

Pretest Two Report

2003 SURVEY OF SMALL BUSINESS FINANCES

PREPARED FOR:

BOARD OF GOVERNORS OF THE FEDERAL RESERVE

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AUGUST 16, 2004

Table of Contents

1. INTRODUCTION.....	3
2. CATI QUESTIONNAIRES.....	5
3. TRAINING.....	15
4. CONTACT MATERIALS	18
5. SAMPLE	22
6. DATA COLLECTION.....	25
7. INTERVIEWERS	33
8. SYSTEM INTEGRATION	35
9. DATA DELIVERY	37
10. APPENDIX.....	39

1. Introduction

This document describes the procedures and results of the second pretest of the 2003 Survey of Small Business Finances (SSBF). The SSBF is a study of the factors affecting the availability of credit to small businesses. The main purpose of the second pretest was to test the CATI instruments and data collection procedures for the study.

Pretest One. The first SSBF pretest was conducted in March-April 2004. The dates of pretest one data collection were March 10 – April 6. A final report for SSBF pretest one was delivered to the FRB on May 13, 2004; a copy of that report is available from the FRB or NORC.

Pretest Two. The second pretest was conducted in May-June 2004, one month following the end of the first pretest. The data-collection period for pretest two was May 11 – May 27, about two and a half weeks. The primary purpose of pretest two was to test changes that had been made to the instruments in pretest one, and to further test and identify any remaining bugs in the questionnaire programs and other computer systems used for data collection.

The list of specific objectives for pretest two was similar to, though less extensive than, those for pretest one:

- Test enhancements to the telephone number management system (TNMS) made as a result of pretest one.
- Test revisions to the CATI instrument made since pretest one. These changes include revised introductions, and recoding and rewording of some questions. There were also some CATI features, such as a financial institution look-up table and subsequent skip logic, that were complex and required testing in both pretests.
- Test the ability of the screener to assign correct eligibility codes.

In addition, for pretest two we wanted to examine the possible effects of including a “buck slip” with the prescreening letter respondents receive before being called. The buck slip was designed as a stand-alone piece to give a recipient key information about the survey, even if the recipient elected to not look at the project-director letter or other components of the mailing. A copy of the buckslip is shown in the Appendix.

Assessing completion rates was not an objective of either pretest one or two. For each pretest, NORC was contractually obligated to complete 50 main interviews with small business owners whose businesses were determined to be eligible for the survey based on a brief screening interview. In order to ensure the completion of 50 main interviews in the short data collection period allowed for each pretest, NORC selected larger-than-necessary pretest samples.

The body of this document is organized into nine sections, corresponding to the main steps of the survey. In each section, we describe what we did for the second pretest, how it worked, and finally, the changes we propose, if any, for the main survey. The Appendix contains documents that are either newly developed as a result of our experience conducting the second pretest, or significantly modified from those used in the second pretest.

2. CATI Questionnaires

The 2003 Survey of Small Business Finances uses two separate computer-assisted telephone interviewing (CATI) questionnaires. There is a screening questionnaire to identify firms that meet the eligibility criteria for the survey. (See Section 5 for a description of the target population for the survey.) There is also a main interview questionnaire, which is administered to respondents who complete the screener interview and qualify for the study. The performance of each of these questionnaires in pretest two is discussed in this section.

2.1 *Screening Questionnaire*

The screening questionnaire is a brief instrument designed to identify firms that meet the eligibility criteria for the survey. During the pretest, we were particularly concerned with how this instrument performed in terms of helping interviewers navigate past gatekeepers to reach an appropriate survey respondent, the wording and order of the questions, and the performance of the zip code look-up, particularly its accuracy and response time. Each of these issues is discussed in the following sections.

Based on observation and interviewers' comments after pretest one, NORC modified the screener for pretest two. Those changes are described in the sections below.

2.1.1 Introduction Script

Pretest two interviewers reported being more successful in this pretest, compared to the first pretest, in getting past gatekeepers, locating respondents and securing cooperation. A number of changes made between the pretests made the introduction more effective:

- The script was shortened and revised to be more effective at gaining cooperation. Interviewers were provided with optional responses on their CATI screen to use to overcome objections and provide additional information.
- Interviewers did not have to identify themselves or NORC until they were speaking to a potential respondent, i.e. an owner or owner-proxy. Interviewers were instructed to introduce themselves as few as times as possible – ideally, just once, to the owner or owner-proxy.
- Response options were expanded. In pretest two, interviewers had the option to speak to another owner who may be present if the D&B-listed owner is unavailable. In addition, a response was added to both the screener and main questionnaire for the situation in which an owner will *never* be available during the data collection period; in those (rare) situations, an interviewer has the option to immediately seek out an owner-proxy. In pretest one, an owner had to be asked for in three separate call attempts before the CATI allowed an interviewer to skip to the question asking to speak to an eligible owner-proxy.

In addition, pretest two interviewers received additional practice in overcoming objections using their own words. During training, interviewers practiced reading and paraphrasing the additional prompts that had been added to the introductory script.

Though much improved from pretest one, getting past gatekeepers, finding qualified respondents and securing respondents remain substantial challenges for this study. The following changes came from debriefing pretest two interviewers and from internal team discussions; these changes will be implemented in time for the main study, and are designed to improve cooperation and responsiveness:

- Increase the number of prompts at A1 from two to three, with increasing amounts of information. In training, new interviewers will be encouraged to read the prompts verbatim until they are familiar enough with the language to paraphrase the prompts using their own words.
- Emphasize, if needed, that the interviewer is calling from the University of Chicago. Interviewers felt that the institution carries significant prestige as a calling card, especially among professional firms (physicians, lawyers) and more educated respondents.
- Provide an option for an interviewer to say he or she is calling on behalf of the *United States* Federal Reserve Board, rather than just the Federal Reserve Board. Some interviewers said they encountered gatekeepers who seemed unsure of who the FRB is; the prefix makes it more clear that the study is being conducted on behalf of a government entity, not a private company.
- Add a job aid (see Appendix) that lists the top-ten reasons to participate in the SSBF. The reasons were developed in a brainstorming session of supervisors and key members of the SSBF project team, and were based on overcoming the most often-heard objections to participating in the survey.
- As much as possible, refer to SSBF as a study, and not a survey. Interviewers say survey is a red flag for many gatekeepers, who have instructions from their bosses to not let any survey-takers through the gate.
- Shorten the scripts used to leave a message for the owner on an answering machine or voice mail. Interviewers say the current scripts provide too much information and sound too much like telemarketing scripts; they also recommend including the owner's name in the message, and to develop different versions of the script depending on whether the message is being left on an answering machine or on voice mail. The revised scripts are in Job Aid #6.

2.1.2 Zip Code Look-Up

The zip code look-up worked well in pretest two for both the screening and main interviews. Interviewers reported negligible response time, and respondents confirmed that the correct city and state were being returned by the program. No revisions to the zip code look-up are planned for main production.

2.1.3 Question Order

The screening questionnaire was designed to first identify the owner or owner proxy; next, to confirm that we are calling the correct firm; third, to determine the eligibility of the firm, and finally, to collect information from eligible firms needed for the worksheet mailing. The question order in the screening interview seemed appropriate in production, as designed.

During the pretest debriefing, the interviewers did not report any problems with the order of the screener questions. Also, review of the item frequencies revealed that the bulk of the ineligible firms were identified early in the series of eligibility questions, with few firms deemed ineligible on the last two questions (Table 1).

Table 1. Eligibility Rates by Questions

	Yes	No	DK/RF	N
A3. BUSINESS OPERATING IN DEC03	97%	3%	0%	332
A3.1 BUSINESS CURRENTLY IN OPERATION	98	2	0	323
A5 FIRM OWNED 50%+ BY ANOTHER FIRM	6	93	0.6	317
A6. FIRM IS FOR PROFIT	95	5	0.3	294
A7. FIRM OWNED BY GOVERNMENT AGENCY	0	100	0	279
A8.1 / A8.2 FEWER THAN 500 PEOPLE*	98	0.3	2	264

*Working owners and non-owner employees combined

2.1.4 Question Wording

The wording of screener questions worked well. The expanded response options to the first question (A1), asking for the owner, provided interviewers with an adequate response frame, compared to pretest one. The additional responses were:

- The owner is never available for the survey
- The D&B-provided owner is not available, but another owner is available
- The owner has designated a proxy, and the proxy is available
- The owner has designated a proxy, and the proxy is not available

During pretest one, we encountered a problem with determining if we had reached the company's main headquarters (questions A9, A9.1, and A9.2): the problem with the question was that it may have screened out eligible firms. This error would have occurred when we reached the owner at a location other than the main headquarters (such as at home, or at another, separate business owned by that individual), or were interviewing the firm's accountant who did not work at the firm.

For pretest two, we took a different approach. We first identified if a firm has one location or more than one location. Most small businesses are single-location organizations (82% in pretest two screening), and for those firms we could safely assume we are calling the headquarters or main office (since there are no other locations that could be called for that firm).

