In April and May 2011, the New York Fed’s Office of Community Affairs polled 876 small business owners on their recent business performance, business financing choices, and borrowing experiences. The poll was conducted online and distributed through a network of civic and business partners.
1 | AGE
About half of the sample firms are 10 years or younger.

2 | GEOGRAPHY
The NYC sample mirrors small business density by borough.

3 | SIZE
66% of respondents employ fewer than 5 employees, similar to the US small business population.
Business and professional services are a larger share of the sample than their composition of US industry, and health and human services are a smaller share.

Almost half of respondents had sales of less than $250,000 during 2010.
Business Performance, Q1 2011

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

- Increase: 38.9%
- No Change: 29.7%
- Decrease: 31.4%

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

- Increase: 42.6%
- No Change: 17.5%
- Decrease: 28.3%

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

- Increase: 15%
- No Change: 69%
- Decrease: 16%
During the last three months, did you attempt to borrow for any business purpose?

- **27% Discouraged**
- **33% Applicants**
- **19% Deleveraging**
- **21% Sufficient Financing**
- **Yes, I applied for new credit, (24.0%)**
- **Yes, I applied to renew an existing credit line, (8.8%)**
- **No, I didn't need it—have sufficient financing**
- **No, I didn't want it—paying down debt**
- **No, because I wouldn't be approved**

n=814
Credit Applicants, Q1 2011

AMOUNT OF CREDIT SOUGHT
What is the total amount of financing you were seeking for your business?

REASONS FOR SEEKING FINANCING*

n=814

n=316 (*Applicants were able to select multiple impediments.)
Successful Applicants, Q1 2011

62% of applicants were successful

SUCCESS RATES BY SIZE OF FIRM REVENUES IN 2010

SUCCESS RATES BY INDUSTRY SECTOR
**Success Rates by Credit Product, Q1 2011**

### Applicants for New or Existing Credit

- **Yes, I applied for new credit.**
  - Successful: 58%
  - Unsuccessful: 79%

- **Yes, I applied to renew an existing credit line.**
  - Successful: 79%

### Applications for Credit Products

- **New line of credit**
  - Approved: 33%
  - Not Approved: 67%

- **Business loan**
  - Approved: 28%
  - Not Approved: 72%

- **Extension of existing line of credit**
  - Approved: 52%
  - Not Approved: 48%

- **New small business credit card**
  - Approved: 44%
  - Not Approved: 56%

- **Financing for a vehicle or equipment**
  - Approved: 71%
  - Not Approved: 29%

- **Change in limit on existing credit card**
  - Approved: 38%
  - Not Approved: 62%

- **New personal card for use in this business**
  - Approved: 53%
  - Not Approved: 47%

- **Real estate finance (commercial property)**
  - Approved: 59%
  - Not Approved: 41%

- **Home equity line of credit**
  - Approved: 52%
  - Not Approved: 48%

- **Non-bank financing (e.g.: CIT)**
  - Approved: 69%
  - Not Approved: 31%

- **Second mortgage**
  - Approved: 36%
  - Not Approved: 64%

- **Informal network financing**
  - Approved: 67%
  - Not Approved: 33%

- **Accounts receivable**
  - Approved: 100%

- **Factoring**
  - Approved: 40%

- **Other**
  - Approved: 60%

---

n=241

n=623* (*Total includes multiple applications by some firms.)
During the last three months, has your business been able to get all, most, some or none of the credit wanted?

