



August 2016

SMALL BUSINESS PROBLEMS & PRIORITIES

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FOREWORD

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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EXECUTIVE SUMMARY

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



² Hereafter called “Energy Costs, except Electricity”

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



SMALL BUSINESS PROBLEMS AND PRIORITIES

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

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

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

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

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

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

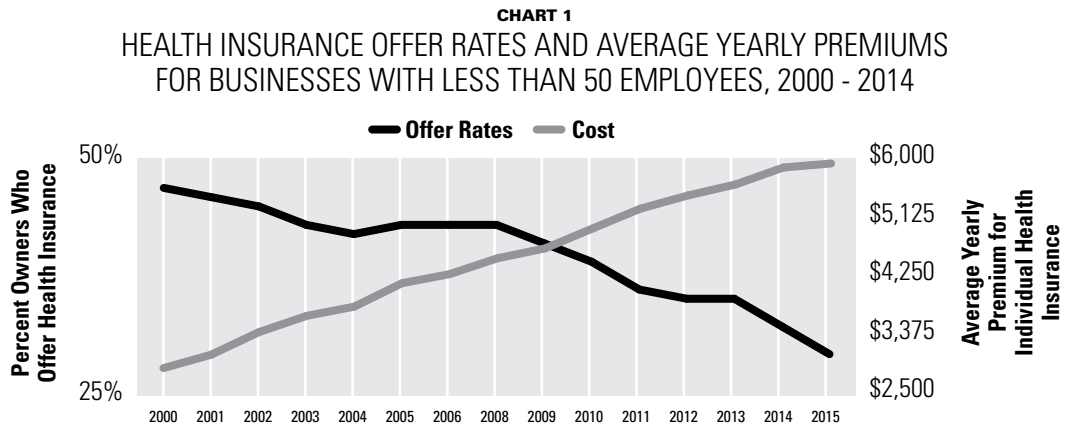


PROBLEMS OF GREATEST CONCERN

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

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

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



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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

PROBLEMS OF LEAST CONCERN

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

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

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

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



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

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

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

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

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



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

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

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

TABLE 1
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE

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



TABLE 1 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE

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

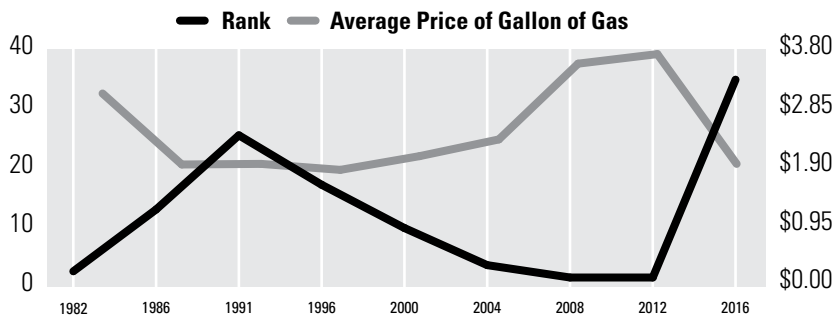


LARGEST CHANGES IN PROBLEM RANKING

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

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

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



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

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

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



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

¹² Small Business Economic Trends, op. cit.