For multiple-location firms, we asked if the D&B-provided physical address was for the firm’s headquarters, a branch location or neither. In pretest two, all of the 49 respondents were able to answer this question, i.e. there were no DKs or RFs. Finally, if a respondent said that the D&B-provided physical address was neither the firm’s headquarters or any branch location, we asked if the address had ever been for the HQ or branch.

The new questions worked well. Interviewers had no difficulty administering the questions, and the questions were clear in identifying if a record represented a firm’s headquarters, in which case the interview continued, or if it represented a firm’s branch or other location, in which case the interview was terminated and coded as ineligible.

For question A10.2, “What is the single most important problem facing your business today?”, the pretest two list of response codes appears to have been inadequate. One hundred and eighty three responses (66%) were coded *Other* to this question. For main production, we recommend reviewing the Other responses from pretest two to determine if the response frame needs to be changed or expanded. We will also review whether interviewers need more training in working with respondents to find the code that correctly captures the response.

2.1.5 Sensitive Questions

We did not expect any of the screener questions to be considered as sensitive by respondents, as the screener generally confirms information that is publicly available about the firm. Our experience with the screener in pretest two supported our initial expectation. There were very few eligibility questions that respondents refused to answer, or did not know the answer (Table 2). Also, during the debriefing, interviewers did not report that any of the screener questions were considered sensitive by respondents.

Table 2. Counts of DKs and Refusals for Eligibility Questions (Not Percentages)

	DK	RF	Total
A3. BUSINESS OPERATING IN DEC03	0	0	0
A3.1 BUSINESS CURRENTLY IN OPERATION	0	0	0
A5 FIRM OWNED 50%+ BY ANOTHER FIRM	2	0	2
A6. FIRM IS FOR PROFIT	1	0	1
A7. FIRM OWNED BY GOVERNMENT AGENCY	0	0	0
A8.1 NUMBER OF WORKING OWNERS	3	1	4
A8.2 NUMBER OF WORKERS	5	0	5

From pretest one, interviewers believed that many respondents seemed uncomfortable providing an email address, and that this part of the interview was occasionally awkward. For pretest two, we softened the language used to ask respondents for an owner’s email address, and provided an optional interviewer prompt that explained the (benign) purpose of asking for an email address. Interviewers said that they sometimes read the prompt and that, on the whole, this part of the interview went more smoothly than in pretest one.

In pretest two, half (50%) of respondents provided an email address in the screening interview. Just two respondents refused to answer the question, and one respondent said he or she did not know if the firm’s owner had an email address.

2.1.6 Screener Logic

The logic in the pretest two version of the screening questionnaire worked well, and was an improvement over pretest one, especially for the first question. As discussed, for pretest two we added response options for A1 to allow interviewers, in appropriate situations, to ask for a qualified owner-proxy before three calls had been made to the firm. The logic proved very effective when, for example, the owner would not be available during the entire data-collection period, but the interviewer was speaking to a qualified proxy-owner.

The exceptions to the three-call-attempt rule for finding the owner were presented during training, and trainees were instructed that in almost all cases the rule still applied. We cannot verify it to be true, but through observation we believe that interviewers followed the three-call rule, except in the designated situations in which the rule could be circumvented, e.g. an owner had designated a proxy, or the D&B-provided owner would never be available during the production period.

In pretest two, we verified that we had the correct physical address of the firm's headquarters. A physical address is not necessarily the same as a mailing address – the latter can be a rural route or P.O. Box. The wording of the questions in this section emphasized the focus of a physical address, and we added interviewer prompts to read when a respondent indicated that the firm's physical address was a rural route or P.O. Box. There were no DKs or RFs to the question asking if the firm's physical location was the street address, city, state and zip provided by D&B.

Through observation and interviewer debriefing, it was clear that respondents understood the logic of being asked about the firm's physical address, and that it was appropriate to collect address information after qualifying the respondent for the main survey. (This logic was not changed from pretest one.)

Following the section on the firm's physical address, the screener asked the respondent to provide an address to which Federal Express could send a package to the owner. This logic worked well. Respondents, generally, understood that they needed to provide an address to which Fedex would deliver – as with the physical address, rural routes and P.O. boxes do not qualify – and that the objective was to get the package to the owner (as opposed to an owner-proxy).

2.1.7 Question-by-Question Specifications (QxQs)

Some question-by-question specifications (QxQs) were shortened for pretest two, based on interviewers' comments after pretest one that some QxQs were too long to use in an interview. An exception to the rule of shortening QxQs was A10.1, which asks about firm type. For this question, information that had appeared as part of the CATI screens was moved to the QxQ; the result was that the entire question and response codes could appear on a single CATI screen, rather than multiple screens. Interviewers preferred the consolidated approach, and still had the explanatory information available to them, albeit a keystroke away to bring up the QxQ screen.

For the QxQ for A8.1, we added an instruction to ask respondents to count each active owner, even if he or she only worked part-time for the firm, as one owner in answering this question.

2.2 *Main Interview*

This section discusses the performance of the main interview questionnaire during the first pretest. Of particular concern were the introduction script, the institution look-up, question order, question wording, questionnaire logic, and the QxQs.

2.2.1.1 Introduction Script

As with the introduction script in the screening questionnaire, the introduction for the main questionnaire was found to be too long in pretest one. Interviewers said respondents did not need all the information in the script, and in fact, the current script length sometimes annoyed respondents. NORC proposed that this script be shortened for pretest two.

In pretest two, the main-quex introduction script was changed in ways similar to the screener introduction script: it was made shorter and designed to work harder to get past gatekeepers to the owner. Specific changes were:

- Interviewers no longer had to identify themselves until reaching an owner.
- The first question provided additional response options, similar to those provided for screener A1, and also provided additional prompts interviewers could use to get past gatekeepers.

We also eliminated questions related to the firm's mailing address, because the FRB and NORC had determined that the only address necessary for analysis was the firm's physical address. For NORC's purposes, the only necessary address was the one to which the worksheet mailing could be Fedex'd to the owner. If the preloaded mailing address was incorrect, a respondent could have been asked as many as 14 questions to update the address – all those mailing-address questions were deleted from the beginning of the pretest two main questionnaire.

For pretest two we also added questions to capture the name and title of a designated proxy, for a situation that occurred in pretest one – namely, the owner has designated a proxy to take the entire main interview, the interviewer is directed by the gatekeeper to the proxy, but the proxy is not available. With the new questions, the name and title of the owner-designated proxy are readily available to the next interviewer working the case.

With these changes, Section A worked fine, with several exceptions, discussed below.

- Interviewers wanted a way to see the Fedex mailing address early in an interview, whenever a respondent claimed he or she had not received the worksheet mailing. With the address in front of them, interviewers could confirm whether the worksheet was sent to the correct location. Since claiming to have never received the worksheet package is a not uncommon stalling tactic in SSBF, being able to confirm that the package went to the right address was a tool interviewers could use to defeat the stalling tactic.

- For main production, we agreed to add a hot key interviewers could invoke to bring up the firm's Fedex mailing address, as well as the firm name and owner's name, during Section A. (After Section A, invoking the same hot-key combination invoked a break-point screen.) Interviewers told us they like having the firm name and owner name handy when they are beginning a call; during the pretests these interviewers would often write the names on a piece of paper. It made sense, then, to make a screen that would contain all of this basic information.
- We reversed the order of A4.1 and A4.1.1, so that an interviewer first asks for a proxy's name, and then his or her title. This order is more intuitive and appropriate than the opposite order.

2.21.2 Branch Look-up and Subsection H

The significant changes made to the branch/institution look-up following pretest one made the procedure far more user-friendly in pretest two. Interviewers said that other than the institution file being somewhat out of date, the procedure worked fine.

Throughout pretest two, NORC worked with FRB to test the logic in SKIP57. The primary purpose of SKIP57, which follows zip code, branch and financial institution look-ups in subsection H, is to ensure that a distance question is always asked in the correct situations, and is not asked unnecessarily in other situations. The distance question should be asked when the firm's main office and the branch used most often of the financial institution being discussed reside either in the same MSA or the same county.

While the concept is fairly straightforward, getting the logic of SKIP57 to work correctly proved challenging. The skip needs to handle a number of scenarios, including unusual ones, such as when a respondent cannot identify a financial institution's location because he or she deals with the institution entirely by telephone or over the Internet. When the zip codes of both the institution and the firm are known, another look-up function determines if a match exists for either MSA or county.

NORC has continued to work on SKIP57 up to the time of main production, and in its interim data deliveries to FRB during main production, the logic of SKIP57 is carefully checked and tested.

During the pretest debriefing, interviewers reported that they could usually find the reported branch in the institution look-up table, and that the response time for the look-up was good. Some interviewers expressed surprise at the large number of respondents who knew the zip codes of their banks. In fact, in one in four (25%) situations in which a respondent was asked for the zip code of the branch of the financial institution he or she uses most often, the answer was DK (Table 3). In 71% of such situations respondents *were* able to provide a zip code.

