



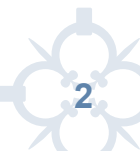
FEDERAL RESERVE BANK *of* NEW YORK

# FRBNY May 2011 Small Business Finances Poll

August 11, 2011

## About the Poll (1 of 3)

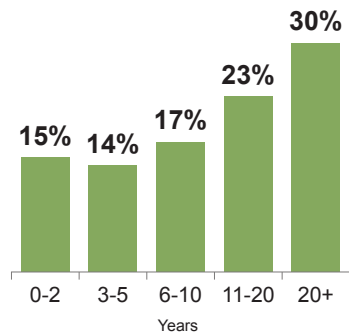
In April and May 2011, the New York Fed's Office of Community Affairs polled 876 small business owners on their recent business performance, business financing choices, and borrowing experiences. The poll was conducted online and distributed through a network of civic and business partners.



# About the Poll (2 of 3)

## 1 | AGE

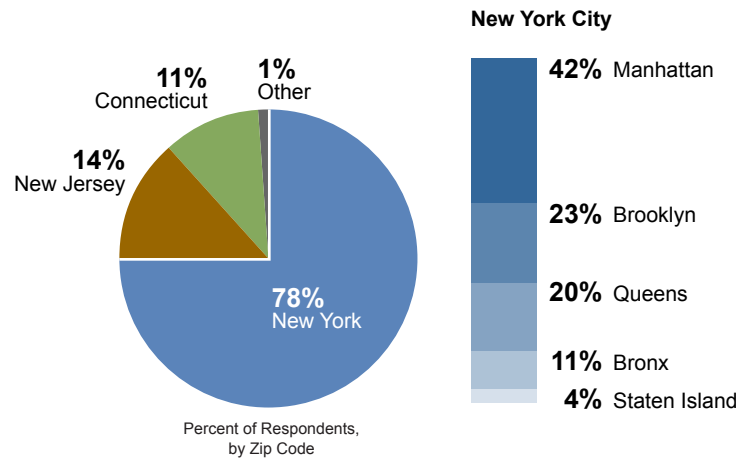
About half of the sample firms are 10 years or younger.



n=867

## 2 | GEOGRAPHY

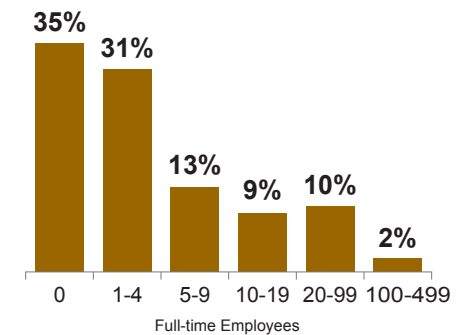
The NYC sample mirrors small business density by borough.



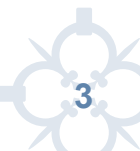
n=876

## 3 | SIZE

66% of respondents employ fewer than 5 employees, similar to the US small business population.



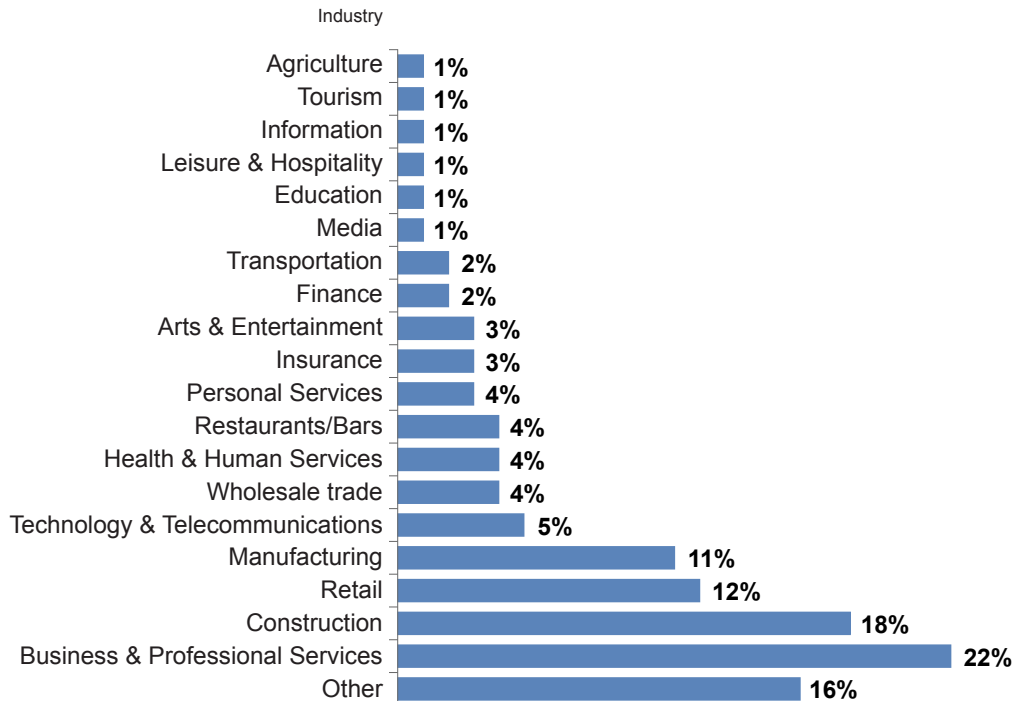
n=869



# About the Poll (3 of 3)

## 4 | INDUSTRY

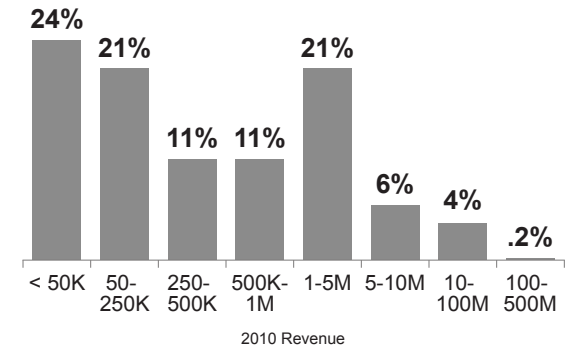
Business and professional services are a larger share of the sample than their composition of US industry, and health and human services are a smaller share.



