of products and/or services. The characteristic that identifies

use of this cluster of expertise is ownership of larger, small firms. Owners of larger, small firms are more likely to use the four in combination than are other groups of businesses. The reason is that these firms are large enough to support (pay for) all four and internally complex enough to be able to use them all.

Designers (non-IT) and IT specialists, including Web designers, compose the second group. Designers normally are associated with product design, and therefore with engineers or even marketing consultants (advertising). However, their tie with IT consultants here suggests the growing use of computers to design things. The process need not be as sophisticated as CAD-CAM. Yet, when looking for design expertise, small-business owners appear to also need IT expertise. The data provide no ties to the group of firms using these information sources, suggesting that ties are product or process-oriented rather than demographic or performance-oriented.

Management consultants and engineers fall into a third group. This combination suggests efforts to grow and/or to develop new products and services. Both must be paid directly, implying a project large enough to incur some expense. However, correlations to growth, desire to grow, or increasing profitability could not be established. Relatively few firms use either source.

The fourth group is the government group or free/low cost group. It includes SBDCs and SCORE. Women's Business Centers were not included in the calculation because well over half of the sample, that is, all males, cannot obtain assistance there. The cluster suggests a working relationship between the two sources, implicit or explicit, where clients of one avail themselves of services from the other. The group is associated with owners of younger firms and those who were less profitable compared to the prior year.

## The Most Intensive Consultation in the Last 12 Months

Small-business owners solicited advice from a number of different people in the last year. However, they worked more intensively with some than with others. A plurality (35%) worked more intensively with an accountant during the last 12 months than they did with any other advisory source (Q#4) (Table 2). The only two other sources that

earned double-digit citations were other business owners (11%) and suppliers (11%). The remainder worked most intensively with people in widely scattered businesses/occupations. Traditionally important sources, such as bankers and lawyers, drew only 6 percent and 5 percent respectively. A computer or software specialist, including a Web designer, surpassed both at 7 percent. Frequency and intensity are loosely related. As a general rule, the more small employers who use a source, the more who choose to work most intensively with them. Major exceptions occur. The largest is insurance agents/brokers. Owners solicit them often (42%), but infrequently work most intensively with them (5%).

Most small-business owners chose a source from the list of 13 potential providers of advice and counsel. However, 4 percent of them indicated that they worked most intensively with a source not on the list. Another 5 percent indicate that they did not work intensively with any advisor. Two (2) percent did not respond.

## The Time and Money Spent

The amount of time spent working with an advisor is an indicator of the importance attached to the consultation. Time is a resource. Therefore, the more time the owner spends on the consultation, the more valuable/important he is likely to consider it. At this point the author examines the amount of time (and later money) spent on the advisor that the owner worked most intensively with in the last 12 months.

The median amount of time the owner and/or his employees spent working with this advisor, including preparation time such as gathering documents, was about 16 hours or the equivalent of two full days (Q#5). The average was close to 50 hours. The variation among firms was notable. Ten (10) percent spent less than one hour in their most intensive consultation of the year while 11 percent spent more than 160 hours or more than one month. In fact, one in five (20%) claim to have spent the equivalent of two weeks or more working with what amounts to the year's most important advisor. That is a huge commitment of resources, even if employees absorb part of it. Employees must be paid for their time.

Small employers averaged most time (when it was their most intensive consultation during the year) with those they solicited less frequently. Thus, they averaged much more

time with engineers, management consultants and designers than others. They averaged least time with other business owners and accountants. The average time spent with the remaining principal sources lumped together in the middle.

Cost is a second indicator of the value/importance of the year's most intense consultation. The measure is probably not as useful in determining relative importance as hours given that considerable advice is provided for nothing and the price of other advice is rolled into purchases. Still, cost is useful for no other reason than estimating out-of-pocket expenditures on advisory services. Thirteen (13) percent indicated that they incurred no cost in their most intensive consultation during the year (Q#6). Another 28 percent calculated the cost as less than \$1,000. The median expenditure (excluding non-response) for the year's most intense advisor is therefore low, about \$1,000.

The average is higher, about \$12,000. Almost 20 percent spent \$10,000 or more of which 7 percentage points spent \$50,000 or more. Those data consider only the advisor with whom they worked most intensively.

One-quarter (25%) of respondents could not estimate the total costs of the advisory services they obtained in their most intensive consultation. The lack of data from these non-respondents could substantially influence both the median and mean figures. If the number of hours engaged in the most intense consultation serves as a proxy for cost, both average and median costs for the population are likely low. How low is difficult to estimate. The median is likely to rise no more than \$1,000 and the average perhaps \$2,000 - \$3,000. Still, these are not huge outlays, particularly assuming reasonable value for the money.

## Task Resolved

Business consultation leaves the impression of strategy development, that is, a relatively high level of planning and organization designed to carry out a strategic move. That impression is not accurate. More often than not, consultation or advice as it applies to small businesses means something more mundane.

The most frequent outcome of small employers soliciting advice is information. Simply put, the best description of the type of task that an advisor worked on most intensively with his client over the last 12 months



was to provide the client, colleague, friend or confidante information that he or she needed. This was the principal outcome of the consultation in 61 percent of cases (Q#7). The principal outcome in just 15 percent of cases involved resolution of a business problem. In 9 percent of cases, the principal outcome was help to take advantage of a business opportunity. Another 9 percent of tasks contained two or more elements of three just noted. Even if the latter group is classified as involving strategic decisions, small-business owners are more likely to solicit information than they are to solicit direction (to the extent the two can be separated). While the proportion defending themselves was higher than those deciding on offensive action, these data show that even in poor economic times there are a non-trivial number of small employers who are looking to exploit an advantage.

## Implementation and Satisfaction

Implementation of the advice given and expressions of satisfaction with it are opposite sides of the same coin. However, the former is likely the more reliable indicator as it shows a reaction or response to the advice given. An oral expression of happiness/unhappiness is less convincing. While small-business owners appear to receive the advice of their outside consultants well, they are less inclined to implement it than they are to express satisfaction.

Most small employers who solicited advice or counsel from an outside source in the last 12 months put a share of it into operation; some did more. Ninety-two (92) percent report that they implemented at least some of the advice, suggestions, or recommendations offered by the advisor with whom they were involved most intensively (Q#8). Only 6 percent rejected it all. However, many were inclined to sort through the advice and adopt the pieces they liked. Thus, just 27 percent adopted the counsel offered. Another 36 percent implemented most of it. But 29 percent rejected a substantial portion of the advice, suggestions, or recommendations offered and implemented only some of them. If a majority implemented is declared a success and a minority implemented is declared not, about two-thirds of those consultations were successful and one-third not.

Oral descriptions of the outcomes, the lowest level of evaluation, were more positive. Fifty-three (53) percent report that the

outcome of their relationship with the person or organization offering the advice is very satisfactory and another 32 percent report it satisfactory (Q#9). Six percent indicate that it is too soon to judge. Only one-half of 1 percent called the outcome unsatisfactory or very unsatisfactory. Clearly, many of those who found the relationship satisfactory rejected suggestions. In fact, those who rejected advice were almost as likely to say that the outcome of the relationship with the person they worked most intensively with was very satisfactory or satisfactory. That juxtaposition might occur because the source delivered beyond expectation, the importance of an accepted suggestion was alone more important than the volume of those rejected, or small-business owners are thankful for the effort even when it yields no results. The latter is particularly likely when the direct cost is minimal.

## The Year's Most Critical Decision

The initial portion of this discussion focused on the broad use of advisors and counselors. But what happens during “crunch time”, that is, when a critical decision must be made? Do small-business owners solicit advice and/or counsel in the same amounts, from the same people, etc., that they do on an on-going basis? This second portion of the discussion attempts to be more specific. It examines the year's single most significant and/or critical decision and determines who small employers brought into the decision-making process (and not) when deciding upon a course of action to pursue. The operating hypothesis is that the more critical the decision is, the more likely owners are to obtain advice and counsel from outside sources. And, as a general rule, that hypothesis is correct, though less than many might think optimal.

Critical or most significant decision means different things to different people. Some owners may face a series of critical decisions in a year while others may not truly have any. Since one expects small-business owners to behave differently when their year's most significant decision is substantially more important than those typically made, the survey first examined the decisions that small-business owners consider their most significant or critical in the last 12 months.

Small-business owner respondents assessed the year's most critical decision on a scale of

1 – 10 where 1 was slightly more important than most decisions made for the business and 10 was hugely more important. Their evaluations ranged widely on the scale, but clustered toward the more serious end as might be expected given that the decision is the year's most significant and occurred in the aftermath of the Great Recession. The median on a 1 – 10 scale lay between 7 and 8 (Q#11). Very few (16%) placed their decision on the lower end (1 – 3). In contrast, 42 percent placed it on the upper end (8 – 10) with 21 percent rating their decisions as a 10. To make these divisions less confusing as the discussion moves forward, the self-assigned significance of the decision is divided into three: low (1 - 3 on the scale), medium (4 – 7 on the scale) and high (8 – 10 on the scale).

The significance of the decision was also assessed in a different manner. The assessment employed words rather than numbers. It showed, for example, 15 percent thinking that the decision involved the survival or existence of the firm (Q#12). Another 18 percent indicated that the decision would mean a significant difference in firm profitability. Twenty-six (26) percent term the decision as entailing a better, more efficient business operation with 31 percent saying it amounts to a tune-up or modest adjustment.

The two methods of assessment yield roughly similar results, but not sufficiently similar to argue we are measuring the same thing. In particular, those who think their decision involves significant difference in firm profitability appear to be thinking in terms of longer-term planning and investment rather than something immediate or pressing. As a result, parallel measures of decision significance are often used moving through the following discussion.