Table 3. Responses to H5 – What is the Zip Code of Branch?

Question	Total	Zip Provided	DK	R
H5_1	68	61	5	2
H5_2	49	33	15	1
H5_3	26	13	12	1
H5_4	14	8	5	1
H5_5	8	4	2	2
H5_6	3	1	2	0
H5_7	1	0	1	0
H5_8	1	0	0	0
TOTAL	169	120	42	7
TOTAL %	100%	71%	25%	4%

The zip code database appears to have a high degree of accuracy. As shown in Table 4, of the 120 situations in which respondents provided the zip code of a branch of financial institution, 93% of the time the database returned a city and state that the respondent confirmed as correct for that branch location.

Table 4. Responses to H5 and H5_1 – Zip Code Confirmed by City and State

Question	Zip Provided	Match Recorded*	Match Confirmed*
H5_1	61	61	61
H5_2	33	32	31
H5_3	13	13	13
H5_4	8	7	1
H5_5	4	4	4
H5_6	1	1	1
H5_7	0	0	0
H5_8	0	0	0
TOTAL	120	118	111
TOTAL %	100%	98%	93%

*H5_1 is asked when interviewer records a match. This question confirms that the branch is in the city and state associated in the database with the zip code.

Respondents were given the opportunity to provide a false name for a financial institution or other source of credit, as a way to protect the confidentiality of the source. These fake names were excluded from the institution look-up. In pretest two, in seven cases a respondent chose to not provide the real name of an institution or other credit source.

Table 5 shows the number of bank IDs captured at each pass. At the FRB's request, NORC can provide additional analysis of the how well the subsection H look-up functions performed in pretest two.

Table 5. Number of Bank IDs Captured on Each Pass

Question	Bank ID Captured*	Multiple Bank IDs Captured
H6_1	46	17
H6_2	17	6
H6_3	7	5
H6_4	4	1
H6_5	0	3
H6_6	0	0
H6_7	0	0
H6_8	0	0
TOTAL	71	32

2.21.3 Question Order

The order of the questions in the main interview questionnaire appeared logical to both interviewers and respondents in the pretest, except for A4.1 and A4.1.1, as noted above.

2.21.4 Question Wording

Generally, question wording was fine in the main questionnaire in pretest two. As a result of the pretest, the team made a number of punctuation and other minor wording changes to some questions. Typos were corrected. In a few instances, a word or two could be dropped from a question without altering the question's meaning.

The stems, substitutions and optional reads amended to the questionnaire after the first pretest worked well in pretest two. They reduced repetition and made the wording more natural, less stilted. Interviewers appreciated these changes, which made interviews a bit less burdensome. The changes fell into three camps:

- For questions read many times, making the first part of the question an optional stem.
- Allowing interviewers the option to substitute “firm” or “company” rather than reading the full firm name, for some questions.
- Allowing interviewers the option of not reading the phrase “the fiscal year ending [DATE OF FISCAL YEAR]” for some questions.

Finally, pretest interviewers reported that the questions that require the respondent to compare company performance in different years are confusing as currently worded. The interviewers suggested that these questions be reworded to mention the most recent year first, then the prior year.

2.21.5 Questionnaire Logic

Except where noted elsewhere in this section, the logic of the main questionnaire was appropriate. Also, in subsection C, an instruction was added so that when ownership was split equally between or among owners, partners or shareholders, an interviewer is instructed to ask to talk about the respondent first, rather than another owner. The reason for the prompt is to enable questions in subsection U to be about the respondent, and not another individual.

In addition, a break-point screen was enhanced and given greater emphasis in future training sessions, based on pretest two. In this pretest, knowledge of the break-point screen was fairly low, meaning a fair number of interviewers of when to invoke the break-point screen and how to use it.

2.21.6 Question-By-Question Specifications (QxQs)

In general, pretest interviewers found the QxQs in the main interview helpful for defining financial terms to respondents. The primary negative comments were that QxQs need to be written in shorter sentences, and reformatted to break up large blocks of text to make it easier to retrieve the needed clarification.

In addition, the FRB identified a number of factual errors in the QxQs, especially for some of the financial subsections. NORC will make these changes to the QxQs in time for main production – improving their accuracy based on FRB feedback, and improving their usability based on interviewers' feedback.

3. Training

This section describes the training of telephone interviewers for pretest two.

All pretest two interviewers had participated in pretest one, including the five days of SSBF-specific training that preceded the first pretest. Since they were seasoned SSBF interviewers, extensive training for pretest two was not necessary. Accordingly, NORC was able to cover all the training objectives in one day.

The primary objective was to present the changes to the instruments made since pretest one, and give interviewers the opportunity, through a mock interview, to familiarize themselves with the new versions of the CATI instruments. In addition, the session provided additional training and practice on getting past gatekeepers and securing cooperation.

The training session took place at NORC's Downers Grove Telephone Center on May 10, 2004. Participants included the ten interviewers, six members of NORC's project management staff, and two staff from the Federal Reserve Board. The materials for the training consisted of an agenda, training guide, and interviewer reference manual. The agenda is shown below. The training guide and interviewer reference manual were essentially unchanged from pretest one, except for:

- Several updated job aids
- Pictures of the new PowerPoint slides that were created specifically for pretest two training

The one day of training was divided into twelve modules (Table 5). The session started with an overview of changes made since pretest one – and how many of the changes made the interviews shorter and less burdensome – which set the stage for more detailed, section-specific modules of what had changed. One hour was spent discussing TNMS changes and the revised screener questionnaire.

Table 5. Pretest Two Training Topics and Schedule

Module	Topic	Duration	Time
1	Welcome, Introductions, Overview of Training, Purpose of Pretest Two	15 min	8:30 – 8:45
2	Overview of Changes Made for Pretest Two	30 min	8:45 – 9:15
3	TNMS Changes and the Revised Screening Questionnaire	60 min	9:15 – 10:15
4	The Revised Main Interview Questionnaire – Section I	45 min	10:30 – 11:15
5	Main Interview – Subsections E: Use of Deposit Services, and F: Use of Credit and Financing	60 min	11:15 – 12:15
6	Main Interview – Subsection MRL: Most Recent Loan	30 min	12:45 – 1:15
7	Main Interview – Subsection G: Use of Other Financial Services	15 min	1:15 – 1:30
8	Main Interview – Subsection H: Relationships with Financial Institutions	45 min	1:30 – 2:15
9	Main Interview - Subsections L: Trade Credit and M: New Equity Investments	15 min	2:15 – 2:30
10	Main Interview – Subsections P: Income & Expenses R: Assets S: Liabilities U: Credit History T: Respondent Payment Information	60 min	2:45 – 3:45
11	Gaining Cooperation: Lessons Learned from Pretest One	45 min	3:45 – 4:30
12	Interviewer Observations/Wrap Up	30 min	4:30 – 5:00

Starting with module three, interviewers used a round-robin mock interview to practice using the revised screener and main questionnaires. The mock interview was designed to highlight questions that had changed since pretest one, and during the round-robin trainers called out the changes, to further reinforce the new material. The round-robin mock script was based on interviewing a C-Corporation.

The training stayed on schedule; all the material was covered by the end of the day. Because the trainees were already experienced conducting SSBF interviews, they had relatively few questions, and they could focus on absorbing the new material.

A number of training issues emerged when talking to interviewers during the pretest two debriefing session. Listed below, these issues will be considered for subsequent rounds of training for new SSBF interviewers:

- If an owner refuses to be interviewed, interviewers need to be trained to not, on their own, pursue a proxy to conduct the interview.
- Interviewers should stay with proxies during Section U – interviewers should not ask to speak to an owner – unless a respondent volunteers that he or she is unwilling to answer owner-focused questions in Section U.

- Interviewers need to be attentive to the firm name as listed from D&B, and to make sure respondents clearly understand which firm is being referenced for the interview. (Many owners own multiple firms.)
- For equal-ownership shares, the interviewer should first enter the name of the respondent. Following this protocol, the respondent's name will be the correct text fill for questions in Section U.
- Reinforce the time element of the MRL question that asks the respondent to indicate the length of his or her relationship with the financial institution at the time of the loan request – not as of the day of the interview.
- Main interviews cannot be conducted with proxies. At least some of the questionnaire – through Section I – needs to be completed by an owner. Interviewers must make strong, good-faith efforts to get an owner to begin the main interview, and to keep the owner answering questions until completion of Section I.

4. Contact Materials

This section describes the materials that were mailed to respondents in pretest two. Respondents received a pre-screening advance mailing, and eligible respondents received a worksheet mailing. Each mailing is discussed in detail in this section. This section also describes the project websites.