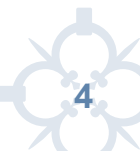
n=868

## 5 | REVENUE

Almost half of respondents had sales of less than \$250,000 during 2010.



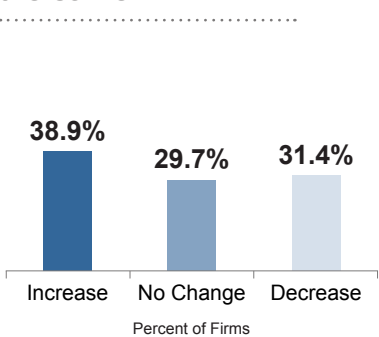
n=822



# Business Performance, Q1 2011

## NEW ORDERS

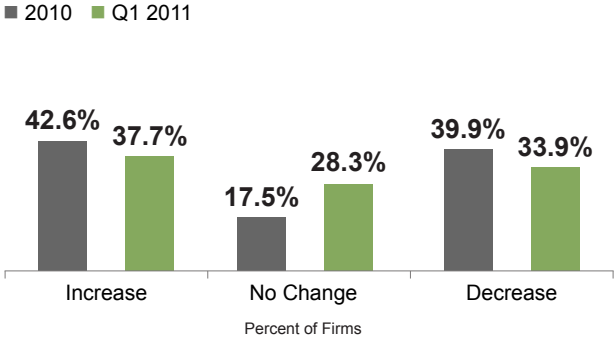
During the last three months, did new orders increase, decrease, or stay the same?



n=831

## SALES PERFORMANCE

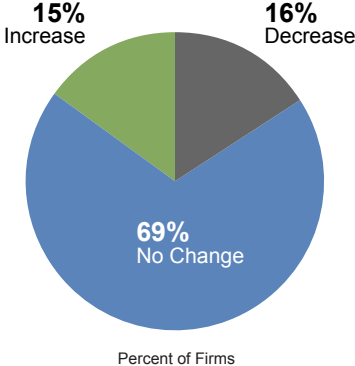
During the last three months, did sales increase, decrease, or stay the same?



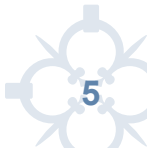
2010: n=840 | Q1 2011: n=869

## NUMBER OF EMPLOYEES

During the last three months, did employment increase, decrease, or stay the same?