## The Decision

The nature of the year's most critical decision can be divided into decisions that make something happen and decisions that prevent something from happening. The former is effectively an offensive action and the latter is a defensive action. However, small-business owner respondents frequently refused to classify their most significant and critical business decision made in the last 12 months as either. A majority (53%) claimed elements of both offensive and defensive in the decision (Q#13). Meanwhile, 34 percent maintained that their decision was

offensive in character, that is, trying to make something happen. Nine percent maintained theirs was the opposite, a defensive move.

The subject matter of the year's most critical decision finds no overriding theme. Everyone is not focused on the same issues notwithstanding common commentary to the contrary. Each owner faces his or her own problems and opportunities. However, the largest portion (22%) of owners described their year's most significant decision as involving sales, marketing and/or customers (Q#14). Since sales has consistently been the principal problem of small business throughout and in the wake of the Great Recession, its ranking here is consistent with available information. More specifically, small employers who cite sales most often had significant decisions involving a sales or marketing strategy (25%), e-marketing or Web sites (19%), advertising or promotion (9%), obtaining customer leads (7%), and training or incentivizing sales people (5%) (Q#14d). Almost one-third (31%) identified other sales-related matters as their principal concern.

A second common issue area is operations and purchases (21%), problems that appear inherent to business conduct and are not necessarily tied to the business cycle. The most frequent of these issues involve new or different plant or processes (20%), followed by incorporating new technology (10%) and changing layout or operations (9%) (Q#14c). However, most specific issues were not identified as 45 percent listed "other". That large number suggests industry-specific matters dominate. When responses splinter as they have here, the likelihood is of unique issues. Unique does not mean inconsequential, however.

The third most frequent issue area (17%) is finance. Cash management (23%) and financial planning (21%) were the two most frequently cited kinds of critical decision in the finance area (Q#14b). Despite newspaper attention and policy focus, just 10 percent identified getting a loan or other financing, and another 8 percent involved an investment or potential investment. The former represents about 2 percent of the entire population. Four percent found their year's most important decision focused on collections or trade credit. Twenty-nine (29) percent had a different finance issue.

The fourth most frequent issue area is expansion, contraction, sale of the firm or closure (13%), the most common sub-topic

being business expansion (57%) (Q#14e). Thus, expansion involves the year's most serious decision for 7 percent of the population. These data again demonstrate that even when business conditions are poor, a non-trivial number of small-business owners find opportunities.

About one in 10 businesses typically cease to exist in any year. That figure has been higher recently. However, comparatively few claim that business exit or contraction decisions were the year's most significant. Perhaps those affected simply see termination as the inevitable consequence of other, more significant decisions. The other explanation is that those who seriously deliberated the matter are now gone and therefore could not be included in the survey.

Other topics around which the year's most critical decision was made include personnel or HR (5%), with sub-topics firing or discipline (26%), wages or benefits (18%), hiring or recruiting (16%), training (11%), workplace safety or health (8%) and other (21%) (Q#14a); legal (5%); and family-related business issues (4%). Eight percent cited overlap among topics and 5 percent could not decide.

## Recognizing the Issue Requiring a Decision

The first step in making a critical decision is recognizing that an issue in need of resolution exists. No problem or opportunity can be addressed unless it is first known and acknowledged. As will be shown, recognizing the matter for a small-business owner is often more difficult than resolving it.

Seventy-one (71) percent of small employers indicate that they personally recognized the matter which required their most significant decision of the year (Q#15). Just 11 percent admit that someone else brought it to their attention. Fifteen (15) percent think it was some of both.

Most owners (72%) who recognized the matter report that its detection occurred gradually, over time (Q#15a). It was a realization rather than a revelation. In contrast, 24 percent report that the matter's detection occurred abruptly, suddenly. If someone else brings a matter to the owner's attention, we can assume the information is new to the owner. The information reaches them abruptly, suddenly. Should that be true, about one in three small employers were surprised by the matter requiring the year's most significant decision.

When the owner was surprised by existence of the matter on which a decision needed to be made, the decision was typically graded as more critical than when the owner gradually recognized it. For example, twice as many who had the matter catch them by surprise evaluated the significance of their decision as high compared to those who evaluated it low (28% vs. 14%).

## Deciding on a Course of Action

Readers may think that once a matter requiring a critical decision is discovered, small-business owners rush to address the issue. They do not, at least they do not about half of the time. Though 23 percent did take less than a day to start a course of action to resolve the matter, another 26 percent took more than a day, though less than a week to initiate it (Q#15b). The other half of the population was more deliberate. Twenty-one (21) percent consumed between a week and a month to initiate action and another 23 percent took between a month and a year. Five percent took more than a year!

The immediate question is why such different amounts of time transpire before a course of action is pursued. Several items are tied to the speed of action, including who discovered the matter and how suddenly, the number of consultations with other people, and the type of decision-making typically pursued. Speed in pursuit of a corrective course of action is not associated with the seriousness of the issue. Decisions considered of relatively high significance are no more or less likely to be addressed immediately than those of low significance. The outlier is decisions that take a year or more to initiate. These appear to be actions which have a long planning frame and no immediacy. A major investment and expansion are examples. Still, the category has relatively few cases from which to generalize (N=42).

### a. Outside Opinion

An important reason that small-business owners do not always leap to action is that they want to consider the matter and perhaps consult with another person or persons about how to handle it. Fifty-three (53) percent did exactly that (Q#16). They sought out people to discuss the matter prior to making a decision about the proper course of action. Forty-three (43) percent did not. However, that decision

to engage outside opinion was not tied to the speed of action.

Small employers who consulted people discussed the matter with a median of three and a mean of about five (Q#16a). The mean could not be precisely calculated as 6 percent gave non-specific quantities, such as “a lot” or “quite a few”. Eleven (11) percent discussed the matter with only one person while 16 percent talked to six or more, excluding the non-specified quantities. Those who evaluated their decision as highly more significant than usual discussed the matter with more people than those who evaluated their decision as marginally more significant. For example, 25 percent of the former group talked to one or two people about the matter compared to 35 percent in the latter group. However, 44 percent of the former consulted three to five compared to just 25 percent for the latter.

Those who consulted more people also tended to move more slowly in pursuing a course of action. For example, 32 percent of those initiating action within a week consulted one or two people and another 28 percent consulted three to five. The comparable figures among those initiating action more than one week after discovery were 23 percent and 47 percent respectively.

The first person the owner would logically turn to when making the year’s most critical decision would be their business confidante. And, indeed they did. If the decision-maker had a business confidante, he consulted the confidante in 87 percent of cases (Q#16c). Confidantes were obviously not consulted in every instance because the small employer did not always bring someone else into the deliberation. Still, when people were brought into the year’s most significant and critical business decision, the confidante usually was there.

Given the number of people that small-business owners consulted on the matter that caused the year’s most significant decision, it is clear that they discussed it with a variety of people. For example, 51 percent who discussed the matter with anyone consulted at least one family member in the process (Q#16b), some of whom were likely to have been confidantes. Seventy-four (74) percent did so with another owner of the business (Q#16d).

#### *b. Directly and Indirectly Paid Consultants*

Small employers can obtain information or advice from others, paying for it in one of three

ways. They can pay directly; they can pay by rolling in the cost as part of a purchased product or service; or, they can obtain it for nothing or very low cost. Seventeen (17) percent of small employers who consulted someone in the process of making the year’s most important business decision thought the matter sufficiently serious to bring in a paid consultant to help (Q#16e). Most who did think that they received value for their money. Thirty (30) percent say that they received very good value for their money and another 50 percent say that they received good value. The largest share of the remainder think that it is too soon to tell (14%), leaving only 6 percent disappointed to date. Those figures suggest that owners on balance believe they received fair value. Still, data containing behavioral measures would have been preferable in making the evaluation.

Though 16 percent hired someone to help them, 84 percent did not. The most important reason (46%) given for not hiring someone is that the small employer did not believe that he needed help with the decision (Q#16f). That response was least likely to be given by someone using a confidante (36%) compared to those using several people (50%) and those who are self-reliant (48%). It was also more likely to be given as the reason for not hiring someone when the decision was more significant than less. The second most frequently cited reason (27%) for not bringing in a paid consultant was that they could get the advice they needed without paying for it. Just 16 percent thought the cost would be too great and 6 percent considered the matter too small to engage paid assistance. Practically no one (2%) responded that they could not locate the right expertise or that the matter was too urgent to locate someone.

Thirty-five (35) percent, more than double the number who paid directly for consulting help, solicited vendors and suppliers for input (Q#16g). The cost of these consultations is presumably paid indirectly through the price of goods and services purchased even though a sale may not have occurred at the time. For the most part, small-business owners think that these vendors have exerted influence over their thinking. Fourteen (14) percent claim their influence was critical, while 65 percent termed it “very important” (Q#16g1). Another 10 percent report it too soon to tell. Again, there are no behavioral measures to verify the generally positive assessment. Yet,

the fact that owners keep returning to these sources strongly suggests a significant degree of satisfaction with the result.

An alternative to paying someone for advice or counsel is to obtain assistance from the government or a non-profit at little or no cost. Nine (9) percent claimed to have explored this option by contacting an SBDC, SCORE, or a community organization of some type (Q#16h). Owners of the smallest business were most likely to pursue this course of action. Unfortunately, the number of cases of owners making these contacts is too small to provide any information about their experiences. The number of cases of owners rejecting this course of action, in contrast, was adequate to determine the reasons they did not use one of these low-cost or free services.

The most important reason that small employers did not seek an outside source of free or low-cost consultation or advice was the same one given for not hiring someone – they didn't need any help making the decision. Forty (40) percent cited it (Q#16j). The second most frequent reason given was also the same as the second one given for not hiring someone – they could get all the advice they needed elsewhere (17%). The third most frequent reason was that owners did not know these organizations existed (13%). In effect, the reasons cited for not hiring someone and not seeking low-cost (or free) advice were almost identical, except for those unique to the source.