TABLE 2
LARGEST CHANGES IN PROBLEM RANKING, 2012 TO 2016

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

CONSENSUS ON PROBLEM DIFFICULTY

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

PROBLEM AREAS OF GREATEST CONSENSUS

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

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

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



TABLE 3
PROBLEM RANK BY CONSENSUS ON PROBLEM IMPORTANCE

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

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

PROBLEM AREAS OF LEAST CONSENSUS

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

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



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

PROBLEM CLUSTER

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

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

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



TABLE 4
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

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



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

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



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

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



TABLE 4 CONTINUED
IMPORTANCE OF SMALL BUSINESS PROBLEM BY PROBLEM CLUSTER

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

CHANGES IN PROBLEM RANKING OVER TIME

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

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

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

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





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

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

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

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





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

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

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

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





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

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

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

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





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

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

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

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



A. BUSINESS CYCLE

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

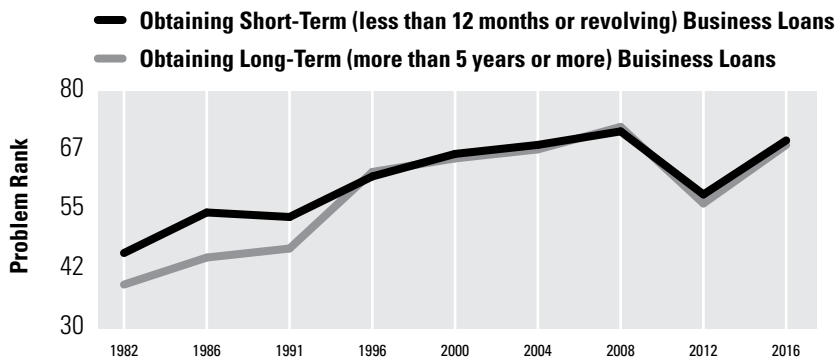
In recessionary times, “Poor Earnings (profits)” and “Poor Sales” generally rise in the ranks of concerns. Beginning with the 1982 survey and moving forward, the rankings of the former are 9th, 14th, 13th, 22nd, 20th, 12th, 14th, 14th and most recently 16th. “Poor Earnings (profits)” eased in severity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

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

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

CHART 4

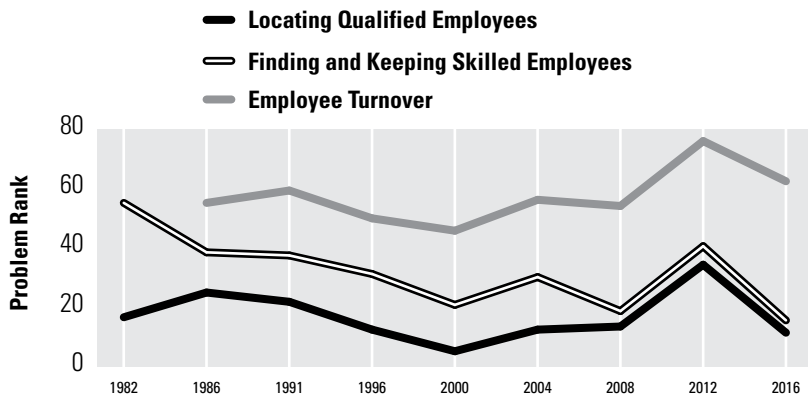
OBTAINING SHORT-TERM (LESS THAN 12 MONTHS OR REVOLVING) BUSINESS LOANS AND OBTAINING LONG-TERM (MORE THAN 5 YEARS OR MORE) BUSINESS LOANS, 1982-2016



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



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



B. PROBLEMS INCREASING IN IMPORTANCE

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

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

C. PROBLEMS DECREASING IN IMPORTANCE

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

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



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

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

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

PROBLEMS AND PRIORITIES FOR SMALL BUSINESS CLASSIFICATIONS

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

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

LEGAL FORM OF BUSINESS

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

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

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



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

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

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

EMPLOYEE SIZE OF BUSINESS

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

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





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

	Proprietorship n = 522			Partnership n = 111			Corporation n = 969			Sub-Chapter S Corp n = 646			Limited Liability Con = 450		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
1	Cost of Health Insurance	2.68	45.1	1	2.41	43.5	1	2.17	53.8	1	1.94	56.8	1	2.33	55.1
2	Unreasonable Government Regulations	2.87	33.1	2	43.2	2	2.74	32.7	2	2.65	34.4	3	2.81	31.5	3
3	Federal Taxes on Business Income	3.01	26.5	7	3.11	26.6	5	2.94	28.7	3	2.81	31.5	2	2.75	32.5
4	Uncertainty over Economic Conditions	2.95	27.2	3	3.09	20.7	3	2.86	26.6	5	2.92	22.0	5	2.97	27.6
5	Tax Complexity	3.08	23.4	6	2.74	36.4	4	2.92	25.8	4	2.85	27.9	4	2.83	31.1
6	Uncertainty over Government Actions	3.05	27.8	4	2.94	31.5	6	3.05	24.6	6	3.01	25.1	6	3.04	27.4
7	Frequent Changes in Federal Tax Laws and Rules	3.33	20.2	8	3.23	21.8	9	3.30	20.3	8	3.12	20.0	9	3.33	22.4
8	Property Taxes (real, inventory or personal property)	3.19	25.4	7	3.37	24.1	11	3.32	21.7	11	3.32	19.6	7	3.22	23.9
9	State Taxes on Business Income	3.63	18.6	11	3.17	24.1	8	3.19	24.4	13	3.35	21.1	13	3.31	25.3
10	Locating Qualified Employees	4.30	17.6	35	4.30	17.6	28	3.90	13.8	7	3.15	26.4	7	3.06	26.8
11	State/Local Paperwork	3.71	15.5	13	3.10	18.5	6	3.10	18.5	13	3.39	15.8	12	3.34	16.7
12	Federal Paperwork	3.85	14.8	19	3.28	23.9	10	3.28	23.9	14	3.40	18.2	14	3.37	16.9
13	Workers' Compensation	4.41	13.1	41	4.41	13.1	16	3.65	17.0	10	3.30	22.2	9	3.23	22.8
14	Finding and Keeping Skilled Employees	4.32	17.0	38	4.32	17.0	32	4.02	9.3	12	3.37	22.8	10	3.27	23.2
15	Cost of Supplies/Inventories	3.57	15.8	10	3.62	14.7	14	3.62	12.8	17	3.66	12.8	17	3.66	8.2
16	Poor Earnings (Profits)	3.47	21.2	9	3.47	13.9	13	3.47	13.9	16	3.66	16.7	25	3.89	13.4
17	Dealing with IRS/State Tax Agencies	3.88	14.4	21	3.88	14.4	15	3.65	20.9	19	3.73	15.0	16	3.66	14.3
18	Projecting Future Sales Changes	3.85	11.1	20	3.85	11.1	30	3.94	10.3	15	3.61	10.9	19	3.72	8.1
19	Electricity Costs (rates)	3.68	12.5	12	3.68	12.5	21	3.80	11.1	21	3.74	11.5	30	3.96	6.7
20	Cost and Availability of Liability Insurance	3.98	11.2	24	3.98	11.2	31	4.01	13.9	22	3.75	17.0	21	3.75	13.2
21	FICA (Social Security Taxes)	3.85	15.8	17	3.85	15.8	27	3.90	12.8	24	3.81	11.7	17	3.68	10.0