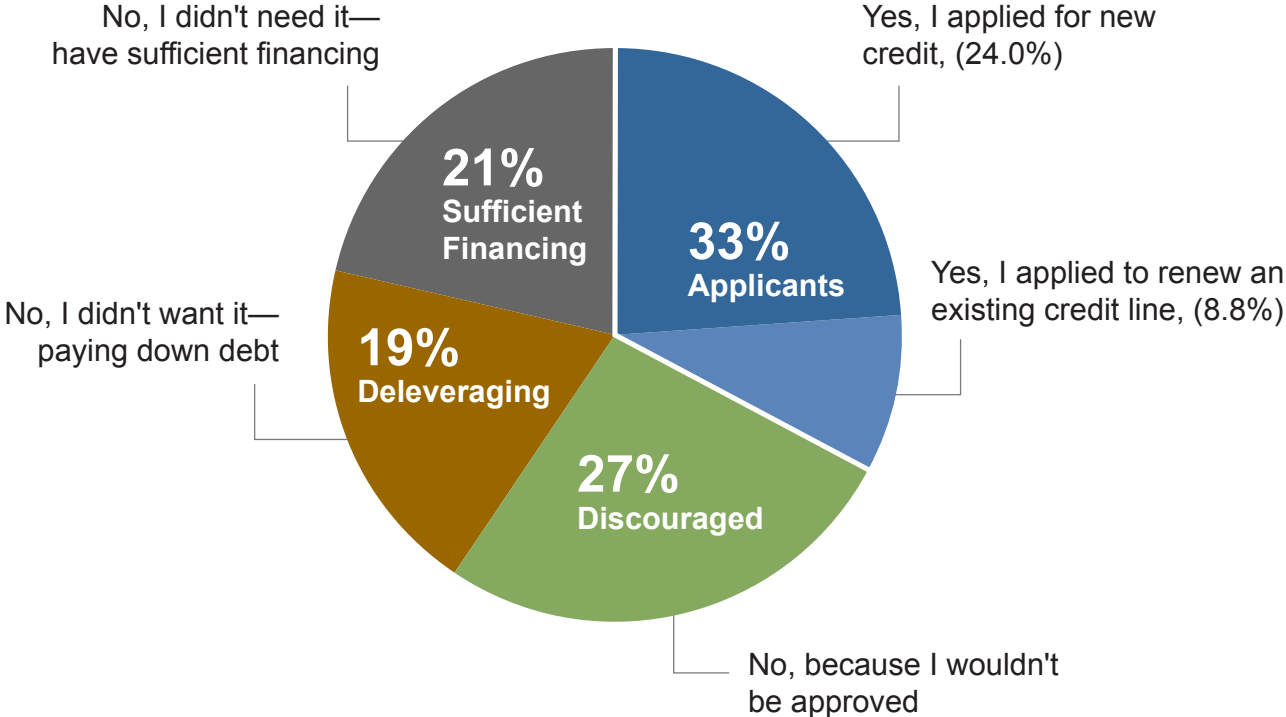


n=828

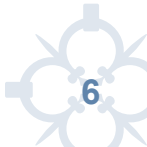


# Credit Groups, Q1 2011

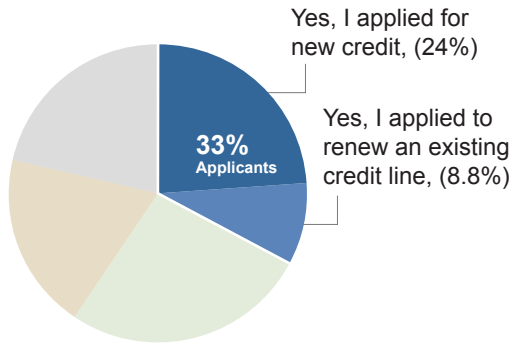
During the last three months, did you attempt to borrow for any business purpose?



n=814

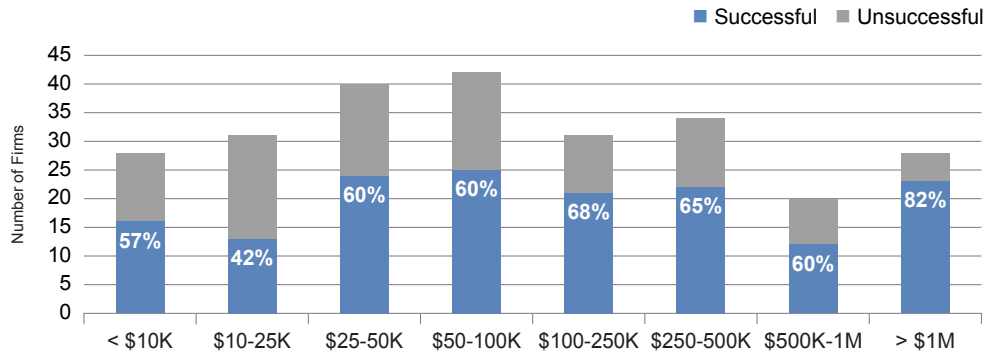


# Credit Applicants, Q1 2011



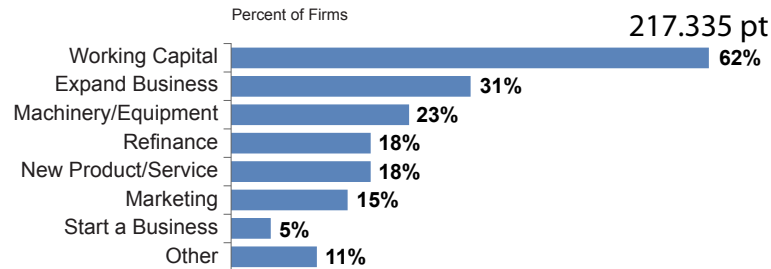
## AMOUNT OF CREDIT SOUGHT

What is the total amount of financing you were seeking for your business?



n=254

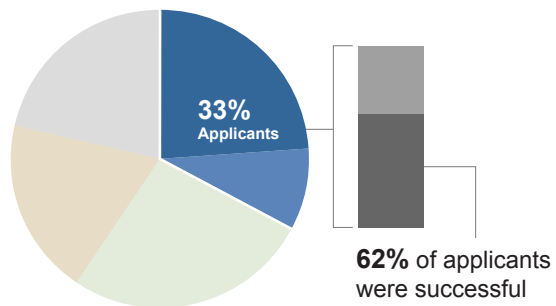
## REASONS FOR SEEKING FINANCING\*



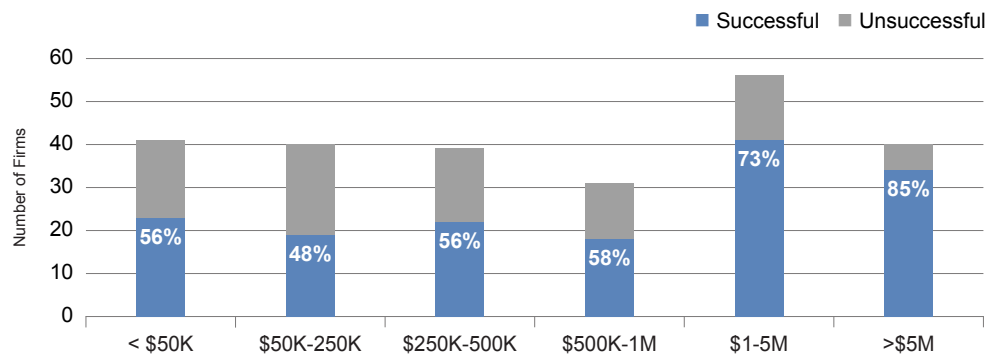
n=316 (\*Applicants were able to select multiple impediments.)