### *c. Learning from Consultation*

Soliciting the advice or counsel of other people prior to making a critical business decision may (or not) prove beneficial, but the process clearly costs the decision-maker soliciting them whether or not he directly pays for it. The principal cost in most cases is the small-business owner's time, even when there is a fee. Time is probably the owner's most valuable asset. Using it to consult others therefore is an investment in finding an appropriate outcome. Though owners typically think their consultations were worthwhile, the parallel question is what did they learn from them.

Discussion of the matter with others contributed to small-employer understanding of the issues and development of a course of action in virtually all instances. One-quarter (25%) reached the conclusion that their discussions with others had simply confirmed what

they had been thinking (Q#16j). The advice contributed nothing new to owner's deliberation, but reinforced existing thought. Confidantes were more likely to reinforce an owner's view than those contributing from outside. Confirmation can be a positive outcome, if not a particularly exciting one. It builds owner confidence about a course of action that he or she intended to pursue. Only the owner can evaluate whether the added assurance that he or she received was worth its cost in time, let alone direct outlays if any.

Thirty-three (33) percent of their collective consultations changed the way small employers thought about the matter and likely modified or adjusted their course of action. Twenty-seven (27) percent considered the most important result of these discussions the addition of depth and detail to the owner's basic ideas. The fundamental direction of the decision may not have changed, but the consultations added important elements or nuance which may have modified it enough to yield notable results. The opposite is true as well. Subtraction or focus can be just as important as addition. Six percent identified subtraction (refinement) from the owner's basic ideas as the primary benefit.

The most favorable result, at least from the perspective of obtaining more material from outside sources, is that consultations brought new information and ideas to the decision-makers thought process (27%). The survey did not divulge the amount or novelty in the intelligence gathered, but it was enough for the owner to incorporate new material into the decision. New material, including ideas, could lead to a significant change in the final action taken from that initially considered.

Just 3 percent who consulted others considered the exercise a waste of time. The remaining 12 percent either did not respond or cited other outcomes.

The relative significance of the decision(s) to be made was associated with various results achieved, but not all of them. For example, the most positive results, that is, the consultations that brought new ideas and/or information, were more likely to occur when the decision was most significant. Twenty-nine (29) percent achieved that outcome in the most significant cases compared to 20 percent in the least significant. Similarly, the poorest result, that is, time wasted, was also identified by 5 percent in the most significant cases

and 0 percent in the least significant. Thus, the most significant decisions appeared to yield the greatest variety of outcomes. Expectations when the consultations began may explain the divergent result.

Confirmation of current thinking was also associated with significance of the decision, but in reverse. Small employers who evaluated the decision as relatively modest were likely to have their thoughts confirmed in 37 percent of cases compared to 24 percent of cases for the most significant. As a result, small employers who solicited advice about more significant decisions were more likely to be influenced in the substance of their decisions by their consultations, though the difference may not appear as often as many may think

Paid consultants along with vendors and suppliers are more likely to add depth and detail to the owners' basic ideas than are other advisors who owners may solicit for advice. They are also the least likely to confirm the owners' plans. This result is to be expected. Both groups of people are outside the firm and likely offer outside perspectives, perhaps even a complementary outlook. So, they build from what the owner has to offer. However, they neither result in proportionally greater subtraction or focus nor new ideas and information. The reason(s) is unclear.

## Decisions Without Consultation

Forty-seven (47) percent indicated that they did not seek out anyone to discuss the year's most significant business decision. The most frequent reason that small-business owners offered for pursuing this closely held course of action (56%) is that they knew what they needed to do as soon as they recognized the matter (Q#16k). In these cases, the major issue for the small-business decision-maker was recognizing that he/she had a matter that needed to be addressed. The easy part appears to have been its solution.

The second most frequent reason given for not consulting others prior to the decision on a course of action is that the matter is private (22%). Privacy keeps these small-business owners from discussing personal business matters. It is not clear whether their privacy concern is generated by competitive worries, possible information leaks, embarrassment in admitting they could use advice, that they possibly made a mistake, or the simple belief that their business affairs are no one else's concern.

Other responses provided include: the matter was too small (7%); they needed to move too quickly (5%), and the cost or obligation was too high (5%)

The reason for not consulting is tied to the importance of the decision to be made. Sixty-five (65) percent knew what needed to be done when they evaluated their decision as of relatively low importance compared to 55 percent for relatively high importance. Privacy was also more likely to be the principal impediment on less significant matters (30%) compared to more important matters (21%).

Thirty-eight (38) percent of small employers with confidantes did not engage them in the year's most significant decision. Curiously, those with a confidante were as likely to cite the privacy reason as those without one.

## Final Comments

Small-business owners who make the critical decisions that shape their businesses ultimately bear the responsibility and absorb the consequences of their choices. The possibility of favorable outcomes from those decisions, however, appears to rise when an outside perspective is presented, if not incorporated, into their critical decisions. This relationship implies that those small employers who are more open to outside advice, including suggestions, recommendations, and relevant information are more likely to fare better, other factors equal. Still, the data warn about exaggerating the gaps.

Small-business owners are more likely to go outside the firm for advice and counsel the more significant the decision becomes. They are also more likely to engage more people in the process when the decision is significant, and numbers also appear associated with more positive results. Still, a substantial number of small businesses survive perfectly well when owners keep their own counsel. The difference between soliciting outside views and not is the proportion and the extent, particularly among the group that is more likely to use different people to help them address different issues. That group is more successful by the conventional measures available than are those who either use business confidantes or fail to engage others in the critical decisions they make.

Relevant business advice can originate from any number of places. But to understand small-business owner decision-making one must understand business confidantes. Two

of three owners have them and most are long-standing. Many are family members; a majority of the family members is a spouse. While these enterprises may be derisively called “Mom and Pops”, the fact is that a spouse often is the principal influence on the owner and in many cases is the effective, if not the legal, co-owner. But even when there is no family bond, particularly when the firm is larger, confidantes exert an important influence on the owner. The role of confidantes does not imply that owners fail to engage other people. They often do, sometimes even to the exclusion of confidantes. But, a person intending to influence owners would do well to recognize the presence of business confidantes and the important role he or she plays.

Despite the notable use of business advisors by most small-business owners, those normally soliciting advice from others often make important, even critical decisions, without consulting anyone. That is perfectly rational behavior if the decision or course of action is obvious as owners claim often occurs. Another rational reason for moving without consultation may be time, though the time used to initiate the course of action requiring the critical decision was not associated with the seriousness of the matter. Nor did owners often cite time as a constraining factor.

This relationship suggests that time is not often a barrier to consultation on a serious matter. Other reasons appear more dubious. For example, cost is rarely cited, though the frequent use of other business owners, suppliers, and confidantes suggests cost may be an assumed barrier. Still, many also say that they can get all the advice they need elsewhere. And, comparatively few resort to publicly supported programs which are low-cost.

Privacy is as an impediment to obtaining outside counsel, particularly by those who here have been termed “self-reliant”. But it is even occasionally an issue for those who are typically open to outside ideas and opinions. The resulting question, not addressed in this survey, is what small-business owners mean when they say privacy. Are they concerned that a confidence will be betrayed? Or is it something else? The answer may explain why small-business owners are so often resistant to seeking outside advice and counsel.

The business of directly offering information, advice and counsel to small-business owners is a huge industry, an industry

augmented by the experience and insights of suppliers and other business people. No shortage of supply is apparent. The quality of supply is another matter. But while one must assume quality is checkered, that would not distinguish the small-business advice industry from most others. That means small employers are accustomed to searching for quality. Matching quality information and advice with owners needing it, therefore, appears to originate on the demand side, with the owners. Like many personal situations in life where outside counsel can be effective, the hard part is often getting into the system, in other words, initially locating the right people to help. That may be an important explanation for confidantes being so common and tenured. New entrants grab and hold them, building confidence in them as the business survives and even prospers. That confidence in turn can dissuade efforts to find better quality and/or more specialized assistance, which may or may not prove to be a problem. Still, it is critical to recognize that small-business owners typically seek information, not direction. And, information is more likely to be generally available, easily accessed, and it’s quality readily comparable than the more tailored, firm-specific, direction.

Ultimately, decisions made about obtaining counsel and information are similar to decisions made about the acquisition of other business resources. A likely, but undocumented difference, at least in this survey, is self-image. Occasionally, it can get in the way when seeking and taking advice.

# Advisors on Critical Decisions

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

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

**I. Is there ONE person that you are likely to talk to or discuss matters with prior to addressing a serious problem or making a critical decision involving this business?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 64.7%  | 70.4%  | 80.8%  | 66.8%  |
| 2. No          | 34.7   | 29.6   | 19.2   | 32.6   |
| 3. (DK/Refuse) | 0.7    | —      | —      | 0.5    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**1a. Is that person an immediate family member, that is a spouse, parent, child, brother or sister?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 64.0%  | 54.4%  | 33.9%  | 59.42% |
| 2. No          | 35.2   | 45.6   | 66.1   | 40.2   |
| 3. (DK/Refuse) | 0.8    | —      | —      | 0.6    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 260    | 139    | 140    | 539    |

**1a1. Does that immediate family member work in the business:?**

|                                     |        |        |        |        |
|-------------------------------------|--------|--------|--------|--------|
| 1. On a daily or almost daily basis | 66.4%  | 80.6%  | 80.0%  | 68.8%  |
| 2. Periodically helps out           | 17.8   | 6.5    | 10.0   | 16.1   |
| 3. Does not work in the business    | 15.8   | 12.9   | 10.0   | 15.1   |
| 4. (DK/Refuse)                      | —      | —      | —      | —      |
| Total                               | 100.0% | 100.0% | 100.0% | 100.0% |
| N                                   | 160    | 77     | 52     | 289    |

**1a2. Does that immediate family member:?**

**A. Provide business advice for a living**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 19.3%  | —%     | —%     | 19.6%  |
| 2. No          | 80.7   | —      | —      | 80.4   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 50     | 13     | 11     | 74     |



