



# National Small Business Poll

NFIB National

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## Small Business Poll

*Owners and Managers*

# 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. Eight reports are produced annually with the initial volume published in 2001. The *Poll* is designed to address small business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

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

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NFIB National  
Small Business  
Poll



*Owners and Managers*

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

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

# National Small Business Poll



## *Owners and Managers*

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# Executive Summary

- Eighty-six (86) percent of small, employing businesses are owner-managed, while 14 percent are managed by paid/professional managers.
- Professional managers are more likely to operate larger, small businesses, particularly those in the health and social assistance industries. Owner-managed firms are more likely to be in the construction and many of the service industries.
- Professional managers average 6 years of age less than owners, but both owner-managers and professional-managers have considerable tenure in their ventures, the former 16 years, three years more than the latter.
- Both professional managers and owner-managers possess considerably more formal education than their chronological peers. Almost one in five owner-managers holds an advanced or professional degree compared to 12 percent of professional managers.
- Women (54%) are more likely to be professional managers than men (46%), though men (74%) are more often owner-managers than women (26%).
- Professional managers are most likely to hold the titles of “General Manager,” “Office Manager,” or “Manager” contrasted to few who hold the titles of “CEO,” “Administrative Assistant” or “Secretary.”
- The principal owner is typically absent in 55 percent of professionally-managed firms and present in 43 percent of them. However, 94 percent of those whose principal owner is typically present continue to manage the business, even in the owner’s presence.
- The principal owner still works for professionally-managed businesses in 55 percent of cases. He/she is semi-retired or retired in 19 percent of them; 17 percent work in another business that he/she owns; and 6 percent work for an organization that they do not own.
- Sixty-one (61) percent of professional managers think that it is “highly likely” that they will own and operate their current business at some point and another 11 percent think it is “possible.” However, just 35 percent of owners who are not managers in professionally-managed firms think that the professional managers in their enterprises are “highly likely” to own and operate the firm some day and another 8 percent think it is possible. It appears a considerable number of professional managers will not realize their quest.
- Twenty-eight (28) percent of professional/paid managers are family members of one or more current owners. Family members are much less likely to think they will eventually take-over (own) the business than non-family managers.
- Ninety-three (93) percent of owners who are not managers of the business think that they are personally active in the major decisions affecting the enterprise.

# Owners and Managers

Most small businesses are operated by an owner-manager. The owner is the manager in these firms and vice versa. Where there is more than one owner, one of the owners will manage; at times, as in a true partnership, more than one will. Professional managers, or persons paid to manage, are commonly considered the province of large firms, where Boards of Directors, ostensibly on behalf of shareholders (owners), select someone to run the venture. But rarely recognized is the fact that a surprisingly large number of small businesses are also operated by paid managers. Thus, this issue of the *National Small Business Poll* addresses Owners and Managers.

The interviews for the surveys in this series begin when a survent reaches the sampled business and asks to speak with the owner. When the “owner” answers the telephone, the survent qualifies the respondent by inquiring about the number of employees in the business, the firm needing between one and 250 to qualify, and follows up requesting the respondent’s position in it. “Which best describes your position in this business? Are you the owner/manager, an owner but not the manager, or the manager but not an owner?” The result of that question leads to the following discussion.

Eighty-six (86) percent of small businesses are operated by an owner/manager while 14 percent are operated by a manager who is not an owner. More precisely, 83 percent fit the former category and 12 percent the latter with 5 percent of respondents being owners, but not managers (Q#1). But 50 percent of these owners who are not managers report that another owner manages the business while 41 percent report an employee does (Q#19). These owner, but not manager, responses are apportioned among owners and managers, yielding the 85-15 split.

## The Small Businesses Professional Managers Manage

Professional managers are notably more likely to operate larger, small businesses than in smaller ones. Sixty-two (62) percent of owner-managed firms have fewer than five

employees compared to just 39 percent among those professionally managed; 9 percent of the former have 20 or more employees compared to 17 percent of the latter (Q#2). Put another way, one in 10 (10%) firms under 10 employees is run by a paid manager; two in 10 (20%) firms with 20 employees or more are run by paid managers. Professional managers are effectively twice as prevalent in larger, small businesses as in smaller ones.