4.1 *Pre-Screening Mailing to Business Owners*

The pre-screening advance mailing consisted of a cover letter from the NORC project director, a letter from Federal Reserve Board Chairman Alan Greenspan, a buckslip, and a general information brochure with answers to frequently-asked questions about the study. Other than the buckslip, the materials were modified versions of the documents used in the 1998 SSBF, and were identical to the documents used in 2003 SSBF pretest one. (For a detailed description of how the documents changed from 1998 to 2003, please see the pretest one report.)

For pretest two, NORC tested a “buck slip” in the pre-screening mailing (see Appendix). Slightly smaller than a No. 10 business envelope, with the FRB seal and three bulleted statements, the buck slip was intended to increase the incidence of recipients who came away from the pre-screening mailing with two critical pieces of information:

- Their firm was randomly selected to participate in an important study sponsored by the Federal Reserve Board
- They should expect a five-minute phone call in the next week to determine their firm’s eligibility to participate in the study

The buck slip was printed on green paper (suggesting paper currency) and was likely to be the first item a recipient saw once he or she opened the envelope. Of the 600 pretest two respondents, half (n=300) were randomly assigned to have the buck slip as part of their pre-screening mailing; the other half received an identical mailing, minus the buck slip.

The findings from the buck-slip experiment are shown in Table 6. Column A shows results for the 300 cases that had a buck slip as part of the pre-screening mailing; column B shows results for the 300 cases that did not get a buck slip. Directionally, the data suggest that a buck slip might increase response rates slightly. The number of calls required to complete a screening interview with a firm that got a buck slip, however, is slightly higher, on average, than for a firm that did not get a buck slip, 5.2 calls vs. 4.8 calls. At best, the results are inconclusive. They do not demonstrate a strong positive effect of adding a buck slip to the pre-screening mailing.

Table 6. Effect of Buck Slip on Completion Rates and Call Efficiency

	A	B
	Buck Slip	No Buck Slip
Screener completion rate	43%	41%
Total completion rate (screener x main)	12%	10%
Average number of calls per completed screener	5.2	4.8
Average number of calls for all cases	6.7	6.3
N	(300)	(300)

Pretest two interviewers commented that respondents did not always remember receiving the pre-screening mailing, although respondents were not systematically asked if they had received it.

Results from pretest two provided no indication for making changes in the pre-screening mailing, going into main production.

4.2 Worksheet Mailing

The worksheet mailing was sent to firms that were determined to be eligible for the survey on the basis of the screening interview. As in pretest one, the pretest two worksheet mailing consisted of the following documents:

- Cover letter from the NORC Project Director (PD),
- Letter from Federal Reserve Board Chairman Alan Greenspan,
- Appropriate version of respondent worksheet,
- Frequently-Asked Questions pamphlet,
- “SSBF and How It Will Be Used” Brochure
- Federal Reserve Board Brochure,
- Dun & Bradstreet Brochure.
- NORC’s Commitment to Confidentiality sheet
- Postage-paid return envelope for worksheet

Based on interviewers’ feedback from pretest one, NORC changed the worksheet PD letter for pretest two. (The other worksheet documents were not changed.) The text put greater emphasis on the fact that many owners, especially those of small businesses, were unlikely to need to complete all the worksheet items. The purpose of this change was to mitigate the prospect of owners being intimidated by the worksheet. (See Appendix for revised worksheet PD letter.)

Two other changes were made to the PD letter. These changes were made to help recipients digest all the materials in the packet and not feel overwhelmed by the volume of materials:

- A sentence was added to the front of the PD letter, in large type and boxed, saying Please read this letter first.
- A blurb was added to the bottom of the first page of the PD letter instructing the reader to turn the letter over for additional information.

Of the 70 respondents who reached subsection N on Records, 23 (33%) reported using the worksheet during the interview (Table 7). That does not appear too bad; more troubling, however, is that half (49%) of pretest two respondents who got as far as subsection N reported not using any type of written record for the interview. Accordingly, we have added an interviewer prompt for N1 to allow respondents time to get written records, and we have put more emphasis in training on the importance of respondents having their worksheet or other written records in front of them starting with subsection E.

Table 7. Self-Reported Types of Records Used by Respondents for Main Interview*

	N	%
Worksheet	23	33
Completed IRS forms or attachments	19	27
Financial statements or accounting reports	12	17
Bank statements	7	10
Other written records	1	1
From memory	34	49
	(70)	100

*Except for "From memory," multiple responses allowed.

Pretest two findings, including the interviewers' debriefing, gave us no reason to change anything about the worksheet mailing.

We received 29 (44%) worksheets from respondents. We have not reviewed these returned packages and so at this point do not know how many contain completed or partially completed worksheets, and how many contain other records, such as tax forms. All 29 packages are from pretest two, though it is possible some of them were returned to us by respondents who did not complete the entire main interview.

4.3 SSBF Internet Sites

The pre-screening and worksheet letters from the project director refer respondents to two project websites, one hosted by the FRB (www.federalReserve.gov/ssbf) and the other hosted by NORC (www.norc.uchicago.edu/ssbf). The FRB website for the SSBF was online for pretest two, although we do not know how many respondents went to the site. The NORC site for the SSBF was still under development; pretest two respondents who clicked on the URL would have seen an "Under Construction" sign.

NORC's SSBF website went live on June 8, 2004. NORC had hoped to have the website available during pretest two, but developing the site took longer than planned, mainly because of the request that the site meet all requirements for 508 compliancy. "508-compliant" is a set of standards created by the federal government to make websites accessible to visually-impaired users. One of the standards, a "Skip to content" link above the navigation bar on each page, proved difficult to program with NORC's website development software (Microsoft Front Page). Ultimately NORC was able to find a solution by bringing together NORC's web developer with her FRB counterpart.

Other issues that delayed release of the SSBF website were:

- Making images and logos crisper
- Making text changes
- Making visual changes, such as changing a numbered list to a bulleted list, and centering objects on a page

Once it was finished, the NORC project website met all requirements identified in NORC's "SSBF Functional Requirements" document. In addition, the NORC project website has improved content and appearance from the SSBF website used for the 1998 round.

The NORC project website provides a wealth of information to SSBF respondents, including frequently asked questions (FAQs), a letter from the project director, and information about NORC, the FRB and the survey itself. As a persuasive tool, the website has copies of endorsement letters from the National Business Association, the Small Business Administration, and the National Federation of Independent Businesses.

The NORC website has downloadable copies of the four versions of the financial worksheet required for the main interview. The main purpose of adding the worksheets to the website is to allow respondents to gain an understanding of the kinds of information they will be asked to provide. Though the worksheets at the website are downloadable, they print to 8 ½ x 11-inch paper – too small for many respondents to use easily. NORC has posted a notice on the website that the intended size of each worksheet is 11 x 17 inches, with instructions to call the toll-free project hotline to request that full-size worksheets be sent to them through regular mail.

At the FRB's request, NORC added a page to the website explaining its privacy policy.

NORC reviewed the possibility of adding an internal counter to its site (which would track the number of site visitors), but the internal counters available for free all use persistent cookies, which are lines of code that reside in a visitor's computer. The FRB was not in favor of internal counters that use persistent cookies, so NORC's SSBF website does not have a counter.

5. Sample

This section describes the pretest sample and procedures for frame acquisition and sample selection for pretest two.

1.1 5.1 *Frame Acquisition and Preparation*

For both pretests, the same sample frame, purchased from Dun & Bradstreet (D&B), was used. The target population was defined as all non-governmental, non-agricultural, non-financial, non-subsidary, for-profit firms in the United States with fewer than 500 employees in business in December, 2003. A technical description of the sample frame can be found in NORC's Sampling Plan.

The initial frame, sent to NORC, by D&B consisted of 8,037,890 records. The initial data sent by D&B was a limited-content abstract of the standard DMI file. Each record consisted of the data listed in Table 8.

Table 8. Content of D&B Abstract Data Record

Data Elements	
DUNS Number	Employee Here
State FIPS Code	Code for Estimated Range
County FIPS Code	Primary SIC Code
MSA FIPS Code (prior to 2000)	Status Indicator
Physical Location Zip Code	Subsidiary Indicator
Sales Volume	Manufacturing Indicator
Code for Estimated Range	Legal Status a.k.a. Business Type
Employee Total	Transition Code
Code for Estimated Range	D&B Report Date

NORC first purged the abstract file of 81 records with out-of-scope primary Standard Industrial Classification (SIC) codes. NORC next categorized employee total, and purged an additional 16,506 records with 500+ employees from the file. The remaining 8,021,303 records comprised the sampling frame for both pretests one and two.

The process of acquiring the pretest sample frame from D&B presented numerous difficulties. These difficulties are described in the NORC report on SSBF pretest one.

5.2 *Sample Selection*

The original specifications for both pretest samples called for 500 cases to complete 50 interviews. However, ultimately an additional 250 cases were randomly selected from tentative Pretest two cases for possible use in pretest one. Thus, additional sample had to be selected from the more than eight million records of the limited-content abstract described in section 5.1 in order to ensure that sufficient sample would be available for use in pretest two. Prior to selecting an additional 1,000 cases from the frame of 8,021,303 firms, the previously selected 1,000 pretest cases were removed from the frame leaving 8,020,303 firms for selection.