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

**B. Own a business separate and distinct from this one**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 26.5%  | —%     | —%     | 26.9%  |
| 2. No          | 73.5   | —      | —      | 73.1   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 50     | 13     | 11     | 74     |

**C. Manage a different business or a department in a large organization**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 30.1%  | —%     | —%     | 29.3%  |
| 2. No          | 69.9   | —      | —      | 70.7   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 50     | 13     | 11     | 74     |

**1a3. Which immediate family member are we discussing? Is he or she a: ?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. Spouse                                   | 59.1%  | 43.8%  | 35.0%  | 55.9%  |
| 2. Son                                      | 5.3    | 12.5   | 13.6   | 6.7    |
| 3. Daughter                                 | 2.8    | 3.1    | —      | 2.7    |
| 4. Brother                                  | 8.5    | 18.8   | 13.6   | 10.4   |
| 5. Sister                                   | 3.2    | 6.3    | 4.5    | 3.7    |
| 6. Father                                   | 10.5   | 9.4    | 5.0    | 10.0   |
| 7. Mother                                   | 3.2    | 3.1    | 5.0    | 3.3    |
| 8. (Another family member,<br>e.g., nephew) | 6.1    | 3.1    | 5.0    | 5.7    |
| 9. (DK/Refuse)                              | 1.2    | —      | 10.0   | 1.7    |
| <hr/>                                       |        |        |        |        |
| Total                                       | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 160    | 77     | 52     | 289    |

**Ib. Is that person a?:**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Co-owner or business partner                                | 46.9%  | 40.7%  | 50.0%  | 46.6%  |
| 2. An employee   | 9.8    | 14.8   | 21.1   | 12.5   |
| 3. A professional advice-giver, such as a lawyer or accountant | 12.6   | 14.8   | 7.9    | 12.0   |
| 4. A business owner who is not a professional advice-giver     | 6.3    | 18.5   | 5.3    | 7.7    |
| 5. Someone else  | 15.4   | 11.1   | 15.8   | 14.9   |
| 6. (DK/Refuse)   | 9.1    | —      | —      | 6.2    |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 103    | 64     | 89     | 256    |

**Ib1. Do you consider that person a mentor?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 44.8%  | 48.1%  | 48.7%  | 45.9%  |
| 2. No          | 51.7   | 48.1   | 51.3   | 51.2   |
| 3. (DK/Refuse) | 3.5    | 3.7    | —      | 2.9    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 103    | 64     | 89     | 256    |

**Ic. Has that person been your closest business advisor since you first entered THIS business?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 74.4%  | 69.6%  | 57.6%  | 71.9%  |
| 2. No          | 24.4   | 28.6   | 42.4   | 26.9   |
| 3. (DK/Refuse) | 1.3    | 1.8    | —      | 1.2    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 260    | 139    | 140    | 539    |

**2. Are you more likely to discuss a serious business problem or a critical decision with several people, a different person depending on the situation, or are you more likely to handle it yourself without outside input?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Several people                              | 3.3%   | 4.2%   | —%     | 4.0%   |
| 2. Different person depending on the situation | 23.8   | 16.7   | —      | 23.5   |
| 3. Handle it yourself                          | 69.0   | 79.2   | —      | 68.8   |
| 4. (DK/Refuse)                                 | 3.8    | —      | —      | 3.6    |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 130    | 50     | 31     | 211    |

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

**2a. Would at least one of those people with whom you might discuss the decision be an immediate family member, that is, a spouse, parent, child, brother or sister?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | —%     | —%     | —%     | 46.7%  |
| 2. No          | —      | —      | —      | 53.3   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 40     | 12     | 11     | 63     |

**2b. Does this business have a formal Board of Directors?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | —%     | —%     | —%     | 15.8%  |
| 2. No          | —      | —      | —      | 81.6   |
| 3. (DK/Refuse) | —      | —      | —      | 2.6    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 40     | 12     | 11     | 63     |

**2c. Do you have an informal advisory group that periodically meets to review your business and offer advice or counsel?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | —%     | —%     | —%     | 15.8%  |
| 2. No          | —      | —      | —      | 84.2   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 40     | 12     | 11     | 63     |

**2d. Is the primary reason that you make critical decisions about this business without consulting others because?:**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. You just haven't found the right people to discuss matters with | 8.3%   | —%     | —%     | 8.7%   |
| 2. You tried that approach and it didn't work                      | 1.4    | —      | —      | 2.3    |
| 3. There are serious potential costs or obligations involved       | 6.9    | —      | —      | 6.9    |
| 4. No one can be in your position                                  | 29.2   | —      | —      | 28.9   |
| 5. These matters are private                                       | 47.2   | —      | —      | 45.7   |
| 6. (DK/Refuse)   | 7.0    | —      | —      | 7.6    |
| <hr/>  |        |        |        |        |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 90     | 38     | 20     | 138    |

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

**3. Whether paid or unpaid, did you consult or solicit advice in the last 12 months on some aspect of this business from?:**

**A. An accountant**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 63.1%         | 67.9%         | 78.1%         | 64.7%         |
| 2. No          | 36.6          | 32.1          | 26.0          | 35.1          |
| 3. (DK/Refuse) | 0.4           | —             | —             | 0.2           |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

**B. An engineer**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 10.9%         | 8.6%          | 21.9%         | 11.7%         |
| 2. No          | 89.1          | 91.4          | 78.1          | 88.3          |
| 3. (DK/Refuse) | —             | —             | —             | —             |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

**C. A Women's Business Center**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 3.7%          | 4.5%          | 6.3%          | 4.0%          |
| 2. No          | 95.7          | 90.9          | 93.8          | 95.1          |
| 3. (DK/Refuse) | 0.5           | 4.5           | —             | 0.9           |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>122</b>    | <b>77</b>     | <b>60</b>     | <b>259</b>    |

**D. A banker**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 32.6%         | 35.8%         | 50.7%         | 34.7%         |
| 2. No          | 67.1          | 63.0          | 47.9          | 64.8          |
| 3. (DK/Refuse) | 0.3           | 1.2           | 1.4           | 0.5           |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

**E. An insurance agent or broker**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 39.7%         | 46.3%         | 49.3%         | 41.4%         |
| 2. No          | 59.6          | 53.4          | 49.3          | 57.8          |
| 3. (DK/Refuse) | 0.7           | 1.2           | 1.4           | 0.8           |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

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

**F. A university-based small-business or entrepreneurship development center**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 7.2%   | 4.9%   | 11.1%  | 7.3%   |
| 2. No          | 92.3   | 93.9   | 88.9   | 92.1   |
| 3. (DK/Refuse) | 0.5    | 1.2    | —      | 0.5    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**G. A supplier**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 36.3%  | 43.2%  | 47.9%  | 38.2%  |
| 2. No          | 63.7   | 56.8   | 52.1   | 61.8   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**H. A marketing or advertising consultant**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 17.6%  | 22.2%  | 28.8%  | 19.2%  |
| 2. No          | 81.7   | 77.8   | 69.9   | 80.2   |
| 3. (DK/Refuse) | 0.7    | —      | 1.3    | 0.7    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**I. A lawyer**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 30.2%  | 38.3%  | 54.2%  | 33.3%  |
| 2. No          | 69.7   | 61.7   | 44.4   | 66.4   |
| 3. (DK/Refuse) | 0.2    | —      | 1.4    | 0.2    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**J. A management consultant**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 4.5%   | 9.9%   | 11.0%  | 5.7%   |
| 2. No          | 94.6   | 88.9   | 87.7   | 93.3   |
| 3. (DK/Refuse) | 0.8    | 1.2    | 1.4    | 0.9    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

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

**K. A business owner**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 39.2%  | 39.5%  | 42.5%  | 39.5%  |
| 2. No          | 59.8   | 59.3   | 56.2   | 59.4   |
| 3. (DK/Refuse) | 1.0    | 1.2    | 1.4    | 1.1    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**L. SCORE**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 4.2%   | 1.3%   | 4.1%   | 3.9%   |
| 2. No          | 95.3   | 98.8   | 95.9   | 95.7   |
| 3. (DK/Refuse) | 0.5    | —      | —      | 0.4    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**M. A designer, not including a Web designer**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 7.4%   | 7.4%   | 15.1%  | 8.1%   |
| 2. No          | 92.5   | 92.6   | 84.9   | 91.7   |
| 3. (DK/Refuse) | 0.2    | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**N. A computer or software specialist, including a Web designer**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 31.0%  | 37.0%  | 46.6%  | 33.2%  |
| 2. No          | 68.5   | 61.7   | 52.1   | 66.2   |
| 3. (DK/Refuse) | 0.5    | 1.2    | 1.4    | 0.5    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

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

**4. With which of those people or organizations did you work most intensively with over the last 12 months?**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 1. An accountant  | 34.4%         | 43.5%         | 32.8%         | 35.2%         |
| 2. An engineer  | 1.4           | 2.9           | 3.0           | 1.8           |
| 3. A Women's Business Center  | 0.4           | —             | —             | 0.3           |
| 4. A banker   | 4.7           | 7.2           | 13.4          | 5.9           |
| 5. An insurance agent or broker   | 5.7           | 5.8           | 3.0           | 5.4           |
| 6. A university-based small-business or entrepreneurship development center | 0.8           | —             | 1.5           | 0.8           |
| 7. A supplier   | 10.8          | 13.0          | 6.0           | 10.6          |
| 8. A marketing or advertising consultant                                    | 4.3           | 2.9           | 4.5           | 4.2           |
| 9. A lawyer   | 4.7           | 2.9           | 9.0           | 5.0           |
| 10. A management consultant   | —             | 1.4           | 1.5           | 0.3           |
| 11. A business owner  | 11.9          | 4.3           | 8.6           | 10.7          |
| 12. SCORE   | 0.8           | —             | —             | 0.6           |
| 13. A designer, not including a Web designer                                | 1.2           | —             | 1.5           | 1.1           |
| 14. A computer or software specialist, including a Web designer             | 6.7           | 7.2           | 6.0           | 6.7           |
| 15. (Other)   | 5.1           | 2.9           | —             | 4.3           |
| 16. (None intensively; minimal; etc.)                                       | 4.7           | 2.9           | 6.0           | 4.6           |
| 17. (DK/Refuse)   | 2.2           | 1.4           | 3.0           | 2.3           |
| <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>  | <b>322</b>    | <b>162</b>    | <b>155</b>    | <b>639</b>    |