n=814

# Successful Applicants, Q1 2011

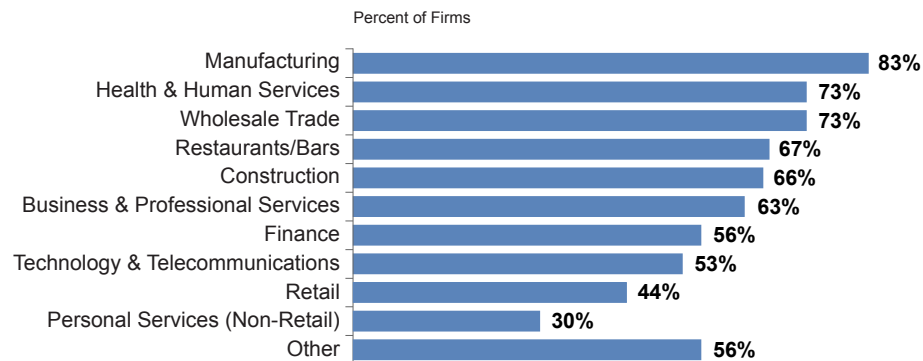


## SUCCESS RATES BY SIZE OF FIRM REVENUES IN 2010



n=247

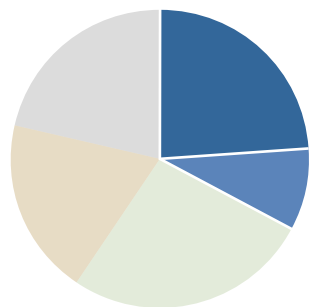
## SUCCESS RATES BY INDUSTRY SECTOR



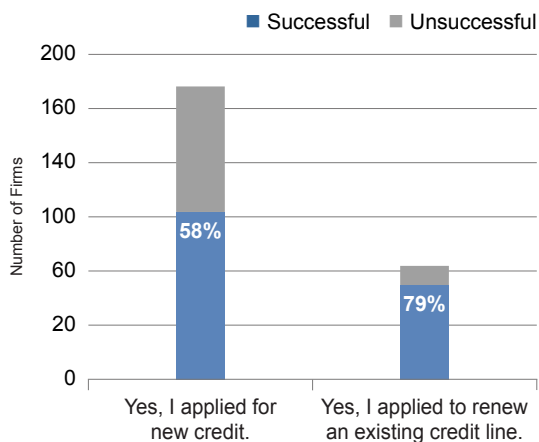
n=256



# Success Rates by Credit Product, Q1 2011

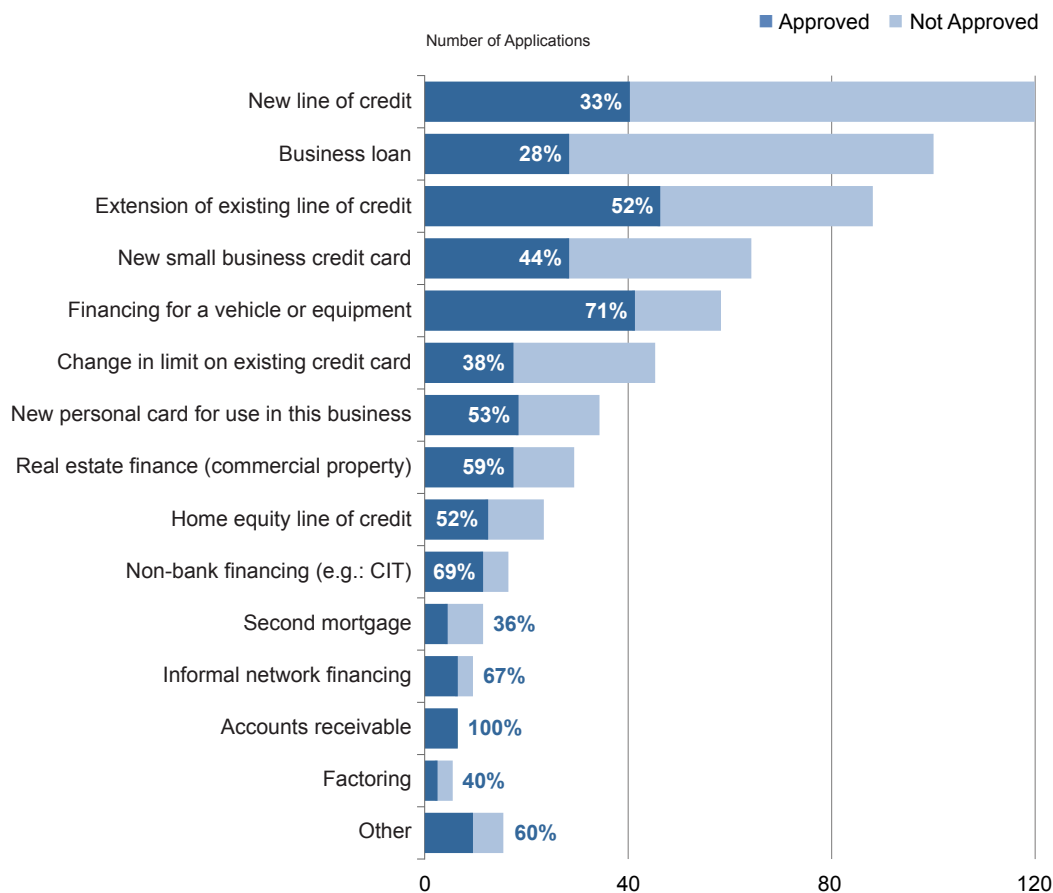


## APPLICANTS FOR NEW OR EXISTING CREDIT



n=241

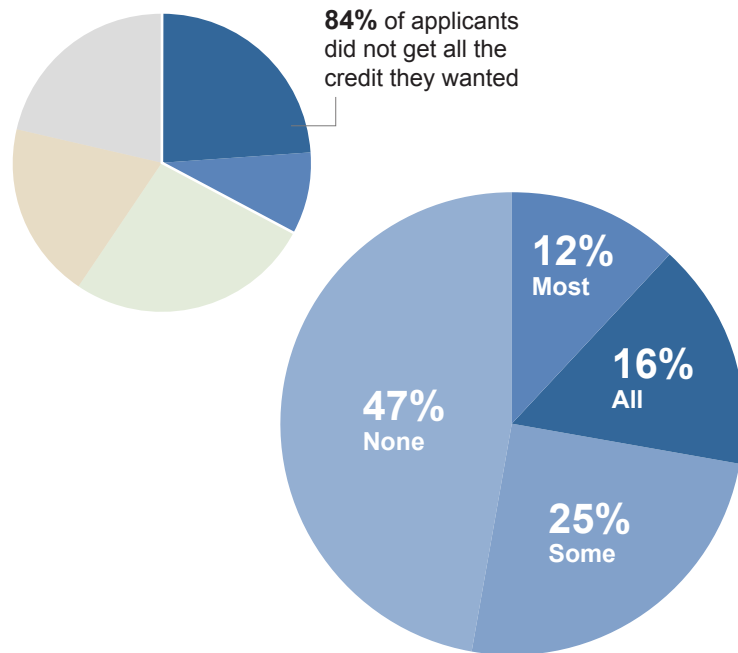
## APPLICATIONS FOR CREDIT PRODUCTS



n=623\* (\*Total includes multiple applications by some firms.)

# Applicant Credit Experience, Q1 2011

During the last three months, has your business been able to get all, most, some or none of the credit wanted?