Given the strong tie between employee size of business and the use of professional managers, it follows that owner-managed businesses are much more likely to be found in the home than are professionally-managed firms. Twenty-nine (29) percent of all owner-managed, employing small businesses are located primarily in the home compared to just 9 percent of professionally-managed firms (Q#3). What is not clear is whether the business operates from the owner’s home or the manager’s, though the sequencing and tenor of the questions infers the former. And, as will be demonstrated subsequently, many of these professional managers are involved in family businesses reinforcing the idea that the location of the enterprise is in the home of the owner.

Geography has a modest relationship to the relative presence of owner-managed or professionally-managed small, employing businesses. Regionally, professionally-managed small businesses appear relatively more common in the Southeast and some-



what less common in the Pacific than elsewhere (Q#4). There is no obvious reason for the phenomenon. Meanwhile, urban/rural differences do not appear (Q#5).

Professionally-managed businesses also are no more common in most industries than owner-managed businesses. For example, 15 percent of all owner-managed businesses are in retail as are 13 percent of all professionally-managed businesses (Q#6). A similar balance appears in manufacturing. But there are notable exceptions. The most striking appears in the health care and social assistance industries. A stunning 23 percent of all professionally managed businesses are in that industry compared to the industry's 6 percent share of the population. Just 3 percent of owner-managed businesses are in health care and social assistance. Only in accommodations and/or food services are professional managers more prevalent than the population (9% versus 6%) and then the cause is likely to be size, i.e., the average size of business in this industry tends to be larger in the industry than in others, rather than industry. In contrast, owner-managed firms are likely to appear relatively more often in the construction (10% versus 6%), professional (scientific and technical) services (14% versus 8%) and "other" services, generally personal services, industries (9% versus 4%) than are professionally-managed small businesses. More will be said about the health and social assistance industry when the sex variable is addressed later in the discussion.

On balance, the performance levels of firms seem to modestly favor professionally-managed small businesses. However, given that they also tend to be larger firms, the result is to be expected. The proportion of each with real sales volume growth over the last two years is 47 percent (Q#7), though the professionally-managed have fewer with declining sales (21% versus 26%). A more subjective rating method yields a more favorable evaluation. Forty-nine (49) percent of the professional managers indicate that their ventures are a high performer or a somewhat high performer compared to the competition; just 39 percent of owner-managers view their firms in that manner (Q#8).

## People Who Manage

Owner-managers of small, employing businesses average 52 years of age; professional-

managers of small, employing businesses average 46 years of age, 6 years less (Q#10). The distribution of ages of each appears to be a bell-shaped curve simply centered at a different point group. The outlier here is the owner who is not a manager. They are older, an average of 55, but 15 percent of them are 70 years or more.

Both owner-managers and professional-managers have operated their present business for a reasonably long period of time. The former has operated the business 16 years on average (Q#9). Some percentage of owner-managers started to manage the business before they became owners, though the data set provides no information on the subject. The average length of operation of professional managers in the same business differs little. Their average tenure is 13 years, only three years less than owner-managers. Yet, 35 percent of owner-managers have operated their firms less than 10 years compared to 48 percent of professional managers. An unknown percentage, presumably small, managed the business before the current ownership took over. These data suggest that owners who hire professional managers do so relatively soon after they become owners.

People who manage small, employing businesses either as owners or professionals are well-educated. Four in five have formal education beyond the high school level (Q#11), which given their relatively advanced age (52 years average), means they have obtained significantly more formal education than their chronological peers. Almost one in five (19%) owner-managers has an advanced or professional degree: 12 percent of professional managers do. A large share of these advanced degrees, between 40 percent and 50 percent, either as owner-managers or professional-managers can be found in just two industries, professional, scientific and technical services and health and social assistance. Formal education, therefore, tends to intertwine with the complex industry relationships noted previously.