**5. Please estimate the number of hours in the last 12 months that you and/or your employees worked with this person, including hours putting together any materials that this person needed to help you.**

|                        |               |               |               |               |
|------------------------|---------------|---------------|---------------|---------------|
| 1. < One hour          | 11.4%         | 6.3%          | 3.4%          | 10.0%         |
| 2. One to four hours   | 10.7          | 7.8           | 8.6           | 10.1          |
| 3. Five to eight hours | 9.5           | 7.8           | 5.2           | 8.9           |
| 4. Nine - 16 hours     | 16.0          | 14.1          | 13.8          | 15.6          |
| 5. 17 - 40 hours       | 17.7          | 25.0          | 19.0          | 18.7          |
| 6. 41 - 80 hours       | 7.2           | 9.4           | 13.8          | 8.2           |
| 7. 81 - 160 hours      | 8.6           | 7.8           | 15.5          | 9.2           |
| 8. More than 160 hours | 9.5           | 15.6          | 15.5          | 10.9          |
| 9. (DK/Refuse)         | 9.3           | 6.3           | 5.2           | 8.5           |
| <b>Total</b>           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>               | <b>283</b>    | <b>149</b>    | <b>138</b>    | <b>570</b>    |

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

**6. Please estimate the total costs of that person or firm's services over the last 12 months?**

|                        |        |        |        |        |
|------------------------|--------|--------|--------|--------|
| 1. Nothing             | 14.4%  | 9.5%   | 10.2%  | 13.4%  |
| 2. < \$1,000           | 29.3   | 27.0   | 20.3   | 28.1   |
| 3. \$1,000 - \$4,999   | 9.1    | 9.5    | 6.8    | 8.9    |
| 4. \$5,000 - \$9,999   | 6.3    | 3.2    | 6.8    | 6.0    |
| 5. \$10,000 - \$19,999 | 4.4    | 4.8    | 11.9   | 5.3    |
| 6. \$20,000 - \$49,999 | 5.8    | 3.2    | 13.6   | 6.1    |
| 7. \$50,000 or more    | 7.0    | 6.3    | 11.9   | 7.4    |
| 8. (DK/Refuse)         | 23.7   | 36.5   | 18.6   | 24.6   |
| <hr/>                  |        |        |        |        |
| Total                  | 100.0% | 100.0% | 100.0% | 100.0% |
| N                      | 283    | 149    | 138    | 570    |

**7. Which BEST describes the type of task that person or firm performed for you. Did he or she:?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Help resolve a business problem               | 14.2%  | 20.3%  | 15.0%  | 15.0%  |
| 2. Help take advantage of a business opportunity | 9.6    | 6.3    | 10.0   | 9.2    |
| 3. Simply provide information                    | 61.5   | 56.3   | 60.0   | 60.8   |
| 4. (More than one of them)                       | 9.6    | 10.9   | 11.7   | 9.9    |
| 5. (DK/Refuse)                                   | 5.2    | 6.3    | 3.3    | 5.1    |
| <hr/>  |        |        |        |        |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 283    | 149    | 138    | 570    |

**8. Did you implement all, most, some or none of the advice, suggestions, or recommendations that this person or firm offered?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. All   | 27.7%  | 34.5%  | 16.7%  | 27.4%  |
| 2. Most  | 34.3   | 37.9   | 45.8   | 36.1   |
| 3. Some  | 30.1   | 17.2   | 33.3   | 28.8   |
| 4. None  | 6.0    | 3.4    | 4.2    | 5.5    |
| 5. (Gave no advice, suggestions, or recommendations) | 0.6    | 3.4    | —      | 0.9    |
| 6. (DK/Refuse)                                       | 1.2    | 3.4    | —      | 1.4    |
| <hr/>  |        |        |        |        |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 110    | 62     | 52     | 224    |



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

**9. Did the outcome of your relationship with that person or organization prove?:**

|                            |        |        |        |        |
|----------------------------|--------|--------|--------|--------|
| 1. Very satisfactory       | 53.6%  | 51.7%  | 50.0%  | 53.0%  |
| 2. Satisfactory            | 30.7   | 34.5   | 41.7   | 32.4   |
| 3. Somewhat satisfactory   | 6.6    | 3.4    | 4.2    | 5.9    |
| 4. Unsatisfactory          | —      | 3.4    | —      | 0.5    |
| 5. Very unsatisfactory, OR | —      | —      | —      | —      |
| 6. Is it too soon to tell  | 6.6    | 6.9    | 4.2    | 6.4    |
| 7. (DK/Refuse)             | 2.4    | —      | —      | 1.8    |
| <hr/>                      |        |        |        |        |
| Total                      | 100.0% | 100.0% | 100.0% | 100.0% |
| N                          | 110    | 62     | 52     | 224    |

**Think of the most significant and critical decision involving this business that was made within the last 12 months.**

**10. Which BEST describes that decision. Was it?:**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Solving a problem, OR                 | 26.3%  | 25.9%  | 31.5%  | 26.8%  |
| 2. Taking advantage of<br>an opportunity | 15.6   | 12.3   | 16.4   | 15.3   |
| 3. Both                                  | 47.8   | 53.1   | 47.9   | 48.4   |
| 4. (DK/Refuse)                           | 10.2   | 8.6    | 4.1    | 9.5    |
| <hr/>                                    |        |        |        |        |
| Total                                    | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 390    | 189    | 171    | 750    |

**11. On a scale of 1 to 10 where 1 means SLIGHTLY more important than most decisions you make for this business and 10 means HUGELY more important than most decisions you make for this business, how important was this decision?**

|                            |        |        |        |        |
|----------------------------|--------|--------|--------|--------|
| 1. Slightly more important | 5.7%   | 6.1%   | 5.4%   | 5.7%   |
| 2.                         | 3.4    | 2.4    | 4.1    | 3.3    |
| 3.                         | 3.7    | 3.7    | 4.1    | 3.7    |
| 4.                         | 2.3    | 3.7    | 9.5    | 3.2    |
| 5.                         | 17.3   | 19.5   | 16.2   | 17.4   |
| 6.                         | 7.0    | 7.3    | 8.1    | 7.2    |
| 7.                         | 11.9   | 12.2   | 9.5    | 11.7   |
| 8.                         | 15.9   | 14.6   | 14.9   | 15.7   |
| 9.                         | 4.9    | 6.1    | 6.8    | 5.2    |
| 10. Hugely more important  | 22.0   | 20.7   | 16.2   | 21.3   |
| 11. (DK/Refuse)            | 5.8    | 3.6    | 5.4    | 5.6    |
| <hr/>                      |        |        |        |        |
| Total                      | 100.0% | 100.0% | 100.0% | 100.0% |
| N                          | 390    | 189    | 171    | 750    |

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

**12. Which BEST describes the stakes of your decision for the business?  
The decision meant:?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. The survival or existence of the firm       | 15.6%  | 16.3%  | 10.8%  | 15.2%  |
| 2. A significant difference in profitability   | 17.3   | 18.8   | 20.3   | 17.7   |
| 3. A better, more efficient business operation | 25.2   | 28.8   | 32.4   | 26.3   |
| 4. A tune-up or modest adjustment              | 31.7   | 27.5   | 29.7   | 31.1   |
| 5. (DK/Refuse)                                 | 10.3   | 8.8    | 6.8    | 9.7    |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 390    | 189    | 171    | 750    |

**13. Could the decision be BEST described as:?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Making something happen, OR         | 33.5%  | 33.8%  | 37.0%  | 33.9%  |
| 2. Preventing something from happening | 8.5    | 8.8    | 9.6    | 8.7    |
| 3. (Both)                              | 52.6   | 53.8   | 50.7   | 52.5   |
| 4. (DK/Refuse)                         | 5.3    | 3.2    | 2.7    | 4.9    |
| Total                                  | 100.0% | 100.0% | 100.0% | 100.0% |
| N                                      | 390    | 189    | 171    | 750    |

**14. Which BEST describes the general subject matter that business decision is related to? Was it:?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. Personnel or HR                              | 4.0%   | 7.3%   | 11.1%  | 5.1%   |
| 2. Legal  | 4.8    | 3.7    | 5.6    | 4.8    |
| 3. Finance                                      | 17.2   | 17.1   | 16.7   | 17.2   |
| 4. Operations/Purchases                         | 22.2   | 15.9   | 18.1   | 21.1   |
| 5. Sales, marketing, or customers               | 21.7   | 26.8   | 18.1   | 21.9   |
| 6. Expansion, contraction, firm sale or closure | 13.4   | 8.5    | 12.5   | 12.8   |
| 7. The family                                   | 4.0    | 4.9    | 2.8    | 4.0    |
| 8. Else/Combination                             | 8.0    | 9.8    | 9.7    | 8.4    |
| 9. (DK/Refuse)                                  | 4.5    | 6.1    | 5.6    | 4.8    |
| Total   | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 390    | 189    | 171    | 750    |

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

**I 4a. Did it more specifically involve?:**

|                                  |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|
| 1. Hiring or recruiting          | —%            | —%            | —%            | 15.8%         |
| 2. Firing or discipline          | —             | —             | —             | 26.3          |
| 3. Wages or benefits             | —             | —             | —             | 18.4          |
| 4. Workplace safety<br>or health | —             | —             | —             | 7.9           |
| 5. Training                      | —             | —             | —             | 10.5          |
| 6. Something else                | —             | —             | —             | 21.1          |
| 7. (DK/Refuse)                   | —             | —             | —             | —             |
| <b>Total</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>                         | <b>18</b>     | <b>14</b>     | <b>22</b>     | <b>54</b>     |