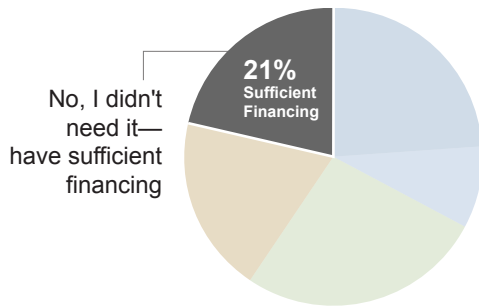
If your business has not been able to get all of the credit you want, why not? (Select all that apply.)

IMPEDIMENTS CITED*	PERCENT
Level of outstanding debt (business or personal)	27%
Weak sales during the last few years	21%
Low credit score	20%
Uneven cash flow	20%
Insufficient collateral	19%
Unwilling to provide personal guarantee	9%
Weak tax documents	8%

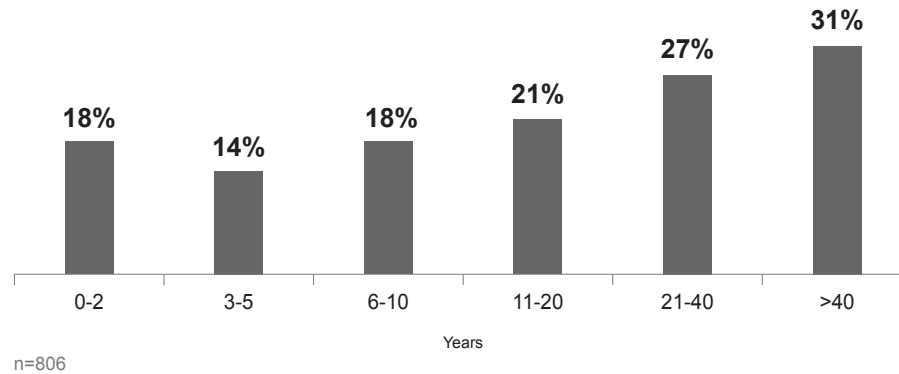
\*Applicants were able to select multiple impediments.

n=234

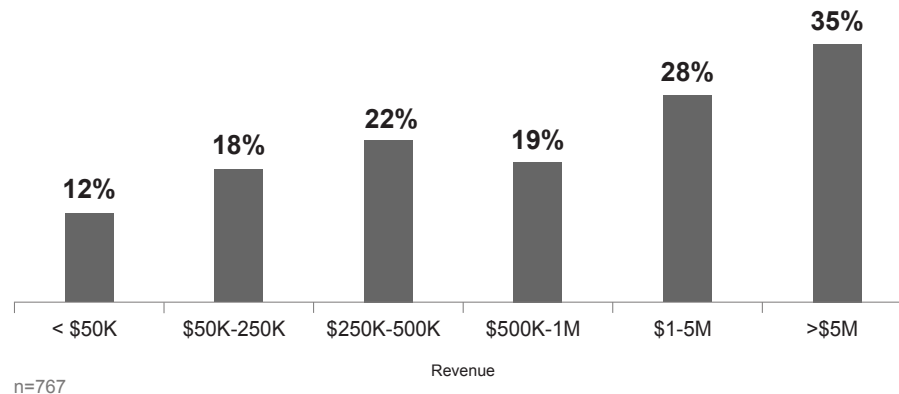
# Non-Applicants: Firms with Sufficient Financing, Q1 2011



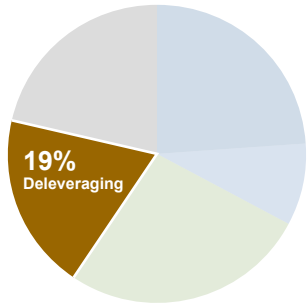
## SUFFICIENT FINANCING AS A PERCENT OF FIRMS IN EACH AGE COHORT