Perhaps the most striking demographic difference between owner-managers and professional managers is their sex. Seventy-four (74) percent of owner-managers are male and 26 percent female (Q#12). However, a minority of professional managers, 46 percent, are male compared to 54 percent who are female, a 28 point differential from

owner-managers. A sizeable share of the difference can be attributed to the health care and social assistance industries where women are almost always the professional managers. But that is far from the sole explanation for the entire difference. Perhaps, these managerial jobs, particularly outside the health industries, are training grounds for a take-over of family enterprises, a subject to which we will return.

## Professional Managers

The term “professional manager” has been used to this point as a convenient expression to distinguish these people from owner-managers. But they may not be particularly “professional,” though as previously shown they are well-educated as a group and certainly have had adequate tenure to be experienced. However, they may exercise little independence or real authority on their own; they may merely be the owner’s puppet. This issue becomes increasingly of interest as the proportion of owner-managers compared to professional managers appears to have gradually risen as the current recession has evolved. Owners appear to be recapturing their immediate authority as the economy becomes more difficult.

The principal owner of the firm is more often than not absent in the professionally-managed small business. But, the margin is small. The principal owner is typically absent in 55 percent of cases compared to 43 percent of cases where he or she is not (Q#14). If the owner is absent, the presumption is that the professional-manager has notable authority over the organization. The remainder are problematic. However, 94 percent of that group report that they manage the business even when the principal owner is present (Q#15). Just 5 percent of the group or 2 percent of the population of professional managers indicate that they relinquish managerial responsibility when the principal owner is present.

One means to confirm formal authority is the manager’s formal title. A title question was inserted into the survey late in the sequent and collected just 77 observations. However, the titles of these self-reported managers generally suggest that they are not exaggerating their authority. The two most common titles, each shared by about a quarter of professional managers

is “General Manager” or “Office Manager”. “Manager” is almost as common. “Administrative Officer” or “CEO” are not common, but present. However, “Administrative Assistant”, “Secretary” and spouse also crept in. Despite the latter aberrations, the titles imply real authority.

If 43 percent are still typically present and 56 percent are typically absent, what are these owners doing? The largest share (55%) work in the business (Q#18). They have not gone anywhere; they have simply surrendered day-to-day operation. However, the number of owners working for the business, but absent from it, exceeds the number typically present. About 18 percent of all professionally-managed firms share this characteristic. These owners apparently spend their time “working from home” or some other place. Perhaps some might be more appropriately categorized as semi-retired or retired. Nineteen (19) percent are already in that category. Another 17 percent work in another business that he or she owns and 6 percent more work for an organization that they do not own.

Professional managers in small businesses are potentially owners-in-training. Perhaps they are a family member the owner is prepping to take-over or perhaps they are a long-time employee who will eventually buy out the current owner. On this issue, one point is clear – a large proportion of professional managers expect to take over some day. Sixty-one (61) percent think that it is highly likely that some day they will own and operate this business (Q#17). Another 11 percent think it is possible. Thirteen (13) percent consider it is doubtful and another 14 percent consider it is highly unlikely. Thus, managing a small business for another person appears to be a training ground for business ownership. But as will be shown subsequently, the outlook of professional managers may not correspond with the outlook of owners.

About one in four (28%) of professional managers are related to the principal or other owner of the business (Q#16). That is less than half of the number who think it is highly likely that they will own the enterprise some day. In fact, family member professional managers much less frequently consider it highly likely that they will eventually take over the business (31%)

compared to non-family member professional managers (66%). Part of the reason for the lesser plans of family members to succeed is firm size. Family members are much more likely to manage smaller, small businesses (34%) than larger ones (12%), those less likely to have potential for another generation of business owner.

## Owners, But Not Managers

It is unlikely that the group of owners, but not managers, interviewed in this series of surveys is a representative sample of the phenomenon, though it is difficult to document. From other data collected in this series (Business Structure), we know that 40 percent of small, employing businesses have more than one owner (exclusive of a spouse) and 13 percent have more than two. However, no comparable data reports how frequently a second or third owner can be found at the business, nor whether a single owner employed a manager, the type of data necessary to determine the representativeness of the figures presented here. The result is that the data are simply a convenience sample of the phenomenon, gathered as a residual from a question on position in the business. Yet, the data are useful if for no other reason than they provide insights into a phenomenon rarely addressed.