TABLE 6 CONTINUED

MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

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





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

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

TABLE 6 CONTINUED

MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY LEGAL FORM OF BUSINESS

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



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

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

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

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

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



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

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





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

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

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

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





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

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

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

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





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

	None n = 313			1-4 Employees n = 936			5-9 Employees n = 612			10-19 Employees n = 437			20-49 Employees n = 331			50-99 Employees n = 93			100 or more n = 62		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
68		5.56	6.8	71	5.34	6.0	71	5.30	7.6	71	5.30	3.2	60	4.90	5.5	61	4.80	7.5	36	4.05	18.0
69		5.41	5.6	68	5.19	6.9	70	5.25	6.6	70	5.27	4.4	69	5.34	5.5	73	5.70	3.3	70	5.40	5.0
70		5.49	6.5	67	5.16	6.8	68	5.24	7.1	69	5.20	6.0	71	5.42	4.3	74	5.83	2.2	71	5.48	6.7
71		5.36	6.5	69	5.23	4.7	67	5.22	6.0	72	5.36	2.8	74	5.57	2.7	69	5.48	2.2	74	5.64	3.4
72		6.20	3.6	72	5.56	5.3	72	5.33	6.0	67	5.16	5.4	67	5.16	6.4	63	5.02	8.7	61	4.95	8.2
73		5.62	7.3	73	5.62	7.8	73	5.57	7.1	73	5.49	7.0	73	5.53	6.1	71	5.53	3.2	69	5.37	6.5
74		5.75	6.8	74	5.73	4.2	74	5.75	4.8	74	5.63	2.1	72	5.52	3.4	65	5.17	7.5	66	5.30	1.6
75		5.83	4.9	75	5.78	4.9	75	6.01	2.9	75	5.93	1.2	75	5.96	3.0	75	5.88	1.1	75	6.00	0.0

INDUSTRY

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

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

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

AGRICULTURE, FORESTRY AND FISHING

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

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

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

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

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

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





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

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

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

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





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

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

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

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





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

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

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

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





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

	Arg., Forestry, Fish n = 445			Construction n = 453			Manufacturing n = 319			Wholesale n = 119			Retail n = 487		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
60	55	4.85	9.0	61	4.92	6.7	66	5.19	4.7	61	4.72	6.7	47	4.44	8.2
61	49	4.54	8.8	60	4.84	5.8	63	5.05	5.4	59	4.61	10.1	55	4.72	6.8
62	59	4.91	6.9	66	5.10	6.0	57	4.64	7.6	62	4.74	3.4	65	4.96	5.5
63	74	5.87	3.0	72	5.45	4.5	70	5.26	4.4	38	4.17	16.9	21	3.68	21.0
64	71	5.62	3.0	65	5.05	3.4	67	5.21	2.2	66	5.01	3.4	50	4.48	7.1
65	33	4.03	17.0	73	5.62	3.8	48	4.41	12.7	54	4.41	12.7	61	4.88	8.4
66	58	4.91	11.0	71	5.30	6.5	68	5.22	7.6	65	4.91	10.9	69	5.31	7.1
67	73	5.66	2.5	63	4.97	4.9	64	5.08	4.4	60	4.61	6.7	66	5.15	3.1
68	63	5.23	5.5	67	5.11	8.9	69	5.25	5.3	73	5.36	5.1	72	5.52	4.6
69	64	5.36	3.9	69	5.20	5.2	65	5.18	6.3	70	5.18	10.2	67	5.22	6.5
70															
71	67	5.41	4.1	68	5.13	7.4	71	5.34	6.1	68	5.08	9.5	68	5.26	8.2
72	68	5.42	4.9	70	5.29	5.9	72	5.39	3.8	71	5.21	2.6	70	5.42	4.2
73	75	6.06	3.5	62	4.95	7.0	62	5.02	5.8	64	4.86	9.3	71	5.50	5.3
74	66	5.39	8.3	64	5.05	10.1	75	5.68	5.4	74	5.53	7.6	74	5.80	5.6
75	72	5.64	4.9	74	5.68	3.1	73	5.42	4.1	72	5.26	5.0	73	5.71	5.1
76	57	4.87	9.4	75	6.18	2.2	74	5.49	2.6	75	5.72	3.4	75	6.08	2.3