Similar to the procedures that were used to select each of the 500 cases originally allocated to each pretest, NORC employed systematic, stratified random sampling to select the second 1,000 cases. As in pretest one, and the first 250 cases of pretest two, six strata were created by crossing employment size (0-19 and unknown, 20-499) with business type (sole proprietorship, partnership, corporation). Four of the six strata were allocated sample sizes of 166; the other two strata were allocated sample sizes of 168. The frame was sorted by SIC code, within strata, and selections were then made, systematically, within strata.

In total, 600 firms (the 250 that had been set aside from the first 1,000 pretest cases and 350 from the second 1,000 pretest cases) were selected for pretest two. Both the 250 and the 350 cases resulted from randomly ordering (uniform distribution) the second 500 cases originally planned for pretest two and the second 1,000 pretest cases, respectively, and then splitting them into replicates of size 50 each. In all, pretest two consisted of 12 replicates. Though it became unnecessary, the remainder of the second 1,000 selected cases was set aside for future pretest use.

Though each of the 12 replicates is a valid random subsample of the original systematically sampled cases, due to time constraints there was no attempt to control the number of cases that were selected into each replicate by stratum or primary SIC distribution. The procedures will be modified for the main sample selection such that each replicate is representative of the target population within each stratum, preserving the implicit SIC stratification.

The sample of the second 1,000 cases was checked to insure that the sample sizes within strata were equal to the amount allocated. The output was also spot-checked to make sure that the systematic approach was correctly implemented. Finally, the distribution of SIC codes in the sample was compared with the distribution in the frame. The sample passed each of these checks.

Note that for the main sample, any previously selected firms will first be removed from the updated DMI frame. Then the entire sample (37,600 firms) will be drawn simultaneously.

Sample Data Quality

Analyzing the quality of the sample data was an objective of the first pretest, not the second one, though in the following section we provide some basic reporting on data quality.

In this section, we analyze the quality of the address data for the firms in the sample based on the results of processing these data with SmartMailer™ software, which is designed to standardize address data and determine its completeness based on United States Post Office standards.

SmartMailer looks for the existence of the subject address in that city and state. If found, the Zip code is verified, and a Zip+4 is obtained if available. Often, amplifying address information will be found, e.g., an apartment, suite, or floor number; this new information will be provided in a separate field, without overwriting the existing address. If SmartMailer cannot verify a Zip, it will suggest an alternative Zip that matches that address, city and state. If SmartMailer cannot verify the address, it will flag the address but will not change any of the information. SmartMailer does not verify the resident or occupant at the subject address.

The results from applying SmartMailer to the addresses of the 600 pretest two cases are summarized in Table 9.

Table 9. Results of Checking D&B Address Data Using SmartMailer

Outcome	N	%
Address validated by SmartMailer as complete and accurate	281	46.8
Address lacked apt., suite, or floor number that SmartMailer could not provide	70	11.7
Address contained spelling or formatting error corrected by SmartMailer	100	16.7
Address lacked apt., suite, or floor number that SmartMailer could provide	71	11.8
Address could not be found by SmartMailer	78	13.0
Total	600	100.0

Of the addresses supplied by D&B, 13% could not be found at all by SmartMailer. That is a relatively small percentage, and is manageable, though it is somewhat higher than the percentage of the 750 pretest one addresses that could not be found by SmartMailer (7.2%).

As Table 6 shows, less than half (46.8%) of the addresses supplied by D&B were validated as complete and accurate by SmartMailer. The most common problem with the address supplied by D&B was a spelling or formatting error; these were all corrected by SmartMailer. The next most common problem was a missing apartment, suite or floor number. SmartMailer was able to provide the missing information for about half (50.3%) of these cases.

6. Data Collection

This section describes the data collection procedures used in pretest two and the results of data collection.

6.1 Data Collection Procedures

The data collection procedures evaluated in pretest two were the callback rules and disposition codes used in the Telephone Number Management System (TNMS), other TNMS design features, and the procedures for mailing respondent materials.

6.1.1 Callback Rules

Due to the much shorter data collection period in both pretests, NORC reduced the callback intervals in TNMS to approximately half of what these will be in the main survey, so that more calls would be made in a shorter period of time. For example, if the callback interval was 24 hours after the third ring-no answer, we reduced this interval to 12 hours. Although NORC was able to complete the desired number of pretest interviews in the allocated time, pretest interviewers felt that cases were called back too frequently, and after too short a period time. This resulted in wasted calls, as well as being potentially annoying to respondents.

In the first pretest, managing the sample was made unnecessarily complicated by the rule that sent cases to locating after four ring/no-answer results. On reflection, these cases were going into locating too soon, requiring supervisors to determine which cases had been sent to locating as a conscious decision and which cases were there because of the programmed rule. Cases in locating by rule were routinely and effectively sent back for additional calls at different times and days. Cases in locating by decision were worked by interviewers who had locating experience. Although we did not change the callback rules for the second pretest, these will be modified for the main survey by basing the rule on seven ring/no-answer results instead of four.

6.1.2 Disposition Codes

NORC used standard disposition codes for this pretest, modified slightly to handle study-specific circumstances (e.g., proxy refusals). At the first pretest debriefing, the interviewers made the following suggestions regarding disposition codes:

- Add a disposition for “owner refused.”
- Add a disposition to request a fax be sent to the owner.
- Generally need to change “R” to “Owner” in outcome definitions
- Add the following dispositions to SUSPEND screen:
 - o Owner to call 800 number
 - o Owner requested fax
 - o Answering machine
 - o Busy
 - o All initial dispositions

- Provide a full set of non-contact disposition codes after starting the conversation for the screener

All these changes were implemented for pretest two, and worked well, in particular the last recommendation. We discovered in pretest one that some interviewers would scroll to the CATI screen for A1, the introduction question, before contact had been made with someone at the firm. When this happened, it was often difficult (or impossible without a supervisor's help) to enter the appropriate disposition code. Providing a screen to enter non-contact disposition codes after an interviewer had scrolled to the A1 screen solved this problem.

In addition, pretest two interviewers identified three more disposition codes that should be added to the list:

- Transferred to voice mail – no message left
- Transferred to voice mail – message left
- Owner not available – message left

These additional codes indicate that contact was made – as opposed to a non-contact call attempt in which an interviewer immediately reached someone's voice mail.

6.1.3 Other TNMS Design Issues

In addition to changes to the callback rules and disposition codes, pretest one interviewers also suggested the following changes, which were made for pretest two.

- Change "Respondent" to "Owner" on the preamble screen.
- Add a separate field for "Proxy name" to preamble screen.
- Allow more space for SIC code label on preamble screen, and in the main questionnaire.
- Carry over the final interviewer comments collected in the screener to the main interview
- Bring the name and title of the screener respondent over to the main interview, and indicate whether the screener respondent was an owner or proxy.

6.1.4 Mailing Procedures

For pretest two, the NORC Mail Center followed the procedures established in pretest one. These procedures were for pre-screening advance materials, worksheets and related materials and respondent incentives. For a detailed description of these procedures, please see the 2003 SSBF Pretest One Report.

To determine which firms should be sent a worksheet mailing, NORC captured the outcome of the screening interviews, electronically, in NORC's SurveyCraft Telephone Number Management System (TNMS). In pretest one, a programmer created the files for the worksheet mailing, but this process was automated for pretest two.

There is one file for each worksheet type (i.e., sole proprietorship, partnership, C-corporation, and S-corporation), and a fifth file containing cases of unknown organization type. The worksheet mailing for companies with unknown organization type contained a copy of all four types of worksheets, and a cover page explaining why four worksheets are enclosed and requesting the respondent to complete the appropriate version. Of the 253 respondents in pretest two to whom we mailed worksheets, 17 had unknown organization type.

For pretest two, the screening questionnaire was revised to collect physical address, rather than mailing address. Also, an interviewer prompt was added, reminding interviewers to probe for a street address if a respondent gave a Post Office box or rural route as the physical address. These changes were implemented to reduce the number of non-deliverable Federal Express mailing addresses. Interviewers reported no respondents providing a P.O. Box or rural route when asked A11.1.6, the question specifying a physical address to which Federal Express delivers.

Pretest two mailings went smoothly and NORC plans to use the same procedures for main production.

6.2 Results of Data Collection

6.2.4 Overall Results

Table 10 shows the results of data collection, starting with a sample of 600 cases. Of the 600 cases, 253 (42%) were completed eligible screeners, and 66 (11%) were completed eligible main interviews. The production goal for pretest two was a minimum of 50 completed main interviews.

Table 10. Overall Results of Data Collection

	N	%
Total sample	600	100%
Completed screeners	322	54%
Eligible completed screeners	253	42%
Completed main interviews	66	11%

Of completed screeners, 79% (253 / 322) were eligible. This ratio is in the range of previous SSBF rounds, in which between 70% and 80% of firms completing the screener were eligible for the main interview.