Sixty-seven (67) percent of these owners, but not managers, work in the business (Q#23). Another 20 percent are either retired or semi-retired, though they are present at the time to be interviewed. Nine percent work in another business that they own and 4 percent work in an organization that they do not own. Hence, a substantial majority are currently active in the firm, though they do not manage it.

Management responsibilities often fall to another owner. Another owner manages half (50%) of these businesses and an employee (professional manager) does so 41 percent of the time (Q#19). Seven percent indicate the manager is someone else, such as an unpaid spouse. Indeed, family members have a strong presence in this set of businesses. Fifty-nine (59) percent report that the manager is a family member of one or more owners (Q#20). The use of family members to manage these businesses is twice as common in this group of managed firms as in professionally-managed firms generally.

Over 60 percent of professional managers think that it is highly likely that they will own and operate the business some day. They are more likely to think that in larger, small businesses than in smaller ones and they are more likely to think it if they are non-family members than if they are family members. But owners, who are not managers, which also tend to be in larger, small businesses are not nearly as likely to hold that view about the people they have managing their firm. Just 35 percent of owner, non-managers, think it is highly likely that their professional manager will own and operate the venture some day (Q#21). Another 10 percent think that it is likely. But 37 percent call it highly unlikely and another 11 percent call it very doubtful. The data are a mismatch. One group thinks current professional managers will one day own and operate their current firms and the other does not. Though representative of the owner, not manager group is open to question, the results raise questions about the reality of professional manager expectations.

Despite not managing the business, these owners have not abandoned the firm. They claim to be engaged. Ninety-three (93) percent insist that they are personally active in the major decisions affecting the business (Q#22). That implies they have knowledge of the principal decisions, policies, and action in which the venture is engaged. Succession is one of those major decisions about which they would have considerable knowledge.

## Final Comments

Though the title of this issue is Owners and Managers, the data and discussion focus on managers, primarily because paid or professional managers, even in small businesses, are not isolated occurrences. They are rather common however, particularly as the size of the smaller enterprise increases. But for their prevalence no statistics of which the author is aware are kept on them; no interest is expressed about them. They are effectively invisible, at least to those outside the firms they operate. But their presence raises several questions, not only about their role in the business, but that of the owner. Most are not simply retirees who have hired someone to replace them until they can either sell the firm or pass it on. The majority still work for the firm, but it is not clear what they do.

The authority managers possess is also an open question. When the principal owner is absent as he is in most professionally-managed firms, the manager is likely to exercise considerable authority and shoulder notable responsibility. But there is no evidence one way or the other that absent owners do not spend the day on the telephone or e-mail giving the managers directions. The age of instant communication looms over any manager who feels separated from the owner. When the owner is present, a different dynamic almost certainly appears. The nature of that dynamic must vary by the personal as well as the business and professional relationships that exist between owner and manager. But it raises additional questions about lines of authority that otherwise would not exist.

The industry where paid managers most commonly exist in smaller businesses is health and social assistance where virtually the same numbers are owner-managed as are professionally-managed; no other industry has remotely the proportion. The industry consists principally of offices of medical care practitioners, medical and diagnostic labs, home health care providers, nursing homes, vocational rehab centers, and child care facilities; hospitals, also in the industry group, rarely are small businesses. But why should this industry lend itself to such a mix of owner and professionally managed smaller ventures? The immediate reaction is that industry professionals find their skills having highest value producing something rather than managing. Yet, how does that differ from professionals who have skills in anything from engineering and law to wood-working? And, why should women play so much greater a managerial role in the health and social assistance industry than in others? Perhaps the industry can help explain the wider phenomenon of owners and managers. The data provided here is only adequate to frame a few questions, not answer them.