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

	Transportation/Warehousing n = 88			Finance, Insur., Real Estate, Rental n = 182			Prof. Sci., Tech., Ed., Svcs., Health, Soc. Assist. n = 266			Admin. Suppt. Svcs., Arts Entert., Rec., Accom., Food Svcs., Other Svcs. n = 433		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
60	61	4.91	5.7	52	4.72	6.0	57	4.86	7.6	59	4.89	6.7
61	59	4.88	2.3	66	5.09	4.4	64	5.05	6.5	62	4.95	8.0
62	56	4.80	4.5	58	4.93	5.0	50	4.63	6.9	63	4.99	4.7
63	66	5.30	2.3	20	3.91	14.8	60	4.94	7.2	67	5.24	6.5
64	65	5.19	3.5	39	4.43	7.8	52	4.71	5.0	56	4.78	5.9
65	74	5.81	4.7	74	6.07	2.7	74	5.94	3.8	73	5.79	4.2
66	71	5.41	9.2	60	4.94	9.5	59	4.89	13.4	68	5.25	7.5
67	68	5.40	1.1	68	5.46	2.8	53	4.71	6.1	66	5.23	4.7
68	60	4.90	10.3	48	4.65	11.0	65	5.13	7.2	71	5.56	3.5
69	70	5.41	3.4	69	5.51	5.5	70	5.43	5.4	65	5.20	8.9
70	69	5.40	3.4	70	5.54	2.7	68	5.32	6.5	64	5.19	6.8
71	67	5.33	3.4	56	4.88	6.1	67	5.31	4.6	69	5.35	3.6
72	64	5.05	5.8	73	5.93	2.8	71	5.50	6.1	70	5.52	5.9
73	73	5.78	3.4	71	5.72	5.6	73	5.94	5.3	72	5.60	8.1
74	72	5.61	0.0	72	5.87	3.3	72	5.77	4.6	74	5.86	4.2
75	75	6.14	2.3	75	6.33	2.8	75	6.26	2.3	75	6.24	1.7