**I 4b. Did it more specifically involve?:**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 1. Getting a loan or<br>other financing     | 6.8%          | —%            | —%            | 10.0%         |
| 2. Collections or trade<br>credit           | 3.9           | —             | —             | 3.8           |
| 3. Cash management                          | 24.3          | —             | —             | 23.8          |
| 4. An investment or<br>potential investment | 7.8           | —             | —             | 7.7           |
| 5. Financial planning                       | 21.4          | —             | —             | 21.5          |
| 6. Something else                           | 30.1          | —             | —             | 28.5          |
| 7. (DK/Refuse)                              | 5.8           | —             | —             | 4.6           |
| <b>Total</b>                                | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>                                    | <b>70</b>     | <b>33</b>     | <b>30</b>     | <b>133</b>    |

**I 4c. Did it more specifically involve?:**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 1. Incorporating new<br>technology                      | 9.8%          | —%            | —%            | 10.0%         |
| 2. Your invention or<br>innovation                      | 6.8           | —             | —             | 6.3           |
| 3. New or different<br>equipment, plant<br>or processes | 18.8          | —             | —             | 20.0          |
| 4. Changing layout or<br>operations                     | 9.8           | —             | —             | 10.0          |
| 5. Relocation of business<br>operations                 | 2.3           | —             | —             | 2.5           |
| 6. Something else                                       | 45.9          | —             | —             | 45.6          |
| 7. (DK/Refuse)  | 6.8           | —             | —             | 5.6           |
| <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>  | <b>85</b>     | <b>32</b>     | <b>32</b>     | <b>149</b>    |

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

**14d. Did it more specifically involve:?**

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| 1. E-marketing and/or Web sites            | 20.8%         | 9.1%          | —%            | 18.8%         |
| 2. Obtaining customer leads                | 6.9           | 9.1           | —             | 7.3           |
| 3. A sales or marketing strategy           | 25.4          | 13.6          | —             | 24.8          |
| 4. Advertising or promotion                | 8.5           | 13.6          | —             | 9.1           |
| 5. Training and incentivizing sales people | 5.4           | 4.5           | —             | 6.1           |
| 6. Something else                          | 30.8          | 45.5          | —             | 31.5          |
| 7. (DK/Refuse)                             | 2.3           | 4.5           | —             | 2.4           |
| <b>Total</b>                               | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>                                   | <b>86</b>     | <b>51</b>     | <b>31</b>     | <b>168</b>    |

**14e. Did it more specifically involve:?**

|                          |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|
| 1. Business expansion    | —%            | —%            | —%            | 57.9%         |
| 2. Business contraction  | —             | —             | —             | 12.6          |
| 3. Sale of the business  | —             | —             | —             | 9.5           |
| 4. Closure or bankruptcy | —             | —             | —             | 2.1           |
| 5. Something else        | —             | —             | —             | 13.7          |
| 6. (DK/Refuse)           | —             | —             | —             | 4.3           |
| <b>Total</b>             | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>                 | <b>49</b>     | <b>16</b>     | <b>21</b>     | <b>86</b>     |

**15. Did you recognize the existence of the matter that your decision addressed or did someone bring it to your attention?**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 1. You recognized it                    | 70.7%         | 72.0%         | 72.2%         | 71.0%         |
| 2. Someone brought it to your attention | 11.1          | 9.8           | 11.1          | 10.9          |
| 3. (Both)                               | 14.4          | 14.6          | 12.5          | 14.2          |
| 4. (DK/Refuse)                          | 3.8           | 3.6           | 4.2           | 3.9           |
| <b>Total</b>                            | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>                                | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

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

**15a. Did you recognize the matter your decision addressed gradually, over an extended period of time, or suddenly, in a very brief period?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Gradually   | 72.7%  | 73.3%  | 65.4%  | 72.1%  |
| 2. Suddenly    | 22.5   | 21.7   | 32.7   | 23.4   |
| 3. (DK/Refuse) | 4.7    | 5.0    | 1.9    | 4.4    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

**15b. Once you recognized the issue you needed to address, approximately how long was it before you started a course of action to address it? Was it:?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. < a day                                | 21.3%  | 28.4%  | 32.9%  | 23.2%  |
| 2. More than a day but less than a week   | 26.8   | 19.8   | 16.4   | 25.1   |
| 3. A week but less than a month           | 20.0   | 24.7   | 24.7   | 20.9   |
| 4. More than a month but less than a year | 23.8   | 19.8   | 16.4   | 22.7   |
| 5. More than a year                       | 5.5    | 3.7    | 6.8    | 5.5    |
| 6. (DK/Refuse)                            | 2.5    | 3.7    | 2.7    | 2.6    |
| <hr/>                                     |        |        |        |        |
| Total                                     | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 390    | 189    | 171    | 750    |

**16. Prior to making the decision about the proper course of action, did you seek-out a person, persons, or group to discuss the matter and/or possible solutions?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 51.7%  | 52.4%  | 62.5%  | 52.8%  |
| 2. No          | 44.5   | 42.7   | 33.3   | 43.2   |
| 3. (On-going)  | 1.3    | 1.2    | 2.8    | 1.5    |
| 4. (DK/Refuse) | 2.5    | 3.6    | 1.4    | 2.6    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 390    | 189    | 171    | 750    |

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

**I 6a. About how many different people did you talk to or consult on this matter prior to making your decision?**

|                                 |        |        |        |        |
|---------------------------------|--------|--------|--------|--------|
| 1. One                          | 8.6%   | 27.9%  | 12.8%  | 11.1%  |
| 2. Two                          | 21.9   | 15.9   | 21.3   | 21.2   |
| 3. Three                        | 19.4   | 20.5   | 17.0   | 19.2   |
| 4. Four                         | 12.1   | 6.8    | 6.4    | 10.8   |
| 5. Five                         | 7.9    | 6.8    | 10.6   | 8.1    |
| 6. Six to nine                  | 5.1    | 6.8    | 8.5    | 3.1    |
| 7. 10 or more                   | 11.4   | 6.8    | 8.6    | 10.6   |
| 8. Lots/Many/Number unspecified | 5.7    | 2.3    | 8.5    | 5.7    |
| 9. (DK/Refuse)                  | 7.9    | 6.8    | 6.4    | 7.6    |
| Total                           | 100.0% | 100.0% | 100.0% | 100.0% |
| N                               | 210    | 106    | 111    | 427    |

**I 6b. Was (one of those people/that person) an immediate family member, that is, a spouse, parent, child, brother or sister?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 55.4%  | 41.9%  | 33.3%  | 51.4%  |
| 2. No          | 44.6   | 58.1   | 66.7   | 48.6   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 210    | 106    | 111    | 427    |

**I 6c. Earlier, you identified ONE person that you consult with about business-related issues. Did you consult that ONE person when making a CRITICAL decision involving this business?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 87.3%  | 82.4%  | 86.4%  | 86.6%  |
| 2. No          | 12.7   | 14.7   | 11.4   | 12.8   |
| 3. (DK/Refuse) | —      | 2.9    | 2.3    | 0.7    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 149    | 85     | 101    | 335    |

**I 6d. Was (one of those people/that person) another owner of this business?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 73.6%  | 76.0%  | 76.9%  | 74.3%  |
| 2. No          | 26.4   | 24.0   | 23.1   | 25.7   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 93     | 56     | 57     | 206    |

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

**16e. Did you hire and pay a person or firm to help you decide how to resolve the matter?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 15.8%  | 20.9%  | 17.0%  | 16.5%  |
| 2. No          | 84.2   | 79.1   | 83.0   | 83.5   |
| 3. (DK/Refuse) | —      | —      | —      | —      |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 210    | 106    | 111    | 427    |

**16e1. In terms of value for the time invested and money spent for this person or firm, did you get**

|                          |        |        |        |        |
|--------------------------|--------|--------|--------|--------|
| 1. Very good value       | —%     | —%     | —%     | 30.3%  |
| 2. Good value            | —      | —      | —      | 50.0   |
| 3. Not good value        | —      | —      | —      | 1.5    |
| 4. Not at all good value | —      | —      | —      | 4.5    |
| 5. Too soon to tell      | —      | —      | —      | 13.6   |
| 6. (DK/Refuse)           | —      | —      | —      | —      |
| <hr/>                    |        |        |        |        |
| Total                    | 100.0% | 100.0% | 100.0% | 100.0% |
| N                        | 38     | 21     | 17     | 76     |

**16f. What was the most important reason that you did NOT hire a professional to help you address the matter?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. The cost would be too great                          | 15.4%  | 14.3%  | 10.0%  | 14.7%  |
| 2. The time required to locate the right person or firm | 2.3    | 2.9    | 2.5    | 2.3    |
| 3. Couldn't find the right expertise                    | 1.9    | 2.9    | 5.0    | 2.3    |
| 4. The matter was too small to bother                   | 5.6    | 5.7    | 5.0    | 5.6    |
| 5. Could get all the advice I needed without paying     | 26.7   | 25.7   | 22.5   | 26.1   |
| 6. Didn't need help with the decision                   | 45.1   | 45.7   | 55.0   | 46.3   |
| 7. (DK/Refuse)  | 3.0    | 2.9    | —      | 26.1   |
| <hr/>   |        |        |        |        |
| Total   | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 172    | 85     | 93     | 350    |

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

**16g. Did a supplier, banker, insurance agent or someone else who provides advice as part of a product or service influence your decision?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 35.4%  | 29.5%  | 36.2%  | 34.9%  |
| 2. No          | 63.9   | 68.2   | 63.8   | 64.4   |
| 3. (DK/Refuse) | 0.6    | 2.3    | —      | 0.7    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 210    | 106    | 111    | 427    |