# Owners and Managers

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

		Position in the Business			
	Owner/ Manager	Owner, but Not Manager	Manager, but Not Owner	All Employers	
<b>I. Which best describes your position in the business?</b>					
1. Owner/Manager	100.0%	—%	—%	83.0%	
2. Owner, but not manager	—	100.0	—	5.4	
3. Manager, but not owner	—	—	100.0	11.6	
4. DK/Refuse	—	—	—	—	
Total	100.0%	100.0%	100.0%	100.0%	
N	3,600	251	660	4,511	
<b>2. How many people, full-time and part-time, does your business currently employ, NOT including yourself?</b>					
1. One - four people	61.8%	59.1%	39.2%	59.0%	
2. Five - nine people	18.9	19.0	28.5	20.0	
3. 10 - 19 people	10.3	12.1	15.3	11.0	
4. 20 - 49 people	6.5	6.9	10.9	7.0	
5. 50 - 250 people	2.6	2.8	6.1	3.0	
Total	100.0%	100.0%	100.0%	100.0%	
N	3,600	251	660	4,511	
<b>3. Is this business operated primarily from the home, including any associated structure such as a garage or a barn?</b>					
1. Yes	28.5%	31.6%	9.2%	26.4%	
2. No	70.1	67.2	89.7	72.2	
3. DK/Refuse	1.4	1.2	1.1	1.3	
Total	100.0%	100.0%	100.0%	100.0%	
N	3,600	251	660	4,511	
<b>4. What is the zip code of your business?</b>					
1. East (zips 010-219)	18.3%	13.8%	15.1%	17.6%	
2. South (zips 220-427)	18.5	19.5	25.8	19.5	
3. Mid-West (zips 430-567, 600-658)	25.3	24.4	23.9	25.1	
4. Central (zips 570-599, 660-898)	22.4	25.2	23.7	22.7	
5. West (zips 900-999)	13.5	14.6	10.3	13.2	
6. DK/Refuse	1.9	2.4	1.2	1.9	
Total	100.0%	100.0%	100.0%	100.0%	
N	3,600	251	660	4,511	

		Position in the Business		
	Owner/ Manager	Owner, but Not Manager	Manager, but Not Owner	All Employers
<b>5. Urbanization (Derived from zip code.)</b>				
1. Highly Urban	12.2%	7.7%	10.7%	11.8%
2. Urban	17.8	8.5	20.1	17.8
3. Fringe Urban	17.8	18.5	19.0	17.9
4. Small Cities/Towns	20.2	21.0	19.3	20.1
5. Rural	26.3	27.8	25.7	26.3
6. Not Known	5.8	10.5	5.1	6.0
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511

<b>6. Is your primary business activity?: (NAICs code)</b>				
1. Agriculture, forestry, fishing	4.3%	6.9%	1.1%	4.1%
2. Construction	10.3	9.4	5.9	9.7
3. Manufacturing	8.7	9.4	9.0	8.8
4. Wholesale trade	6.0	5.7	6.1	6.0
5. Retail trade	15.3	13.1	13.2	14.9
6. Transportation and warehousing	2.6	1.6	2.3	2.4
7. Information	2.2	2.4	2.9	2.3
8. Finance and insurance	4.8	2.9	3.2	4.5
9. Real estate and rental/leasing	4.9	4.9	5.2	4.9
10. Professional/scientific/ technical services	14.1	12.2	7.6	13.2
11. Admin. support/waste management services	4.3	5.7	3.6	4.3
12. Educational services	0.6	—	0.8	0.6
13. Health care and social assistance	3.4	3.7	12.9	5.7
14. Arts, entertainment or recreation	2.1	2.4	2.1	2.1
15. Accommodations or food service	6.2	5.3	8.6	6.5
16. Other service, incl. repair, personal service	9.4	14.3	4.2	9.1
17. Other	0.9	—	1.3	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511

	Position in the Business			
	Owner/ Manager	Owner, but Not Manager	Manager, but Not Owner	All Employers