- 84% of applicants did not get all the credit they wanted
- 25% got some credit
- 16% got all the credit they wanted
- 12% got most of the credit they wanted
- 47% got none of the credit they wanted

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

<table>
<thead>
<tr>
<th>Impediments</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of outstanding debt (business or personal)</td>
<td>27%</td>
</tr>
<tr>
<td>Weak sales during the last few years</td>
<td>21%</td>
</tr>
<tr>
<td>Low credit score</td>
<td>20%</td>
</tr>
<tr>
<td>Uneven cash flow</td>
<td>20%</td>
</tr>
<tr>
<td>Insufficient collateral</td>
<td>19%</td>
</tr>
<tr>
<td>Unwilling to provide personal guarantee</td>
<td>9%</td>
</tr>
<tr>
<td>Weak tax documents</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Applicants were able to select multiple impediments.

n=234
No, I didn’t need it—have sufficient financing

SUFFICIENT FINANCING AS A PERCENT OF FIRMS IN EACH AGE COHORT

- 0-2 years: 18%
- 3-5 years: 14%
- 6-10 years: 18%
- 11-20 years: 21%
- 21-40 years: 27%
- >40 years: 31%

n=806

SUFFICIENT FINANCING AS PERCENT OF FIRMS IN EACH 2010 REVENUE COHORT

- <$50K: 12%
- $50K-$250K: 18%
- $250K-$500K: 22%
- $500K-$1M: 19%
- $1-$5M: 28%
- >$5M: 35%

n=767
Non-Applicants: Deleveraging Firms, Q1 2011

DELEVERAGING AS PERCENT OF FIRMS IN EACH AGE COHORT

<table>
<thead>
<tr>
<th>Age Cohort</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>23%</td>
</tr>
<tr>
<td>3-5</td>
<td>15%</td>
</tr>
<tr>
<td>6-10</td>
<td>17%</td>
</tr>
<tr>
<td>11-20</td>
<td>18%</td>
</tr>
<tr>
<td>21-40</td>
<td>20%</td>
</tr>
<tr>
<td>&gt;40</td>
<td>26%</td>
</tr>
</tbody>
</table>

n=806

SALES PERFORMANCE OF DELEVERAGING FIRMS

<table>
<thead>
<tr>
<th>Change</th>
<th>2010 (n=148)</th>
<th>Q1 2011 (n=155)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>42%</td>
<td>36%</td>
</tr>
<tr>
<td>No Change</td>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>Decrease</td>
<td>40%</td>
<td>34%</td>
</tr>
</tbody>
</table>

n=148

DELEVERAGING AS PERCENT OF FIRMS IN EACH REVENUE COHORT

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $50K</td>
<td>25%</td>
</tr>
<tr>
<td>$50K-250K</td>
<td>21%</td>
</tr>
<tr>
<td>$250K-500K</td>
<td>15%</td>
</tr>
<tr>
<td>$500K-1M</td>
<td>21%</td>
</tr>
<tr>
<td>$1-5M</td>
<td>16%</td>
</tr>
<tr>
<td>&gt;$5M</td>
<td>8%</td>
</tr>
</tbody>
</table>

n=767
Non-Applicants: Discouraged Borrowers, Q1 2011

DISCOURAGED AS PERCENT OF FIRMS IN EACH AGE COHORT

- 0-2 years: 27%
- 3-5 years: 35%
- 6-10 years: 39%
- 11-20 years: 28%
- 21-40 years: 19%
- >40 years: 6%

n=806

DISCOURAGED AS PERCENT OF FIRMS IN EACH 2010 REVENUE COHORT

- < $50K: 42%
- $50K-250K: 37%
- $250K-500K: 17%
- $500K-1M: 21%
- $1-5M: 20%
- >$5M: 5%

n=767
REASONS FOR NOT APPLYING FOR CREDIT

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

Percent of Firms

- Low Credit Score: 44%
- Insufficient Collateral: 42%
- Level of Outstanding Debt (Business or Personal): 37%
- Weak Sales During the Last Few Years: 33%
- Uneven Cash Flow: 31%
- Weak Tax Documents: 16%
- Unwilling to Provide Personal Guarantee: 15%
- Other: 17%

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

Q1 SALES PERFORMANCE

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

Increase: 30.4% (Discouraged) 40.2% (All Other)
No Change: 27.2% (Discouraged) 28.5% (All Other)
Decrease: 42.4% (Discouraged) 31.3% (All Other)
Which of the following are currently the most important sources of financing for your business? (Select up to 3)