NORC completed 322 screeners and 66 main interviews. An additional nine main interviews were partially completed. The pretest was not a test of the response rates that might be achieved in the main study, for the following reasons:

- The significantly shorter time frame compared to the main study – callbacks were not made at optimal intervals; rather they were compressed into very short intervals.

- The small group of experienced interviewers. These interviewers benefited from extensive training and, during training, a very low trainer-to-trainee ratio. Their interviews were frequently monitored. They participated in two debriefing sessions that were additional opportunities for learning. The full complement of SSBF interviewers is unlikely to have this high of an average level of skill and experience, though we expect many new interviewers who will be strong performers.

6.2.5 Cumulative Production Results

Table 11 summarizes screening activity by day for pretest two. Screening started on May 10, 2004 and ended on May 27, 2004. As this table shows, Saturdays were very low production days. Hours per completed screener (0.9) were nearly double what NORC had budgeted, probably due in part to shortening the interval between callbacks (thus increasing the number of calls).

Table 11. Screener Activity by Day for Pretest Two

DAY, DATE	SCREENER CUMULATIVE TO DATE				
	Hours	Complete Eligible	Complete Ineligible	Total Complete	Hours per Complete
Monday, May 10, 2004	34.0	27	9	36	0.9
Tuesday, May 11, 2004	72.3	73	23	96	0.8
Wednesday, May 12, 2004	113.8	111	33	144	0.8
Thursday, May 13, 2004	149.0	148	39	187	0.8
Friday, May 14, 2004	176.3	180	42	222	0.8
Saturday, May 15, 2004	180.3	181	43	224	0.8
Monday, May 17, 2004	202.3	205	52	257	0.8
Tuesday, May 18, 2004	220.3	213	54	267	0.8
Wednesday, May 19, 2004	235.8	217	56	273	0.9
Thursday, May 20, 2004	250.7	221	56	277	0.9
Friday, May 21, 2004	260.5	229	62	291	0.9
Saturday, May 22, 2004	260.5	229	62	291	0.9
Monday, May 24, 2004	274.4	244	66	310	0.9
Tuesday, May 25, 2004	286.6	252	69	321	0.9
Wednesday, May 26, 2004	289.4	252	69	321	0.9
Thursday, May 27, 2004	292.4	253	69	322	0.9

Table 12 summarizes Main Interview activity by day for pretest two. Hours per complete were appreciably lower than budgeted (5.0), as well as lower than the HPC for pretest one (3.7). This may be due to the experience and caliber of interviewers (see Section 7), the changes from pretest one to the instruments that improved readability, flow and cooperation (see Section 2), or both. As with screening, Saturdays were unproductive for completing interviews.

Table 12. Main Interview Activity by Day for Pretest Two

DAY, DATE	MAIN Cumulative to Date		
	Hours	Completes	Hours per Complete
Tuesday, May 18, 2004	13.3	6	2.2
Wednesday, May 19, 2004	37.0	11	3.4
Thursday, May 20, 2004	64.3	22	2.9
Friday, May 21, 2004	86.5	28	3.1
Saturday, May 22, 2004	91.0	28	3.3
Monday, May 24, 2004	114.2	39	2.9
Tuesday, May 25, 2004	141.0	45	3.1
Wednesday, May 26, 2004	155.8	49	3.2
Thursday, May 27, 2004	188.8	66	2.9

6.2.6 Call Dispositions at the End of Pretest Two

The results of pretest two screening, by final case disposition, are presented in Table 13, and the results of main interviewing are presented in Table 14. These tables also show the average number of call attempts made by each final disposition code.

Compared to pretest one, pretest two has more disposition codes at the end of interviewing, for both screening and the main questionnaire. In pretest one, NORC supervisors reviewed every pending case (and call history) before assigning it a final disposition code. In pretest two, pending cases did not undergo such rigorous review at the end of the field period; the reason for the different treatments between pretests is that immediately following pretest two, NORC had to start working on main production. This work included a training session with a large number of trainees, plus making and testing changes to the CATI instruments.

Table 13. Results of Pretest Two Screening by Final Case Disposition

Last Disposition	Number of Cases	%	Cum. Number of Cases	Cum. %	Avg. Number of Calls
HOSTILE REFUSAL	3	0.5%	3	0.5%	6.3
REFUSAL CONVERSION FAILED	11	1.8%	14	2.3%	4.1
HOSTILE REFUSAL - SUSPEND SCREEN	4	0.7%	18	3.0%	4.8
SUPERVISOR REVIEW	24	4.0%	42	7.0%	6.2
SUPERVISOR REVIEW - SUSPEND SCREEN	9	1.5%	51	8.5%	5.4
INELIGIBLE/OWNER SCREENED	42	7.0%	93	15.5%	4.0
INELIGIBLE/PROXY SCREENED	17	2.8%	110	18.3%	8.1
INELIGIBLE/DK RESPONSE/OWNER SCREENED	5	0.8%	115	19.2%	9.0
INELIGIBLE/REF RESPONSE/OWNER SCREENED	1	0.2%	116	19.3%	1.0
UNCONFIRMED FIRM NAME	4	0.7%	120	20.0%	7.8
REGULAR BUSY	3	0.5%	123	20.5%	8.7
RING NO ANSWER	30	5.0%	153	25.5%	12.2
ANSWERING MACHINE NO MESSAGE LEFT	3	0.5%	156	26.0%	8.7
LOCATING PROBLEM	46	7.7%	202	33.7%	2.8
ANSWERING MACHINE MESSAGE LEFT	40	6.7%	242	40.3%	13.5
OWNER/PROXY TO CALL 800 NUMBER	6	1.0%	248	41.3%	10.7
LOCATING NEEDED (NON - CONTACT RULE)	10	1.7%	258	43.0%	11.1
HUNG UP DURING INTRO	10	1.7%	268	44.7%	9.6
PROXY REFUSAL	2	0.3%	270	45.0%	17.0
OWNER REFUSAL	3	0.5%	273	45.5%	5.3
GATEKEEPER REFUSAL	1	0.2%	274	45.7%	1.0
OWNER NOT AVAILABLE/NO CALLBACK ESTABLISHED	4	0.7%	278	46.3%	8.5
ADVANCE LETTER REMAIL	1	0.2%	279	46.5%	1.0
PROXY REFUSAL - SUSPEND SCREEN	5	0.8%	284	47.3%	12.2
OWNER REFUSAL	18	3.0%	302	50.3%	7.8
GATEKEEPER REFUSAL - SUSPEND SCREEN	8	1.3%	310	51.7%	9.3
PRIVACY MANAGER	3	0.5%	313	52.2%	3.7
COMPLETE - ELIGIBLE	253	42.2%	566	94.3%	5.0
SOFT APPOINTMENT - SUSPEND SCREEN	26	4.3%	592	98.7%	10.2
SOFT APPOINTMENT	3	0.5%	595	99.2%	11.0
LANGUAGE BARRIER	1	0.2%	596	99.3%	2.0
INELIGIBLE GONE OUT OF BUSINESS	4	0.7%	600	100.0%	2.8

Table 14 contains the results of data collection for the main interviewer, by final case disposition. As with the previous table, this table also contains the average number of calls made by final disposition. These results confirm the impression of the pretest interviewers, reported during the debriefing, that once a respondent starts the interview, he or she usually completes it.

Note that the 66 cases counted as “complete” in this table were not subject to the completeness test required by the FRB for main production, but rather made it all the way through the main interview questionnaire. Note that eleven cases were deliberately not worked, since NORC had achieved its production goal of 50 completes.