CONSTRUCTION

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

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

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

MANUFACTURING

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

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



WHOLESALE TRADE

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

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

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

RETAIL

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

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

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

TRANSPORTATION/WAREHOUSING

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

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

FINANCE, INSURANCE, REAL ESTATE, RENTAL

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



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

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

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

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

PROFESSIONAL SERVICES

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

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

NON-PROFESSIONAL SERVICES

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

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

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

SALES CHANGE

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



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

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

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

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

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

PRIMARY CUSTOMER

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

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

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

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

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





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

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

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

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





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

	Decrease - 10% or more n = 633			Decrease - Less than 10% n = 351			Increase - Less than 10% n = 780			Increase - 10-24% n = 678			Increase - 24-49% n = 176			Increase - 50% or more n = 59			Too new to estimate n = 73		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
29	39	4.08	13.8	32	4.05	11.3	26	3.85	16.3	24	3.94	13.5	22	4.11	13.1	30	4.39	11.9	28	4.35	22.2
30	32	3.91	15.6	35	4.14	10.9	27	3.86	14.2	26	4.01	14.0	24	4.18	13.7	31	4.39	15.3	42	4.75	9.9
31	25	3.65	20.6	26	3.93	11.7	36	4.08	11.8	37	4.21	11.4	41	4.50	8.6	46	4.64	12.1	49	4.81	12.3
32	30	3.89	10.5	37	4.19	6.0	32	4.03	5.9	34	4.14	8.2	27	4.23	6.3	23	4.14	15.3	21	4.15	12.3
33	33	3.91	11.4	28	3.99	7.4	37	4.08	5.8	36	4.19	5.5	32	4.32	5.7	47	4.66	10.3	11	3.84	13.7
34	29	3.79	16.0	30	4.04	10.1	40	4.15	8.0	35	4.18	10.3	43	4.58	7.0	33	4.42	14.0	31	4.49	16.7
35	44	4.19	13.1	34	4.07	9.1	29	3.96	11.9	30	4.07	10.1	21	4.09	11.5	44	4.62	15.5	43	4.75	6.9
36	43	4.13	15.8	33	4.06	13.4	38	4.09	13.7	32	4.12	13.8	45	4.60	8.0	26	4.25	20.3	47	4.77	13.7
37	41	4.11	11.4	47	4.38	7.5	35	4.06	11.9	29	4.06	10.6	31	4.32	8.7	24	4.15	10.2	46	4.77	9.6
38	48	4.32	15.6	42	4.22	12.9	39	4.11	12.4	31	4.11	14.5	38	4.41	14.2	36	4.46	18.6	18	4.10	22.5
39	40	4.08	12.3	44	4.27	9.8	41	4.18	9.9	38	4.23	10.8	30	4.30	9.2	41	4.59	6.9	35	4.56	15.1
40	52	4.44	8.1	38	4.19	7.2	31	4.00	9.2	39	4.24	8.3	33	4.33	8.0	40	4.56	11.9	63	5.25	9.6

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

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





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

	Decrease - 10% or more n = 633		Decrease - Less than 10% n = 351		Increase - Less than 10% n = 780		Increase - 10-24% n = 678		Increase - 24-49% n = 176		Increase - 50% or more n = 59		Too new to estimate n = 73	
	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean
54 Delinquent Accounts/ Late Payments	58	4.63	51	4.57	53	4.58	55	4.72	48	4.66	35	4.44	60	5.15
55 Handling Business Growth	63	4.80	62	4.88	58	4.74	49	4.55	39	4.42	27	4.31	48	4.81
56 Interest Rates	55	4.60	56	4.76	60	4.78	59	4.86	58	4.97	50	4.81	33	4.50
57 Zoning/Land Use Regulations	57	4.62	64	4.96	59	4.74	57	4.76	52	4.88	51	4.89	41	4.71
58 Mandatory Family or Sick Leave	61	4.78	59	4.85	52	4.56	56	4.76	55	4.95	67	5.32	71	5.75
59 Employee Turnover	64	5.01	57	4.78	56	4.60	53	4.67	50	4.81	37	4.47	70	5.63
60 Crime, including Identity Theft, Shoplifting, etc.	60	4.77	61	4.88	57	4.74	58	4.84	56	4.95	60	5.12	56	5.05
61 Anti-Competitive Practices, e.g., Price Fixing	47	4.31	60	4.88	64	4.92	63	5.06	63	5.21	68	5.38	52	4.88
62 Protecting Intellectual Property	59	4.71	63	4.90	61	4.80	61	4.98	61	5.17	66	5.29	57	5.06
63 Competition from Internet Businesses	62	4.78	54	4.73	63	4.90	65	5.12	60	5.16	69	5.40	66	5.27
64 Using Social Media to Promote Business (Facebook, Twitter, etc.)	65	5.04	58	4.82	62	4.86	60	4.86	64	5.25	53	4.92	58	5.10
65 Competition from Imported Products	56	4.61	67	5.12	66	5.16	73	5.50	71	5.49	75	6.07	55	5.04