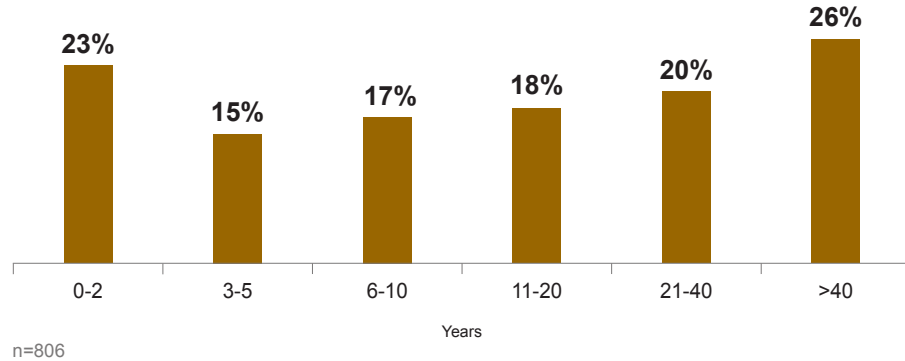
## SUFFICIENT FINANCING AS PERCENT OF FIRMS IN EACH 2010 REVENUE COHORT



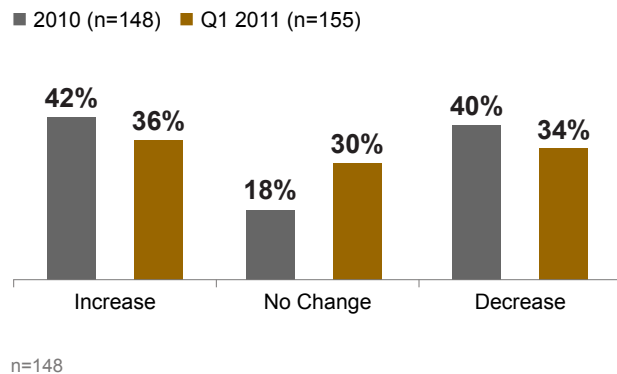
# Non-Applicants: Deleveraging Firms, Q1 2011



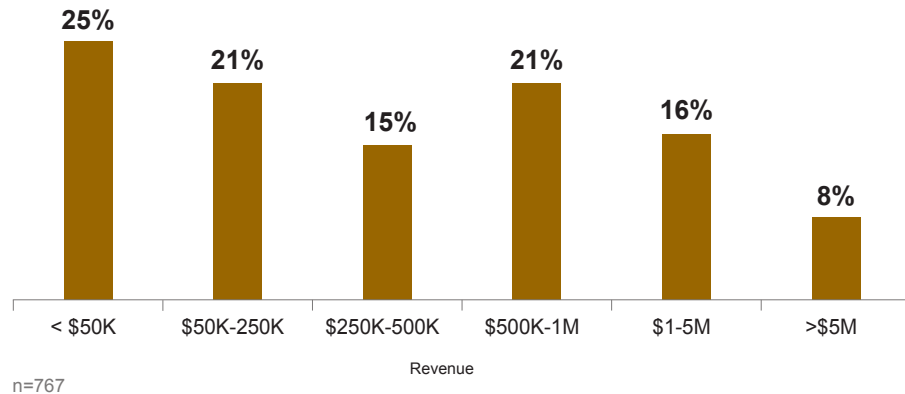
## DELEVERAGING AS PERCENT OF FIRMS IN EACH AGE COHORT



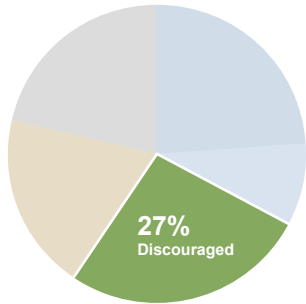
## SALES PERFORMANCE OF DELEVERAGING FIRMS



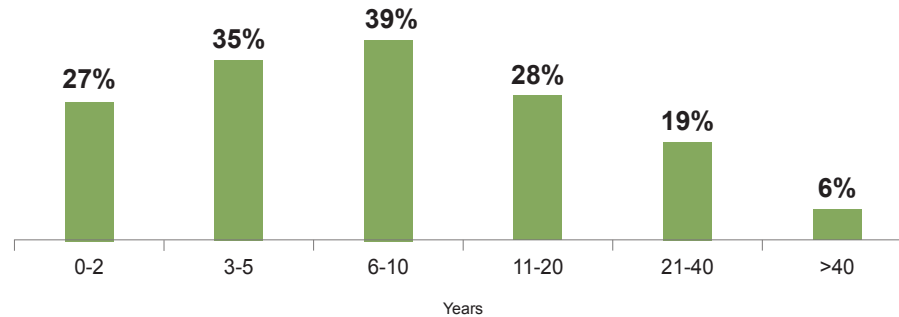
## DELEVERAGING AS PERCENT OF FIRMS IN EACH REVENUE COHORT