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

1. Increased by 30 percent or more	12.2%	14.2%	13.0%	12.4%
2. Increased by 20 to 29 percent	10.3	7.7	9.8	10.1
3. Increased by 10 to 19 percent	24.9	25.6	24.3	25.8
4. Increased by < 10 percent	18.5	18.3	18.0	18.4
5. Decreased by < 10 percent	10.3	9.3	8.8	10.1
6. Decreased by 10 percent or more	15.8	16.3	12.6	15.4
7. DK/Refuse	8.0	8.6	13.4	8.7
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511

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

1. High performer	17.4%	22.0%	25.6%	18.6%
2. Somewhat high performer	21.4	19.1	22.9	21.5
3. Moderate performer	41.1	45.5	33.3	40.4
4. Somewhat low performer	3.8	3.7	4.4	3.9
5. Low performer	9.6	6.1	7.5	9.2
6. (Haven't been in business three years)	1.2	0.4	1.0	1.1
7. DK/Refuse	5.5	3.2	5.3	5.3
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511

**9. How long have you operated this business?**

1. < 3 years	7.7%	10.2%	15.4%	8.7%
2. 3 – 4 years	8.9	10.2	9.7	9.1
3. 5 – 9 years	18.2	18.3	22.2	18.7
4. 10 – 19 years	29.4	24.4	23.6	28.4
5. 20 – 29 years	18.9	15.0	15.4	18.3
6. 30+ years	15.6	20.7	11.3	15.4
7. DK/Refuse	1.3	1.2	2.3	1.4
Average	16 years	17 years	13 years	16 years
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511

	Owner/ Manager	Position in the Business Owner, but Not Manager	Manager, but Not Owner	All Employers
<b>10. Please tell me your age</b>				
1. < 25 years	0.3%	—%	2.7%	0.6%
2. 25 – 29 years	1.4	1.6	6.9	2.0
3. 30 – 34 years	4.0	4.5	7.5	4.5
4. 35 – 39 years	6.8	6.1	11.1	7.3
5. 40 – 44 years	10.2	6.9	12.8	10.3
6. 45 – 49 years	15.2	17.1	16.9	15.5
7. 50 – 54 years	16.6	13.4	12.3	15.9
8. 55 – 59 years	15.7	13.8	11.9	15.2
9. 60 – 64 years	13.3	11.8	8.6	12.7
10. 65 – 69 years	7.1	7.7	3.6	6.7
11. 70+ years	5.8	15.4	2.1	5.9
12. Refuse	3.5	1.6	3.6	3.4
Average	52 years	55 years	46 years	52 years
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511
<b>11. What is your highest level of formal education?</b>				
1. < H.S.	1.9%	3.3%	1.0%	1.9%
2. H.S. diploma/GED	16.8	23.6	23.4	18.0
3. Some college or associate's degree	22.7	24.4	23.9	22.9
4. Vocational or technical school degree	4.1	4.5	6.3	4.4
5. College diploma	34.5	30.1	31.8	33.9
6. Advanced or professional degree	18.6	13.0	12.3	17.5
7. DK/Refuse	1.5	1.2	1.3	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511
<b>12. Sex (Voice Identification)</b>				
1. Male	73.6%	49.8%	46.1%	69.1%
2. Female	26.4	50.2	53.9	30.9
Total	100.0%	100.0%	100.0%	100.0%
N	3,600	251	660	4,511



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

**13. How many people, full-time and part-time, does your business currently employ, NOT including yourself?**

1. Owner/Manager	84.7%	77.8%	74.9%	83.0%
2. Owner/Not Manager	5.4	6.1	5.3	5.5
3. Manager/Not Owner	9.9	16.2	19.7	11.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	228	195	237	660

**Managers, But NOT Owners Only**

**14. Is the principal owner of this business typically present?**

1. Yes	45.9%	46.3%	30.0%	43.2%
2. No	52.4	52.5	68.9	55.3
3. DK/Refuse	1.7	1.3	1.1	0.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	228	195	237	660

**15. Do you manage the business even when the principal owner is present? (If “Yes” in Q#13.)**

1. Yes	93.8%	94.6%	96.3%	94.2%
2. No	5.6	5.4	3.7	5.3
3. DK/Refuse	1.7	—	—	0.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	104	90	71	265