Table 14. Results of Main Interviewing by Final Disposition Code

Last Disposition	Number of Cases	%	Cum. Number of Cases	Cum. %	Avg. Number of Calls
VIRGIN	11	4.78%	11	4.8%	0.0
HOSTILE REFUSAL - SUSPEND SCREEN	1	0.4%	12	5.2%	7.0
SUPERVISOR REVIEW	8	3.5%	20	8.7%	6.6
SUPERVISOR REVIEW - SUSPEND SCREEN	9	3.9%	29	12.6%	5.4
REGULAR BUSY	1	0.4%	30	13.0%	9.0
RING NO ANSWER	7	3.0%	37	16.1%	9.6
ANSWERING MACHINE NO MESSAGE LEFT	2	0.9%	39	17.0%	3.0
ANSWERING MACHINE MESSAGE LEFT	21	9.1%	60	26.1%	10.8
OWNER/PROXY TO CALL 800 NUMBER	4	1.7%	64	27.8%	6.5
LOCATING NEEDED (NON - CONTACT RULE)	3	1.3%	67	29.1%	6.7
HUNG UP DURING INTRO	2	0.9%	69	30.0%	4.0
PROXY REFUSAL	1	0.4%	70	30.4%	2.0
OWNER REFUSAL	9	3.9%	79	34.3%	5.3
GATEKEEPER REFUSAL	2	0.9%	81	35.2%	4.0
OWNER NOT AVAILABLE/NO CALLBACK ESTABLISHED	10	4.3%	91	39.6%	6.8
PROXY REFUSAL - SUSPEND SCREEN	2	0.9%	93	40.4%	5.5
OWNER REFUSAL	18	7.8%	111	48.3%	5.4
GATEKEEPER REFUSAL - SUSPEND SCREEN	3	1.3%	114	49.6%	2.7
COMPLETE - ELIGIBLE	66	28.7%	180	78.3%	5.5
SOFT APPOINTMENT - SUSPEND SCREEN	32	13.9%	212	92.2%	8.1
SOFT APPOINTMENT	17	7.4%	229	99.6%	6.6
INELIGIBLE GONE OUT OF BUSINESS	1	0.4%	230	100.0%	1.0

6.2.7 Owner-Proxies

Of the 66 completed main interviews, nine (7%) were completed wholly or partly by proxies. Table 15 shows the question at which a proxy took over the interview from the owner. In two cases, an owner-designated proxy completed the entire interview beginning with question A1. In two other cases, a proxy took over from the owner at N1, the first question in the Records subsection that leads into the subsections about the firm's financial history.

Note that Table 15 shows three proxies taking over the interview at the question BP1. BP1 is not an actual question; it is the reference an interviewer sees when he or she invokes the break point screen. Interviewers were trained to not record BP1, but rather to record the number of the last question asked to the owner before the break-off. That three responses were BP1 indicates the need for additional training on how interviewers should handle break-offs to a proxy.

Table 15. Number of Owner-Proxies and Question at Which They Started Main Quex

Question Number	Number of Proxies
A1	2
D5	1
BP1	3
N1	2
P1	1

Proxy titles (below) suggest that owner-designated proxies were well qualified to take the survey beginning at the financial subsections following Section I. Titles generally indicate important positions. One proxy, however, was a bookkeeper; we have not checked the size of this firm – it is possibly a small firm in which a bookkeeper would be the appropriate proxy for an owner.

Proxy titles were (one proxy per title):

- Accountant
- Assistant administrator
- Bookkeeper
- Business administrator
- CFO
- Financial manager
- Office manager
- Operations manager
- Secretary/Treasurer

7. Interviewers

7.1 Recruiting and Training

NORC recruited twelve trainees to conduct pretest one; of the twelve, all but one qualified to work on pretest one. During the one month between pretests, some SSBF interviewers tested changes to the CATI instruments and performed other tasks at the Downers Grove call center. Two interviewers dropped out between pretests, and were not replaced, meaning that nine interviewers worked on pretest two. Of those nine interviewers (Table 16):

- Five were from employment agencies specializing in placing accounting, bookkeeping and other business professionals into temporary and permanent positions;
- Four were experienced NORC telephone interviewers trained on other NORC projects.

Table 16. Interviewers for Pretest Two by Source

Source	Number of Interviewers
Experienced NORC staffers	4
Accountemps	1
Office Team	2
Spherion	2
TOTAL	9

All pretest two interviewers were experienced pretest one interviewers.

All nine interviewers completed a six-hour course on general telephone interviewing practices and procedures. (Experienced NORC interviewers had completed this introductory training at the start of their employment with NORC; the other interviewers completed it immediately before the SSBF-specific training.) In addition, interviewers completed five days of SSBF-specific training before pretest one. Finally, interviewers received an additional day of training at the start of pretest two. (See Section 3 for a description of pretest two training.)

7.2 Telephone Interviewer Performance

Pretest two interviewers had proven themselves in pretest one. They were experienced SSBF interviewers coming into pretest two and, through observation and other measures, all performed well in pretest two. Accordingly, there was no formal evaluation of interviewers' performance during pretest two.

It can be argued that, generally, pretest two interviewers were bright and motivated. A number of them have extensive, specialized knowledge of small-business accounting techniques and/or uses of credit. As of this writing, two pretest two interviewers had been promoted to SSBF telephone supervisors, and several of the others remain among our best, most productive interviewers on the project.

At the conclusion of pretest one, NORC formally evaluated interviewers' performance. The evaluation led to a number of ideas about SSBF best-practice hiring; these ideas are presented in detail in the report for pretest one. The key findings from pretest one can be summarized as follows:

- NORC recommended that for the main study, the SSBF interviewer pool be a mix of experienced NORC interviewers from other studies, and qualified trainees with business backgrounds recruited from agencies. We recommended filling openings with available NORC interviewers first, then filling the remaining openings through agency candidates.
- NORC also recommended that before being invited to SSBF training, candidates exhibit skill in reading the entire screener, which takes five minutes, and which includes many of the words that may be unfamiliar to or difficult for some interviewers, such as *proprietorship*.

7.3 Interviewer Debriefing Session

NORC conducted a pretest two interviewers' debriefing on May 26, 2004. The half-day session was held at NORC's Telephone Center in Downers Grove, Illinois and was attended by the NORC project staff, John Wolken and Traci Mach from the FRB, and most of pretest two telephone interviewers.

The agenda for the debriefing can be found in the Appendix. The session was organized into eleven modules covering different aspects of pretest interviewing, including what worked and what did not work, screener issues, main questionnaire issues, the TNMS, training materials, job aids, and gaining cooperation.

Participation in the session was high, with all except one interviewer offering observations and comments. The discussion was informal and wide-ranging. FRB and NORC project staff felt that good information and feedback was collected during the debriefing that will be useful in improving systems, materials, and processes for the main survey. The findings from the debriefing session have been cited elsewhere in this report.

8. System Integration

In a survey as complex as the Survey of Small Business Finances, it is critical that not only each task occur smoothly, but that the interface between tasks occur smoothly as well. In this section, we discuss the interface between sampling and IT in terms of getting the pretest sample loaded into the production systems, between IT and the Mailing Center for the mailing of respondent materials, and between the Telephone Center and Accounts Payable for the payment of respondent incentives.

8.1 *Delivery of Sample to IT*

Early in the process of sample design, NORC sampling and IT staff worked together to identify the information from Dun and Bradstreet that should be preloaded into NORC's Case Management and Telephone Number Management systems. In general, this information included data used for reporting (such as organization type and size), for sample management (such as replicate and batch number), and for gaining cooperation (such as Standard Industrial Classification, and owner's name). Sampling and IT staff also agreed upon a data layout and a schedule for data delivery that would give IT enough time to load the sample information into the systems before data collection was to begin.

The close communication and joint planning of sampling and IT staff appears to have paid off, because this interface worked very smoothly in both pretests one and two.

8.2 *Delivery of Respondent Data to the Mailing Center*

As described above, the SSBF involves three separate mailings to respondents: 1) a pre-screening mailing to all sampled firms, 2) a worksheet mailing to firms determined to be eligible based on screening, and 3) an incentive mailing to firms that complete the main interview and select the \$50 incentive. For the pre-screening mailing, the sample control file was read into NORC's Case Management System (CMS). NORC Mail Center staff accessed the sample information in the CMS and ran the company names and addresses through SmartMailer software (see Section 6.1.4). This process ran very smoothly in pretest two. NORC plans to follow the sample process for the main survey.

The worksheet mailing requires information about which firms screened in as eligible for the survey. The outcome of the screening interviews was captured, electronically, in NORC's SurveyCraft Telephone Number Management System (TNMS), and automatically transferred to the Case Management System (CMS). In pretest one, a programmer manually created the files for the worksheet mailing. In pretest two, the process was automated and ran smoothly; for main production we will continue using the automated process.

For the incentive mailing, case information from the TNMS was saved in a file and emailed to Accounts Payable. Of the 66 pretest respondents who made it through the entire main interview questionnaire, 52 (79%) requested the \$50 incentive option.

This incentive choice was captured electronically in the TNMS during data collection. After pretest data collection ended, IT staff produced a file from the TNMS containing the necessary information for mailing a \$50 check to each of the firms that selected this incentive option. This information included the owner's name and mailing address. Accounts Payable produced the checks and sent these, via interoffice mail, to the Mailing Center. The Mailing Center applied postage via postage meter and mailed these to respondents. The process went smoothly and will be replicated for the main study.

9. Data Delivery

NORC delivered the following to the FRB for pretest two:

- Fixed-length ASCII files of screening response data;
- A SAS dataset for the screener questionnaire (including the SAS programs that generated the SAS dataset for pretest two);
- A file describing the variable names, variable labels, field lengths, field types (whether numeric or character), and value labels;
- A frequency statement that the Federal Reserve Board can use to generate frequencies for numeric variables only, and a file of frequencies for numeric variables only; and
- F2 interviewer comments.