# Non-Applicants: Discouraged Borrowers, Q1 2011 (1 of 2)

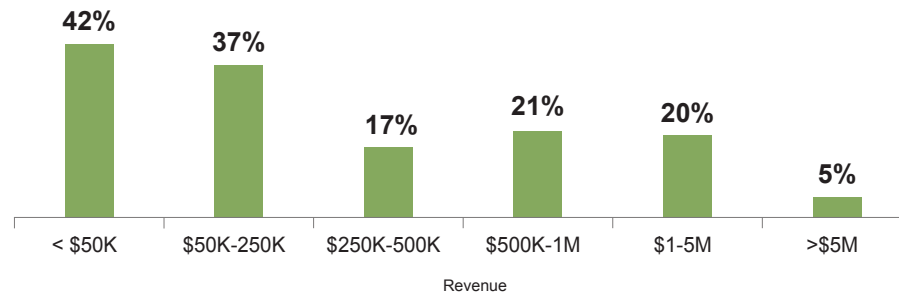


## DISCOURAGED AS PERCENT OF FIRMS IN EACH AGE COHORT

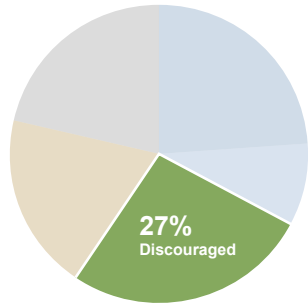


n=806

## DISCOURAGED AS PERCENT OF FIRMS IN EACH 2010 REVENUE COHORT

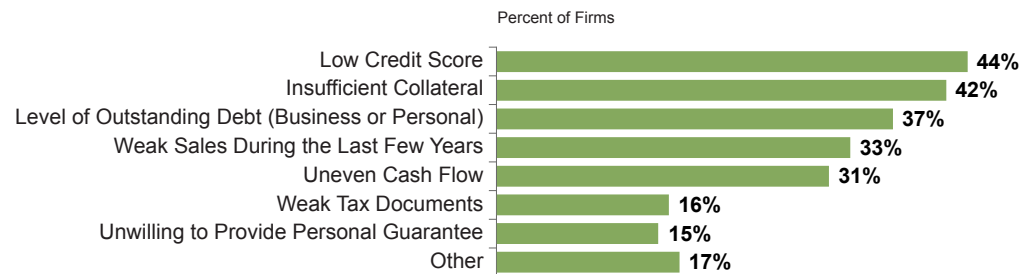


n=767



## REASONS FOR NOT APPLYING FOR CREDIT

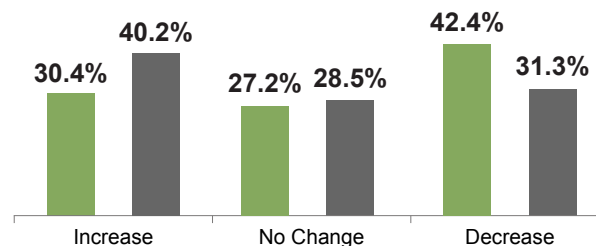
If your business has not been able to get all of the credit you want, why not? (Select all that apply.)\*



n=219 (\*Applicants were able to select multiple reasons.)

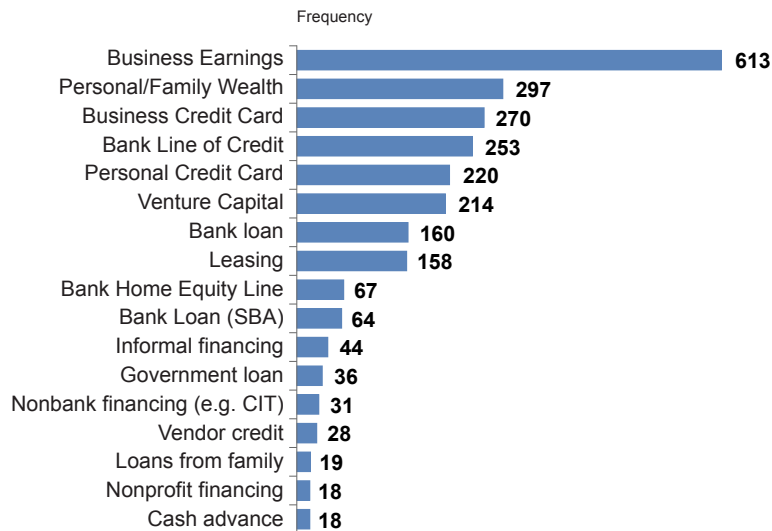
## Q1 SALES PERFORMANCE

■ Discouraged Firms (n=217)  
 ■ All Other Firms (n=649)



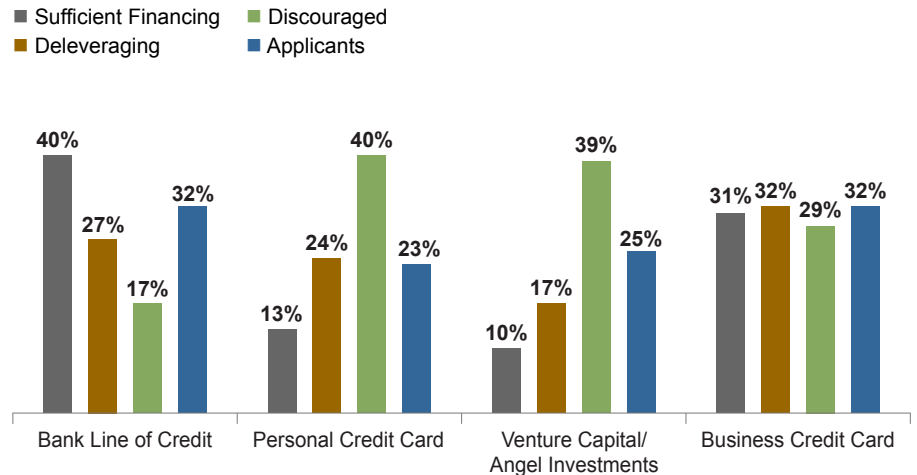
# Financing Sources, Q1 2011

Which of the following are currently the most important sources of financing for your business? (Select up to 3)



n=876

## Select Financing Sources (Bank and Equity) Percent by Credit Group



n=863

# Small Business Borrowers Poll Questions

In April-May 2011, the New York Fed's Office of Community Affairs polled 876 small business owners on their recent business performance, business financing choices, and borrowing experiences. The poll was conducted online and distributed through a network of civic and business partners.