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

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





TABLE 10
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY PRIMARY CUSTOMER

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

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

	One or two firms n = 266			One or two industries n = 305			Business in general n = 628			The public n = 1427			Government n = 93		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
21	18	3.60	13.2	26	3.93	8.7	23	3.79	11.9	20	3.76	14.1	28	3.91	13.2
22	19	3.60	12.9	23	3.83	10.7	28	3.87	10.4	21	3.76	13.9	29	3.91	11.8
23	26	3.72	14.4	20	3.75	10.3	19	3.76	11.9	28	3.92	12.4	18	3.65	12.9
24	20	3.65	14.2	22	3.80	6.9	22	3.79	12.3	29	3.97	11.2	22	3.75	15.2
25	24	3.68	15.5	29	3.96	10.3	29	3.89	15.6	26	3.88	13.3	30	3.92	18.3
26	36	4.02	13.3	31	4.10	10.2	21	3.76	13.1	25	3.87	14.9	17	3.65	9.7
27	10	3.35	25.9	16	3.58	19.2	27	3.84	17.6	38	4.13	16.0	32	4.00	13.2
28	27	3.75	16.5	21	3.78	14.5	18	3.72	14.5	34	4.09	13.1	26	3.87	11.8
29	38	4.07	12.9	28	3.94	9.9	24	3.79	14.8	35	4.09	15.3	16	3.63	16.1
30	29	3.78	16.3	25	3.90	13.5	30	3.94	13.5	36	4.09	14.0	23	3.77	16.3
31	28	3.77	16.6	27	3.94	12.2	31	4.04	12.1	37	4.12	13.9	20	3.73	16.3
32	34	4.00	8.3	32	4.17	4.6	32	4.05	9.0	32	4.05	7.8	34	4.06	10.8
33	41	4.15	6.8	48	4.55	3.6	36	4.15	6.6	27	3.89	9.3	52	4.52	5.4
34	35	4.02	12.5	37	4.27	8.6	33	4.05	10.2	31	4.04	12.3	49	4.47	6.5
35	37	4.07	11.3	33	4.17	8.2	37	4.17	9.2	33	4.07	13.0	31	3.95	8.7
36	45	4.27	12.5	46	4.43	11.6	44	4.30	11.1	30	3.99	16.0	42	4.29	14.0
37	43	4.19	11.0	47	4.45	7.3	34	4.11	10.7	39	4.13	10.7	37	4.15	14.3
38	63	5.09	5.8	60	4.89	7.6	52	4.47	9.5	19	3.71	19.8	56	4.67	11.8
39	33	3.97	11.8	40	4.31	7.9	38	4.19	10.4	42	4.25	11.2	35	4.07	11.2





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

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

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

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



NUMBER OF OWNERS

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

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

NUMBER OF MANAGERS/SUPERVISORS

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



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

TABLE 11
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY NUMBER OWNERS

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





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

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

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

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





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

	One n = 1267		Two n = 988		Three n = 244		Four n = 109		Five or more n = 53		
	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	Rank	% "Critical" Problem Mean	
60	57	4.82	61	4.83	58	4.80	57	4.72	59	4.60	
61	60	4.83	59	4.79	59	4.81	66	5.13	67	4.96	
62	64	4.98	60	4.79	62	5.02	60	4.77	58	4.57	
63	59	4.83	64	5.00	66	5.06	73	5.58	68	5.13	
64	63	4.94	63	4.95	63	5.02	62	4.87	61	4.69	
65	68	5.19	65	5.12	64	5.04	67	5.15	62	4.70	
66	67	5.19	66	5.15	65	5.05	64	4.99	64	4.77	
67	65	5.14	67	5.21	68	5.25	63	4.92	63	4.72	
68	71	5.30	68	5.23	69	5.28	65	5.01	66	4.96	
69	66	5.17	70	5.35	70	5.46	68	5.18	74	5.56	
70	Obtaining Short-Term (less than 12 months or revolving) Business Loans	69	5.19	70	5.58	73	5.58	70	5.31	72	5.47
71	Credit Rating/Record Errors	70	5.19	71	5.42	72	5.49	72	5.50	71	5.32
72	Winning Contracts from Federal/State/Local Governments	72	5.47	72	5.48	67	5.15	69	5.31	73	5.50
73	Undocumented Workers	73	5.52	73	5.58	75	5.86	74	5.60	69	5.19
74	Out-of-State Sales Tax	74	5.73	74	5.66	71	5.47	71	5.50	70	5.28
75	Exporting My Products/Services	75	5.97	75	5.91	74	5.64	75	5.63	75	5.60

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

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





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

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

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

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





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

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

YEARS OF OWNERSHIP

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

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

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

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

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

GEOGRAPHIC REGIONS

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





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

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

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

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





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

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

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

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





TABLE 14
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE BY GEOGRAPHIC REGION