**16. Are you related to the principal or other owner?**

1. Yes	34.3%	20.0%	12.4%	28.4%
2. No	65.4	78.8	86.5	71.1
3. DK/Refuse	0.3	1.3	1.1	0.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	228	195	237	660

**17. Is it highly likely, possible, doubtful, or highly unlikely that some day you will own and operate this business?**

1. Highly likely	56.0%	67.5%	71.9%	60.5%
2. Possible	11.4	8.8	9.0	10.6
3. Doubtful	14.5	12.5	9.0	13.2
4. Highly unlikely	15.9	11.3	7.9	13.8
5. DK/Refuse	2.2	—	2.2	2.0
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	228	195	237	660

**18. Which best describes the principal owner's current activity?**

1. Works in this business	52.6%	60.5%	53.3%	54.9%
2. Works in a different business that he/she owns	14.5	11.1	17.8	14.5
3. Works in another organization that he/she doesn't own	7.7	6.2	3.3	6.7
4. Semi-retired	7.7	11.1	10.0	8.6
5. Retired	10.2	2.5	3.3	7.8
6. DK/Refuse	7.4	9.7	12.3	8.4
Total	100.0%	100.0%	100.0%	100.0%
N	228	195	237	660

**Owners, but NOT Managers**

**19. Is the manager of this business:?**

1. Another owner	53.1%	36.7%	41.7%	50.0%
2. An employee	35.9	63.3	54.2	41.1
3. (Other)	7.8	—	4.2	7.4
4. DK/Refuse	3.1	—	—	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	113	74	64	251

**20. Is the manager a family member of yours or of another owner?**

1. Yes	63.5%	46.7%	37.5%	58.9%
2. No	32.8	53.3	62.5	38.2
3. DK/Refuse	3.7	—	—	2.8
Total	100.0%	100.0%	100.0%	100.0%
N	113	74	64	251

**21. Is it highly likely, possible, doubtful, or highly unlikely that this person will some day own this business, in whole or in part? (If NOT an owner in Q#20.)**

1. Highly likely	33.5%	38.5%	38.1%	34.6%
2. Possible	8.9	7.7	9.5	8.8
3. Doubtful	9.5	15.4	19.0	11.2
4. Highly unlikely	39.2	34.6	23.8	37.1
5. DK/Refuse	8.8	3.8	9.5	8.3
Total	100.0%	100.0%	100.0%	100.0%
N	92	643	54	209

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

**22. Are you personally active in the major decisions affecting the business?**

1. Yes	92.2%	93.5%	95.8%	92.7%
2. No	7.3	6.5	4.2	6.9
3. DK/Refuse	0.5	—	—	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	113	74	64	251

**23. Which best describes your current primary activity?**

1. Working in this business	64.1%	63.3%	91.3%	66.5%
2. Working in another business that you own	9.4	13.3	—	9.0
3. Working in an organization that you don't own	4.2	3.3	—	3.7
4. Semi-retired	16.1	16.7	8.7	15.5
5. Retired	5.2	3.3	—	4.5
6. DK/Refuse	1.0	—	—	0.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	113	74	64	251

**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 issue of the *National Small Business Poll* were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The survey interviews occurred over an extended period beginning in December 2006 and ending in April 2008 from a sample of small employers. The relevant questions were repeated in six different surveys in the *Poll* series. Because the relevant questions applied to relatively few respondents in each survey, multiple surveys were required in order to collect enough cases to be able to say something about managers. Hence, the six regular surveys conducted during the period acted as a type of caravan or omnibus survey. Throughout, “small employer” was defined for purposes of the surveys as a business owner employing no less than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation’s direc-

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

**Table A1**  
**Sample Composition Under Varying Scenarios**

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	3,555	79	2,100	47	2,106	46
10-19	495	11	1,200	27	1,204	27
20-249	4,500	10	1,200	27	1,201	27
All Firms	4,500	100	4,500	101	4,511	100

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



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1201 "F" Street, NW  
Suite 200  
Washington, DC 20004  
nfib.com