1. Are you a small business owner, small business executive, or an employee?

2. Which organization sent you the poll? \_\_\_\_\_

3. Business name \_\_\_\_\_ 4. Business zip \_\_\_\_\_

5. Please select the industry that best matches your firm's products/services:

- Arts and Entertainment  Manufacturing  Construction  Wholesale  Education  
 Professional and Business Services  Finance  Retail  Personal Services  
 Technology  Health  Transportation  Information  Insurance  Leisure  
 Media  Restaurants/bars  Tourism  Other

6. In what year was your business established? \_\_\_\_\_

## FIRM PROFILE

7. Is your business a certified minority- or woman-owned enterprise? \_\_\_\_\_

8. How many full-time and part-time employees are on your payroll? \_\_\_\_\_

9. During the last 3 months, did sales/revenues, new orders, the number of employees, and employee hours...? {  Increase  No change  Decrease }

10. What were your business' total sales in 2010? \_\_\_\_\_

11. Please describe your business' sales/revenue growth during 2010.

- Significantly Increased  Moderately increased  No change  
 Moderately decreased  Significantly decreased

## FIRM FINANCES

### Financing

12. Please rank the TOP THREE most important sources of financing your business is using now.

- |  |   |
|--|---|
| <input type="checkbox"/> Business earnings             | <input type="checkbox"/> Bank loan                  |
| <input type="checkbox"/> Bank loan with SBA guarantee  | <input type="checkbox"/> Nonprofit loan             |
| <input type="checkbox"/> Government-sponsored loan     | <input type="checkbox"/> Venture capital            |
| <input type="checkbox"/> Loans from family/friends     | <input type="checkbox"/> Line of credit             |
| <input type="checkbox"/> Home equity line              | <input type="checkbox"/> Vendor credit              |
| <input type="checkbox"/> Personal credit cards         | <input type="checkbox"/> Leasing                    |
| <input type="checkbox"/> Business credit cards         | <input type="checkbox"/> Personal wealth            |
| <input type="checkbox"/> Non-bank financing (e.g. CIT) | <input type="checkbox"/> Informal network financing |

13. How many credit cards do you use for business purposes?

14. If you use a business credit card, have you experienced any of the following changes in the terms of credit in the last year?

- |                        |                      |
|------------------------|----------------------|
| Interest rates         | Credit limits        |
| Late payment penalties | Deposit requirements |
- {  Increase  No change  Decrease }

### Credit Needs and Applications

15. During the last 3 months, did you attempt to borrow for any business purpose?

- Yes, applied for new credit  Yes, applied to renew existing credit line  
 No, didn't need it—have sufficient financing  No, didn't want it—paying down debt  No, wouldn't be approved.

16. During the last 3 months, did you apply for the following types of credit and were you approved?

	Applied?	Approved?
Financing for a vehicle or equipment	<input type="checkbox"/>	<input type="checkbox"/>
New line of credit	<input type="checkbox"/>	<input type="checkbox"/>
Extension of existing line of credit	<input type="checkbox"/>	<input type="checkbox"/>
Business loan	<input type="checkbox"/>	<input type="checkbox"/>
New small business credit card	<input type="checkbox"/>	<input type="checkbox"/>
New personal business card for use in this business	<input type="checkbox"/>	<input type="checkbox"/>
Change in limit on existing credit card	<input type="checkbox"/>	<input type="checkbox"/>
Home equity line of credit	<input type="checkbox"/>	<input type="checkbox"/>
Factoring	<input type="checkbox"/>	<input type="checkbox"/>
Accounts receivable	<input type="checkbox"/>	<input type="checkbox"/>
Non-bank financing	<input type="checkbox"/>	<input type="checkbox"/>
Informal network financing	<input type="checkbox"/>	<input type="checkbox"/>
Second mortgage	<input type="checkbox"/>	<input type="checkbox"/>
Real estate finance (commercial property)	<input type="checkbox"/>	<input type="checkbox"/>

17. What is the total amount of financing you were seeking?

18. Select the reason(s) why you attempted to borrow:

- Start a business  Purchase equipment  Develop new products  
 Marketing  Refinance debt  Working capital  
 Expand business

### Credit Outcomes and Future

19. During the last 3 months, has your business been able to get all, most, some, or none of the credit wanted?

20. If your business has not been able to get all of the credit you want, why not?

- Low credit score  
 Insufficient collateral  
 Unwilling to provide personal guarantee  
 Weak tax documents  
 Uneven cash flow  
 Level of outstanding debt  
 Weak sales during the last few years

21. Excluding marketing, how important are the following support services to your ability to grow your business...?

{ Rate these from a scale of 1-5, not all important to very important }.

- Business Planning  
 Financial Management  
 Help identifying and applying for financing  
 Access to networking with other businesses  
 Help with city/state regulations  
 Legal assistance  
 Employee recruitment and training resources