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

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

	Northeast n = 382			Southeast n = 271			South n = 412			East North Central n = 738			West North Central n = 407			Mountain n = 250			Pacific n = 371		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
15	17	3.70	11.4	14	3.58	13.3	11	3.60	16.5	16	3.72	12.6	15	3.57	13.2	17	3.74	11.4	26	3.83	9.9
16	19	3.73	16.6	20	3.77	16.9	14	3.65	20.2	18	3.76	16.9	12	3.50	15.3	20	3.82	10.9	13	3.52	19.2
17	27	3.90	14.6	17	3.63	19.2	16	3.68	17.6	13	3.63	15.9	21	3.71	14.6	16	3.73	14.5	21	3.69	16.3
18	20	3.75	10.3	15	3.62	11.6	13	3.62	15.6	20	3.80	9.5	18	3.65	9.7	23	3.91	8.5	18	3.62	11.4
19	16	3.60	12.6	21	3.78	11.8	28	4.02	10.5	17	3.73	11.7	26	3.78	8.6	18	3.77	9.0	20	3.67	14.2
20	13	3.47	15.5	16	3.63	21.9	15	3.68	18.2	29	4.06	11.7	32	3.97	11.3	21	3.84	12.9	16	3.57	17.0
21	21	3.76	11.3	18	3.65	15.9	24	4.00	12.7	19	3.77	14.0	17	3.60	13.9	19	3.81	11.8	29	3.91	10.1
22	23	3.78	12.9	25	3.87	11.7	22	3.90	13.7	21	3.85	11.8	19	3.67	11.7	24	3.92	7.7	15	3.56	16.6
23	24	3.79	12.5	28	3.92	13.1	25	4.00	12.6	22	3.89	12.3	14	3.55	12.8	28	4.00	10.1	25	3.82	12.3
24	30	3.92	11.1	24	3.85	10.1	21	3.90	13.5	24	3.94	11.8	24	3.75	10.7	29	4.02	8.5	28	3.89	10.8
25	22	3.76	15.0	23	3.85	17.7	18	3.82	15.9	26	3.98	13.1	28	3.87	11.7	32	4.14	9.8	27	3.84	14.7
26	18	3.70	14.0	22	3.83	14.7	38	4.24	12.7	23	3.91	13.0	31	3.97	14.7	15	3.72	14.1	22	3.70	14.0
27	32	3.94	15.1	29	3.97	18.4	47	4.46	11.1	25	3.94	17.3	13	3.54	21.3	22	3.87	19.4	24	3.80	21.4
28	25	3.87	12.0	35	4.10	14.9	36	4.19	13.1	30	4.07	11.0	20	3.67	16.4	26	3.95	16.6	23	3.70	16.3
29	29	3.91	14.2	26	3.87	18.3	35	4.17	15.2	27	4.03	14.1	29	3.89	13.7	25	3.92	13.6	38	4.09	12.2





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

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

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

	Northeast n = 382			Southeast n = 271			South n = 412			East North Central n = 738			West North Central n = 407			Mountain n = 250			Pacific n = 371		
	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem	Rank	Mean	% "Critical" Problem
42	42	4.23	8.4	36	4.11	8.6	39	4.31	9.8	43	4.37	5.7	46	4.33	6.2	34	4.17	7.3	40	4.15	9.5
43																					
	46	4.26	6.9	39	4.16	10.1	43	4.37	9.6	48	4.45	7.1	40	4.18	7.7	44	4.34	6.4	36	4.02	8.4
44	40	4.19	9.0	46	4.29	7.1	45	4.40	8.8	36	4.23	8.2	42	4.21	7.7	46	4.35	8.9	47	4.38	6.8
45	47	4.43	8.4	41	4.18	14.7	33	4.13	13.8	41	4.33	11.5	43	4.28	9.0	42	4.32	8.8	44	4.31	10.6
46																					
	43	4.24	8.8	37	4.12	10.4	31	4.09	11.3	44	4.38	7.2	49	4.46	6.7	43	4.33	4.4	46	4.35	8.4
47	49	4.46	7.7	47	4.30	9.3	50	4.52	9.1	37	4.23	11.8	35	4.11	11.1	47	4.38	7.3	52	4.54	9.0
48																					
	44	4.26	10.1	48	4.33	9.7	46	4.41	10.5	46	4.39	7.5	50	4.49	5.2	49	4.49	6.1	48	4.39	5.4
49	57	4.63	15.9	49	4.35	18.4	49	4.50	17.2	49	4.48	16.4	34	4.03	19.6	40	4.26	18.6	49	4.45	19.4
50	52	4.56	6.4	50	4.46	8.6	53	4.58	11.1	51	4.59	7.1	47	4.36	7.9	54	4.63	8.5	51	4.52	7.7
51																					
	58	4.77	6.4	52	4.53	6.4	51	4.56	10.3	50	4.58	8.7	52	4.61	6.5	52	4.56	9.0	50	4.45	10.7
52																					
	54	4.60	10.9	59	4.72	11.2	59	4.76	8.8	52	4.60	8.2	51	4.53	8.9	53	4.62	8.1	53	4.59	8.7
53																					
	50	4.49	3.7	51	4.49	7.5	54	4.65	4.6	54	4.71	4.3	54	4.64	2.3	57	4.77	2.4	54	4.62	4.3
54																					
	56	4.62	6.1	53	4.55	8.3	44	4.39	12.7	53	4.71	7.3	56	4.75	6.0	51	4.54	6.1	61	4.90	6.6
55																					
	51	4.50	4.2	56	4.66	4.1	56	4.66	5.0	55	4.73	4.8	57	4.77	2.8	58	4.80	1.2	57	4.80	3.8