NORC delivered pre-test screener data to the client on time, but was late in delivering main-quex data. The FRB had asked at the pretest one debriefing that the delivery of pretest two data fix the problems encountered with pretest one data sufficiently to have the data be of some use to the FRB. In many instances, the pretest one data were unusable since the variables delivered did not match questionnaire variables and NORC did not deliver a translation table. One of the primary purposes of the two pretests was to test all aspects of the main field period and to review the quality of the data collected by the CATI instruments. This was particularly important for the institution look-up procedures. (Even if the data were not delivered, NORC should have undertaken data review on their own initiative.) Unfortunately, NORC was unable to make changes to the pretest one delivery protocols for pretest two (for whatever reasons) and consequently did not deliver pretest two main data before the main field period started. The main-quex dataset, and associated files have, as of this writing, not yet been sent to the FRB. The delay was caused by several factors:

- FRB requested that an accurate and updated data dictionary accompany delivery of the main-quex data. NORC spent more time than anticipated working on the data dictionary. Some NORC resources that might have been used for the data dictionary were assigned instead to preparing delivery of the pretest screener data.
- Changes were being made to the questionnaire during the time that the data dictionary was being updated from pretest one. While these changes were necessary and appropriate, they complicated the data dictionary task.
- The FRB had reported that the variable names assigned to pretest one data made it difficult to relate data items to questionnaire items. NORC worked with the FRB to revise variable names for pretest two, in order to make the data more usable to the FRB. The process of revising variable names, and having the revisions approved by the FRB, took longer than planned.

As with the first pretest, the format of the data delivery for pretest two was driven by expedience, and was not intended to resemble the format for the delivery of main survey data. Once main production has started, NORC will work closely with the FRB to define the requirements for main survey data delivery.

10. Appendix

- Pre-screening buck slip
- Revised project-director letter for worksheet mailing
- Interviewers' debriefing agenda
- Job Aid #10 – Top 10 Reasons for Participating in the 2003 SSBF



- Your business has been randomly selected to participate in a study sponsored by the Federal Reserve Board (FRB). The information you provide will help policy makers ensure that credit is equally accessible to all small businesses, including your business.
- Please expect a five-minute phone call in the next week from an NORC interviewer to determine your eligibility for this important study.
- In the meantime, refer to the enclosed materials for more information about this study. Thank you.

s

John Smith
ABC Company
123 First Avenue
Tempe, AZ 85283-1432

Please read this letter first.

Dear John Smith:

You recently spoke with an NORC interviewer about the Survey of Small Business Finances. Thank you for sharing your time and information. You received this package because your firm has been selected for the main survey. Your participation in the main survey will make it possible to inform policymakers about the credit needs and the availability of credit for businesses like your own. *Even if you are not currently using credit, your responses can help to ensure that credit will be available to you in the future.*

We value your participation. As a token of appreciation for your participation in the main interview, we invite you to choose either \$50 or Dun and Bradstreet's Small Business Solutions[®] information package, which retails for \$199.

The enclosed worksheet makes the interview go faster. Side two of this letter lists the materials included in this package. One of the items is your 11" by 17" SSBF worksheet. Ideally, we would like you to complete the worksheet prior to the interview. By completing the worksheet in advance, you will reduce the time required to complete the interview.

You may not need to complete the entire worksheet. Side 1 of the worksheet provides space to indicate the financial services you have used in the past year, and then name the financial institution(s) where you acquired these services. *While the form is designed for all types and sizes of small businesses, many businesses only use one or two sources for one or two services.* Side 2 provides space for balance sheet information and indicates where you can find this information in your current tax records.

We will accommodate your schedule to complete the telephone interview. An NORC interviewer will be calling you soon to conduct the interview, which typically takes 30 to 45 minutes. While participation is voluntary and you may skip any question you choose, we encourage you to participate so that we can gain an accurate picture. We want to reassure you that your responses will be kept confidential. Because we understand that your time is valuable, your interviewer will accommodate your busy schedule by working with you to arrange a time that is convenient for you. If necessary, the interview can be broken up into shorter sessions to accommodate your schedule.

After you have completed the interview, please use the enclosed prepaid envelope to return your worksheet to NORC. You may also fax records to 1-866-435-5637. If you have any questions about the study or need a different worksheet, please call our hotline at 1-800-692-4192. If you prefer, you can visit us online at norc.uchicago.edu/SSBF for more information, endorsements, and downloadable copies of the worksheets. You can also e-mail your questions to me at 6128-ssbf@norc.net.

Again, thank you for participating in this important study. We look forward to speaking with you soon.

Sincerely,

Carol-Ann Emmons

Carol-Ann Emmons
Project Director, Survey of Small Business Finances
National Opinion Research Center

LIST OF ENCLOSURES

Please find the following items in your SSBF folder:

<ul style="list-style-type: none">• Letter from Chairman Alan Greenspan, Board of Governors of the Federal Reserve System	<i>Explains the importance of participating.</i>
<ul style="list-style-type: none">• Frequently Asked Questions	<i>Answers questions you may have about the study.</i>
<ul style="list-style-type: none">• Worksheet (11" X 17")	<i>Simplifies and speeds up the interview. Provides space to record financial services used and the sources of these services on side 1, and to record financial data on side 2.</i>
<ul style="list-style-type: none">• The SSBF and how it will be used	<i>Provides a detailed description of how the data are used, with examples from previous rounds of the study.</i>
<ul style="list-style-type: none">• NORC Confidentiality Statement	<i>Explains NORC's pledge and code of ethics for maintaining the confidentiality of information provided by participants.</i>
<ul style="list-style-type: none">• The Board of Governors of the Federal Reserve System	<i>Describes the members and responsibilities of the Board of Governors.</i>
<ul style="list-style-type: none">• Dun and Bradstreet Small Business Solutions® brochure	<i>Describes information package you may choose as an alternative to receiving \$50 as a token of our appreciation.</i>

*As a token of appreciation for participating, please accept either
fifty dollars (\$50)*

or

*Dun and Bradstreet's Small Business Solutions® information package,
which retails for \$199.*

When we call to conduct the interview, we will ask which gift you prefer. For more information about the information package, see the enclosed brochure, or view examples of the available reports by visiting D&B's Small Business Solutions® at www.dnb.com/smallbusiness/ssbf.

SSBF Pretest Two
Debriefing Agenda
Wednesday, May 26, 2004

Module	Schedule	Minutes	Topic, Moderator and Note-Taker
1	8.30 – 8.45	15	Warm-Up and Ground Rules Bill Sherman
2	8.45 – 9.15	30	Pretest Two vs. Pretest One: Compare and Contrast Carol Emmons (Bill as note-taker)
3	9.15 – 9.30	15	New, Unusual or Difficult Situations Mireya Dominguez (Bob as note-taker)
4	9.30 – 9.45	15	GKs, Gaining Cooperation and Finding Rs Bob Bailey (Terri as note-taker)
5	9.45 – 10.00	15	 Screener Terri Kowalczyk (Carol as note-taker)
	10.00 – 10.15	15	Break
6	10.00 – 10.30	30	Main Quex Terri Kowalczyk (Bob as note-taker)
7	10.30 – 10.45	15	TNMS Mireya Dominguez (Bill as note-taker)
8	10.45 – 11.00	15	Break-Offs and Multiple Respondents Mireya Dominguez (Bob as note-taker)
9	11.00 – 11.10	10	Job Aids Bill Sherman (Mireya as note-taker)
10	11.10 – 11.30	20	Training Carol Emmons (Terri as note-taker)
11	11.30 – 12.00	30	Wrap Up and Other Issues Carol Emmons

Job Aid #10

Top 10 Reasons to Participate in SSBF

1. By participating, you will be helping your government to help you, and other small business owners like you, obtain credit and other necessary financial services.
2. This is an opportunity for your voice to be heard by Congress and The Federal Reserve Board on the availability of credit to small businesses.
3. By participating, you will be helping the Federal Reserve Board gauge the level of competition in the financial services industry, which benefits small businesses by making credit equally accessible.
4. Your participation will help to identify monopolistic practices by lending institutions.
5. This is an opportunity to help shape banking regulation in this country, as it affects small businesses.
6. Your business was scientifically chosen to represent businesses like yours across the nation. If you don't participate, then businesses like yours will not be represented in the study results.
7. You're not just participating in a survey, you're giving voice to small business owners all over the country about the concerns and needs of small businesses.
8. Your participation will help the Federal Reserve Board evaluate economic conditions for small businesses nationwide.
9. Your participation will help ensure the equal availability of financial services to all small businesses.
10. If you complete the full interview, *as a token of appreciation*, your business will receive either a \$50 token of appreciation or the Dun & Bradstreet Small Business Solutions Package that will provide:
 - a. **An Industry Research Report** that gauges your firm's performance in your industry
 - b. **A Comprehensive Report** that gives you an in depth-look at another company's financial position.
 - c. **A Credit eValuator Report** that provides basic information to help evaluate new customers, pre-screen prospects or perform a quick credit review.
 - d. **Two DUNS Demand Letters for Collections** that provides methods for getting money owed to you without alienating your customers.