**16g1. Would you describe that influence on your decision as:?**

|                       |        |        |        |        |
|-----------------------|--------|--------|--------|--------|
| 1. Critical           | 12.6%  | —%     | —%     | 13.5%  |
| 2. Very important     | 66.7   | —      | —      | 64.5   |
| 3. Not very important | 5.4    | —      | —      | 5.7    |
| 4. Minimal            | 4.5    | —      | —      | 5.7    |
| 5. Too soon to tell   | 9.9    | —      | —      | 9.9    |
| 6. (DK/Refuse)        | 0.9    | —      | —      | 0.7    |
| Total                 | 100.0% | 100.0% | 100.0% | 100.0% |
| N                     | 77     | 30     | 42     | 149    |

**16h. Did you look for and find a FREE or very low-cost organization or public agency, such as SCORE, a Small Business Development Center or a community organization, to assist you with the matter?**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 10.1%  | 6.8%   | 6.3%   | 9.3%   |
| 2. No          | 89.0   | 93.2   | 91.7   | 89.7   |
| 3. (DK/Refuse) | 0.9    | —      | 2.1    | 1.0    |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 210    | 106    | 111    | 427    |



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

**16i. What was the single MOST important reason that you did NOT use one of these free or very low-cost sources of help?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. Didn't know they existed                                   | 13.5%  | 17.1%  | 8.9%   | 13.4%  |
| 2. You get what you pay for                                   | 1.4    | 2.4    | 2.2    | 1.6    |
| 3. Don't like to work with government-sponsored organizations | 2.8    | 2.4    | 4.4    | 3.0    |
| 4. Didn't have the technical expertise I needed               | 5.7    | —      | 6.7    | 5.2    |
| 5. The matter was too small to bother                         | 5.0    | 12.2   | 4.4    | 5.7    |
| 6. Could get all the advice I needed elsewhere                | 15.3   | 19.5   | 22.2   | 16.6   |
| 7. Didn't need help with the decision                         | 40.2   | 36.6   | 40.0   | 39.8   |
| 8. (Other)  | 3.9    | 4.9    | 2.2    | 3.8    |
| 9. (Multiple reasons; no single reason)                       | 8.9    | 2.4    | 6.7    | 7.9    |
| 10. (DK/Refuse)   | 3.2    | 2.4    | 2.2    | 3.0    |
|   |        | —      | —      |        |
| Total   | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 186    | 99     | 103    | 338    |

**16j. In the end, did that person, persons or group with whom you discussed the matter:?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Waste your time                                 | 3.5%   | 2.3%   | 2.2%   | 3.2%   |
| 2. Confirm what you had been thinking              | 24.1   | 31.8   | 28.3   | 25.4   |
| 3. Subtract from or streamline your basic thoughts | 5.4    | 9.1    | 4.3    | 5.7    |
| 4. Add more depth or detail to your basic thoughts | 28.2   | 20.5   | 26.1   | 27.1   |
| 5. Brought new information and/or ideas            | 27.2   | 25.0   | 26.1   | 26.8   |
| 6. (Other)   | 5.7    | 2.3    | 6.5    | 5.4    |
| 7. (DK/Refuse)                                     | 6.0    | 9.1    | 6.5    | 6.4    |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 210    | 106    | 111    | 427    |

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

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**I 6k. What was the primary reason you did not seek out anyone to discuss the matter prior to making your decision? Was it because you:?**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Needed to move quickly                                      | 5.0%   | 8.1%   | 3.8%   | 5.2%   |
| 2. The matter was too small                                    | 7.1    | 2.7    | 7.7    | 6.7    |
| 3. The cost or obligation was too high                         | 5.7    | —      | 3.8    | 4.9    |
| 4. Knew what I needed to do as soon as I recognized the matter | 55.9   | 51.4   | 57.7   | 55.5   |
| 5. The matter was private                                      | 21.7   | 27.0   | 19.2   | 22.1   |
| 6. (DK/Refuse)   | 4.6    | 10.8   | 7.7    | 5.5    |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 180    | 83     | 60     | 323    |

## Demographics

### D1. Which best describes your position in the business? Are you the:?

|                               |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|
| 1. Owner/Manager              | 87.8%  | 79.0%  | 74.0%  | 85.5%  |
| 2. Owner, but not the manager | 4.5    | 6.2    | 8.2    | 5.1    |
| 3. Manager, but not an owner  | 7.7    | 14.8   | 17.8   | 9.5    |
| <hr/>                         |        |        |        |        |
| Total                         | 100.0% | 100.0% | 100.0% | 100.0% |
| N                             | 390    | 189    | 171    | 750    |

### D2. Please tell me your age.

|                      |        |        |        |        |
|----------------------|--------|--------|--------|--------|
| 1. < 25 years        | 1.5%   | 1.2%   | 1.4%   | 1.5%   |
| 2. 25 – 29 years     | 2.0    | 3.7    | 5.4    | 2.5    |
| 3. 30 – 34 years     | 3.0    | 2.5    | 5.4    | 3.2    |
| 4. 35 – 39 years     | 4.4    | 6.2    | 5.4    | 4.7    |
| 5. 40 – 44 years     | 9.2    | 9.9    | 10.8   | 9.4    |
| 6. 45 – 49 years     | 12.1   | 17.3   | 14.9   | 12.9   |
| 7. 50 – 54 years     | 12.2   | 13.6   | 14.9   | 12.6   |
| 8. 55 – 59 years     | 18.6   | 13.6   | 13.5   | 17.6   |
| 9. 60 – 64 years     | 16.8   | 9.9    | 9.5    | 15.3   |
| 10. 65 – 70 years    | 6.4    | 8.6    | 5.4    | 6.5    |
| 11. 71 – 75 years    | 3.4    | 3.7    | 2.7    | 3.3    |
| 12. 76 years or more | 4.0    | 6.2    | 6.8    | 4.5    |
| 13. (Refuse)         | 6.5    | 3.7    | 4.1    | 6.0    |
| <hr/>                |        |        |        |        |
| Total                | 100.0% | 100.0% | 100.0% | 100.0% |
| N                    | 390    | 189    | 171    | 750    |

### D3. What is your highest level of formal education?

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. Did not complete high school             | 2.2%   | 2.5%   | 1.3%   | 2.1%   |
| 2. High school diploma/GED                  | 21.7   | 19.0   | 9.1    | 20.1   |
| 3. Some college or an<br>associate's degree | 26.1   | 24.1   | 28.6   | 26.1   |
| 4. Vocational or technical<br>school degree | 4.4    | 5.1    | 3.9    | 4.4    |
| 5. College diploma                          | 32.0   | 30.4   | 32.5   | 31.9   |
| 6. Advanced or professional<br>degree       | 12.6   | 19.0   | 24.7   | 14.5   |
| 7. (DK/Refuse)                              | 1.0    | —      | —      | 0.8    |
| <hr/>                                       |        |        |        |        |
| Total                                       | 100.0% | 100.0% | 100.0% | 100.0% |
| N   |        |        |        |        |

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

**D4. Sex (voice identification)**

|           |        |        |        |        |
|-----------|--------|--------|--------|--------|
| 1. Male   | 68.5%  | 74.1%  | 78.1%  | 70.0%  |
| 2. Female | 31.5   | 25.9   | 21.9   | 30.0   |
| <hr/>     |        |        |        |        |
| Total     | 100.0% | 100.0% | 100.0% | 100.0% |
| N         | 390    | 189    | 171    | 750    |

**D5. How long have you owned/operated this business?**

|                     |        |        |        |        |
|---------------------|--------|--------|--------|--------|
| 1. < 5 years        | 13.2%  | 18.5%  | 16.7%  | 14.1%  |
| 2. 5 – 9 years      | 16.1   | 9.9    | 13.9   | 15.2   |
| 3. 10 – 14 years    | 14.7   | 17.3   | 15.3   | 15.1   |
| 4. 15 – 19 years    | 9.9    | 7.4    | 11.1   | 9.7    |
| 5. 20 – 29 years    | 21.3   | 18.5   | 16.7   | 20.5   |
| 6. 30 – 39 years    | 11.1   | 16.0   | 11.1   | 11.6   |
| 7. 40 years or more | 11.6   | 8.6    | 9.7    | 11.1   |
| 8. (DK/Refuse)      | 2.2    | 3.7    | 5.6    | 2.7    |
| <hr/>               |        |        |        |        |
| Total               | 100.0% | 100.0% | 100.0% | 100.0% |
| N                   | 390    | 189    | 171    | 750    |

**D6. In the next three to five years, do you want this business to grow a lot, grow a little, stay about the same size, contract a little or contract a lot?**

|                      |        |        |        |        |
|----------------------|--------|--------|--------|--------|
| 1. Grow a lot        | 34.3%  | 40.2%  | 43.2%  | 35.9%  |
| 2. Grow a little     | 29.8   | 34.1   | 33.8   | 30.7   |
| 3. Stay the same     | 25.1   | 18.3   | 16.2   | 23.5   |
| 4. Contract a little | 3.7    | —      | 1.4    | 3.1    |
| 5. Contract a lot    | 3.5    | 2.4    | 2.7    | 3.3    |
| 6. (DK/Refuse)       | 3.5    | 4.9    | 2.7    | 3.6    |
| <hr/>                |        |        |        |        |
| Total                | 100.0% | 100.0% | 100.0% | 100.0% |
| N                    | 390    | 189    | 171    | 750    |

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

**D6a. About how many people in total would you like to employ three to five years from now? (Calculated as a percentage of current employment.)**