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

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

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

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



NORTHEAST

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

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

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

SOUTHEAST

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

SOUTH

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

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

MID-WEST

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

CENTRAL

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

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

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



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

MOUNTAIN

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

PACIFIC

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



SELECT STATE PROBLEMS AND PRIORITIES

SMALL BUSINESS PROBLEMS AND PRIORITIES - CALIFORNIA

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

²¹ Andy Puzder, “Why Restaurant Automation Is on the Menu,” Wall Street Journal, March 24, 2016. http://www.wsj.com/article_email/why-restaurant-automation-is-on-the-menu-1458857730-1MyQjAxMTE2NDI4NT-gyMDUyWj.

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

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

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

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

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

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



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

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

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

TABLE 15
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - CALIFORNIA

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



TABLE 15 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - CALIFORNIA

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



TABLE 16
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN CA AND US

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



SMALL BUSINESS PROBLEMS AND PRIORITIES - OHIO

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

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

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

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

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

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



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

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

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

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



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

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

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

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

TABLE 17
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - OHIO

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



TABLE 17 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - OHIO

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



TABLE 18
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN OH AND US

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



SMALL BUSINESS PROBLEMS AND PRIORITIES - TEXAS

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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



TABLE 19
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - TEXAS

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



TABLE 19 CONTINUED
MEASURES OF SMALL BUSINESS PROBLEM IMPORTANCE - TEXAS

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



TABLE 20
LARGEST DIFFERENCES IN PROBLEM RANKING BETWEEN TX AND US

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



CONCLUDING OBSERVATIONS

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

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

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

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

METHODOLOGICAL APPENDIX

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

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

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



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

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

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

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



APPENDIX TABLE 1
SMALL BUSINESS POPULATION AND SURVEY SAMPLE

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

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

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

³ Estimate

⁴ Less than 0.05 percent

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



APPENDIX TABLE 2
DISTRIBUTION OF RESPONSES TO SMALL BUSINESS PROBLEM SEVERITY

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





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

	1	2	3	4	5	6	7	N/A	Total
	Critical Problem						Not a problem		
22	Fixed Costs Too High	14.3	18.0	21.5	12.4	9.3	10.6	1.7	100%
23	Finding Out about Regulatory Requirements	16.4	17.6	18.5	10.7	9.5	14.0	1.2	100%
24	Highly Variable Earnings (profits)	11.1	17.3	21.3	12.0	11.0	11.6	1.4	100%
25	Cash Flow	13.8	14.8	17.4	11.5	12.9	12.9	1.1	100%
26	Unemployment Compensation	13.6	16.8	16.4	8.8	9.8	17.1	1.2	100%
27	Environmental Regulations	17.3	14.8	13.8	8.5	11.1	19.6	1.1	100%
28	Health/Safety Regulations	13.5	14.4	17.2	9.9	10.5	16.4	2.2	100%
29	Time Spent Shopping for Health Insurance	14.1	13.7	17.0	8.7	11.1	18.1	1.5	100%
30	Cost of Government Required Equipment/Procedures	13.8	13.1	16.8	9.6	12.3	16.9	1.3	100%
31	Competition from Large Businesses	13.5	13.6	14.6	10.6	13.2	17.5	0.6	100%
32	Cost of Outside Business Services, e.g., Accountants, Lawyers, Consultants	7.8	12.8	21.4	14.2	12.0	12.4	0.6	100%
33	Telephone Costs and Service	7.6	12.4	22.1	13.6	13.7	11.2	0.7	100%
34	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	10.9	13.3	17.6	11.5	13.4	15.7	1.1	100%
35	Controlling My Own Time	11.1	12.9	18.5	12.2	11.5	17.0	0.9	100%
36	Minimum Wage/"Living" Wage	13.8	12.9	15.7	9.5	11.3	21.7	1.1	100%
37	Locating Business Help When Needed	10.4	12.2	19.2	11.5	14.2	15.9	1.4	100%
38	Credit Card Payment Processing Costs	14.1	14.4	12.5	7.8	10.2	25.5	1.6	100%
39	Obtaining Licenses, Permits, etc.	10.4	13.6	16.4	10.8	15.3	17.7	1.7	100%
40	Hiring/Firing/Employment Regulations	8.4	14.0	16.9	10.7	12.4	20.2	0.7	100%
41	Keeping Up on Business and Market Developments	5.5	10.2	22.9	14.4	15.2	12.1	1.2	100%

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

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





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

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

SMALL BUSINESS PROBLEMS AND PRIORITIES

A 1

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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

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

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



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