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| 1. Contract                                      | 8.9%   | 9.9%   | 12.3%  | 9.3%   |
| 2. Unchanged                                     | 34.9   | 24.7   | 23.3   | 32.7   |
| 3. 1 – 99 percent growth                         | 14.1   | 37.0   | 38.4   | 18.1   |
| 4. 100 – 199 percent growth                      | 12.2   | 11.1   | 6.8    | 11.6   |
| 5. 200 – 299 percent growth                      | 6.5    | 2.5    | 2.7    | 5.7    |
| 6. 300 percent growth or more                    | 13.3   | 2.5    | 1.4    | 10.9   |
| 7. As large as possible; 1,000 employees or more | 2.5    | 1.2    | 5.5    | 2.7    |
| 8. (DK/Refuse)                                   | 8.6    | 11.1   | 9.6    | 8.9    |
| <hr/>  |        |        |        |        |
| Total  | 100.0% | 100.0% | 100.0% | 100.0% |
| N  | 390    | 189    | 171    | 750    |

**D7. Not counting the owners, how many people did this business employ about this time of year three years ago, that is, 2008? (Calculated as employment growth between 2008 and the present.)**

|                                    |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|
| 1. Added 20 employees or more      | 0.8%   | 1.4%   | 6.8%   | 1.5%   |
| 2. Added 10 – 19 employees         | 5.7    | 5.8    | 8.1    | 5.7    |
| 3. Added 2 – 9 employees           | 20.2   | 24.6   | 8.1    | 19.1   |
| 4. Added 1 – Lost 1                | 52.2   | 34.8   | 23.0   | 46.8   |
| 5. Lost 2 – 9 employees            | 5.0    | 24.6   | 16.2   | 8.3    |
| 6. Lost 10 – 19 employees          | —      | 32.5   | 8.1    | 1.1    |
| 7. Lost 20 employees or more       | —      | 2.9    | 10.8   | 1.1    |
| 8. Not in business three years ago | 11.8   | 4.3    | 13.5   | 12.4   |
| 9. (DK/Refuse)                     | 4.2    | 5.8    | 5.4    | 4.0    |
| <hr/>                              |        |        |        |        |
| Total                              | 100.0% | 100.0% | 100.0% | 100.0% |
| N                                  | 390    | 189    | 171    | 750    |

**D8. Does at least one other person also own more than 10 percent of this business? (Asked only of owners.)**

|                |        |        |        |        |
|----------------|--------|--------|--------|--------|
| 1. Yes         | 44.7%  | 55.7%  | 58.3%  | 47.1%  |
| 2. No          | 54.9   | 44.3   | 38.3   | 52.4   |
| 3. (DK/Refuse) | 0.4    | —      | 3.4    | 0.5    |
| <hr/>          |        |        |        |        |
| Total          | 100.0% | 100.0% | 100.0% | 100.0% |
| N              | 355    | 158    | 134    | 647    |

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

**D9. Is your primary business activity?:**

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| 1. Agriculture, forestry, fishing   | 7.9%          | 7.2%          | 5.6%          | 7.6%          |
| 2. Construction   | 13.1          | 12.0          | 8.3           | 12.5          |
| 3. Manufacturing and mining   | 8.9           | 14.5          | 12.5          | 9.9           |
| 4. Wholesale trade  | 9.2           | 10.8          | 4.2           | 8.9           |
| 5. Retail trade   | 17.6          | 20.5          | 23.6          | 18.5          |
| 6. Transportation and<br>Warehousing  | 3.5           | 3.6           | 8.3           | 4.0           |
| 7. Information  | 1.8           | 1.2           | 1.4           | 1.7           |
| 8. Finance and Insurance  | 3.5           | 1.2           | 2.8           | 3.2           |
| 9. Real Estate and Rental/Leasing   | 3.7           | 1.2           | 1.4           | 3.2           |
| 10. Professional, Scientific, and<br>Technical Services                         | 9.9           | 2.4           | 8.3           | 8.9           |
| 11. Administrative and Support,<br>Waste Management, or<br>Remediation Services | 1.8           | 2.4           | —             | 1.7           |
| 12. Education Services  | 1.8           | 4.8           | 2.8           | 2.3           |
| 13. Health Care and Social<br>Assistance  | 3.4           | 3.6           | 6.9           | 3.7           |
| 14. Arts, Entertainment,<br>and Recreation                                      | 0.3           | 2.4           | 1.4           | 0.7           |
| 15. Accommodations and<br>Food Services   | 1.2           | 3.6           | 2.8           | 1.6           |
| 16. Repair and Maintenance<br>Services or Personal<br>Care Services             | 6.4           | 2.4           | 6.9           | 6.0           |
| 17. Other   | 6.0           | 6.2           | 2.8           | 5.6           |
| <b>Total</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>  | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

**D10. Is this business operated primarily from the home, including any associated structures such as a garage or a barn?**

|                |               |               |               |               |
|----------------|---------------|---------------|---------------|---------------|
| 1. Yes         | 35.4%         | 11.1%         | 9.6%          | 30.3%         |
| 2. No          | 63.3          | 87.7          | 90.4          | 68.5          |
| 3. (DK/Refuse) | 1.4           | 1.2           | —             | 1.2           |
| <b>Total</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>N</b>       | <b>390</b>    | <b>189</b>    | <b>171</b>    | <b>750</b>    |

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

**D11. Which of the following best describes the place the business is located?**

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| 1. Highly urban city                                      | 7.4%   | 17.5%  | 16.4%  | 9.3%   |
| 2. Suburb of highly urban city                            | 18.6   | 18.8   | 20.5   | 18.8   |
| 3. Mid-sized city of about<br>250,000 or surrounding area | 13.4   | 11.3   | 15.1   | 13.4   |
| 4. Small city of about 50,000 or<br>surrounding area      | 15.6   | 15.0   | 13.7   | 15.4   |
| 5. Town or rural area                                     | 42.6   | 35.0   | 31.5   | 40.7   |
| 6. (DK/Refuse)  | 2.4    | 2.5    | 2.8    | 2.4    |
| Total   | 100.0% | 100.0% | 100.0% | 100.0% |
| N   | 390    | 189    | 171    | 750    |

**D12. Region (developed from zip codes)**

|              |        |        |        |        |
|--------------|--------|--------|--------|--------|
| 1. Northeast | 19.0%  | 18.5%  | 16.9%  | 18.7%  |
| 2. Southeast | 21.5   | 14.8   | 15.5   | 20.2   |
| 3. Mid-West  | 23.0   | 30.9   | 31.0   | 24.6   |
| 4. Central   | 22.7   | 21.0   | 21.1   | 22.4   |
| 5. West      | 13.8   | 14.8   | 15.5   | 14.1   |
| Total        | 100.0% | 100.0% | 100.0% | 100.0% |
| N            | 390    | 189    | 171    | 750    |

**D13. Compared to last year at this time, is this business currently much more profitable, somewhat more profitable, about as profitable, less profitable, or much less profitable?**

|                             |        |        |        |        |
|-----------------------------|--------|--------|--------|--------|
| 1. Much more profitable     | 11.1%  | 12.3%  | 19.4%  | 12.0%  |
| 2. Somewhat more profitable | 19.5   | 23.5   | 26.4   | 20.6   |
| 3. About as profitable      | 37.9   | 38.3   | 31.9   | 37.4   |
| 4. Somewhat less profitable | 14.6   | 12.3   | 12.5   | 14.2   |
| 5. Much less profitable     | 14.3   | 9.9    | 5.6    | 13.0   |
| 6. (DK/Refuse)              | 2.7    | 3.7    | 4.2    | 2.9    |
| Total                       | 100.0% | 100.0% | 100.0% | 100.0% |
| N                           | 390    | 189    | 171    | 750    |

**Table Notes**

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

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

# Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by Left Right Research of Ronkonkoma, New York. The interviews for this edition of the *Poll* were conducted in March and April 2011 from a sample of small employers. “Small employer” was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 250.

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

business owners by employee size of firm (Table A1). Almost 60 percent of employers in the United States employ just one to four people meaning that a random sample would yield comparatively few larger, small employers to interview. Since size within the small business population is often an important differentiating variable, it is important that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small business owners are arbitrary but adequate to allow independent examination of the 10-19 and 20-250 employee size classes as well as the 1-9 employee size group.

**TABLE A1**  
SAMPLE COMPOSITION UNDER VARYING SCENARIOS

| Employee Size of Firm | Expected from Random Sample* |                      | Obtained from Stratified Random Sample |                      |                      |                      |
|-----------------------|------------------------------|----------------------|--|----------------------|----------------------|----------------------|
|                       | Interviews Expected          | Percent Distribution | Interview Quotas                       | Percent Distribution | Completed Interviews | Percent Distribution |
| 1-9                   | 593                          | 79                   | 350                                    | 47                   | 390                  | 52                   |
| 10-19                 | 82                           | 11                   | 200                                    | 27                   | 189                  | 25                   |
| 20+                   | 75                           | 10                   | 200                                    | 27                   | 171                  | 23                   |
| All Firms             | 750                          | 100                  | 750                                    | 101                  | 750                  | 100                  |

\* Sample universe developed from the Bureau of the Census (2007 data) and published by the Office of Advocacy at the Small Business Administration.







## The Sponsor

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The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy-related problems small-business owners encounter. Its periodic reports include **Small Business Economic Trends**, **Small Business Problems and Priorities**, and now the **National Small Business Poll**. The Foundation also publishes ad hoc reports on issues of concern to small-business owners.

The study was conducted with support from the **Goldman Sachs Foundation's 10,000 Small Businesses**, a \$500 million initiative designed to help small businesses create jobs and economic growth by providing greater access to business education, financial capital and business support services. More information about **10,000 Small Businesses** can be found at, [gs.com/10000smallbusinesses](http://gs.com/10000smallbusinesses).



Goldman Sachs Foundation  
200 West Street  
New York, NY 10282  
[gs.com/10000smallbusinesses](http://gs.com/10000smallbusinesses)



1201 "F" Street, NW  
Suite 200  
Washington, DC 20004  
[nfib.com](http://nfib.com)