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Earnings</td>
<td>613</td>
</tr>
<tr>
<td>Personal/Family Wealth</td>
<td>297</td>
</tr>
<tr>
<td>Business Credit Card</td>
<td>270</td>
</tr>
<tr>
<td>Bank Line of Credit</td>
<td>253</td>
</tr>
<tr>
<td>Personal Credit Card</td>
<td>220</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>214</td>
</tr>
<tr>
<td>Bank loan</td>
<td>160</td>
</tr>
<tr>
<td>Leasing</td>
<td>158</td>
</tr>
<tr>
<td>Bank Home Equity Line</td>
<td>158</td>
</tr>
<tr>
<td>Bank Loan (SBA)</td>
<td>158</td>
</tr>
<tr>
<td>Informal financing</td>
<td>158</td>
</tr>
<tr>
<td>Government loan</td>
<td>158</td>
</tr>
<tr>
<td>Nonbank financing (e.g. CIT)</td>
<td>158</td>
</tr>
<tr>
<td>Vendor credit</td>
<td>158</td>
</tr>
<tr>
<td>Loans from family</td>
<td>158</td>
</tr>
<tr>
<td>Nonprofit financing</td>
<td>158</td>
</tr>
<tr>
<td>Cash advance</td>
<td>158</td>
</tr>
</tbody>
</table>

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

- Sufficient Financing
- Discouraged
- Deleveraging
- Applicants

<table>
<thead>
<tr>
<th>Source</th>
<th>Sufficient Financing</th>
<th>Discouraged</th>
<th>Deleveraging</th>
<th>Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Line of Credit</td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Credit Card</td>
<td>27%</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Credit Card</td>
<td>24%</td>
<td></td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Venture Capital/ Angel Investments</td>
<td>10%</td>
<td>17%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Business Credit Card</td>
<td>39%</td>
<td>31%</td>
<td>32%</td>
<td>32%</td>
</tr>
</tbody>
</table>

n=876

n=863
Small Business Borrowers Poll Questions

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

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

2. Which organization sent you the poll? _____________

3. Business name _____________

4. Business zip _____________

5. Please select the industry that best matches your firm’s products/services:
   □ Arts and Entertainment □ Manufacturing □ Construction □ Wholesale □ Education
   □ Professional and Business Services □ Finance □ Retail □ Personal Services
   □ Technology □ Health □ Transportation □ Information □ Insurance □ Leisure
   □ Media □ Restaurants/bars □ Tourism □ Other

6. In what year was your business established? _____________

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

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

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

10. What were your business’ total sales in 2010? _____________

11. Please describe your business’ sales/revenue growth during 2010. □ Increase □ No change □ Decrease

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

   _____________  _____________  _____________
   □ Business earnings □ Bank loan □ Government-sponsored loan
   □ Bank loan with SBA guarantee □ Nonprofit loan □ Loans from family/friends
   □ Government-sponsored loan □ Venture capital □ Line of credit
   □ Government-sponsored loan □ Line of credit □ Personal credit cards
   □ Government-sponsored loan □ Home equity line □ Personal credit cards
   □ Personal credit cards □ Leasing □ Home equity line
   □ Personal credit cards □ Personal wealth □ Home equity line
   □ Non-bank financing (e.g. CIT) □ Informal network financing

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

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

   □ Increase □ No change □ Decrease
   □ Interest rates □ Credit limits
   □ Late payment penalties □ Deposit requirements

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

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

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

   Financing for a vehicle or equipment □ Applied? □ Approved?
   New line of credit □ Applied? □ Approved?
   Extension of existing line of credit □ Applied? □ Approved?
   Business loan □ Applied? □ Approved?
   New small business credit card □ Applied? □ Approved?
   Change in limit on existing credit card □ Applied? □ Approved?
   Home equity line of credit □ Applied? □ Approved?
   Factoring □ Applied? □ Approved?
   Accounts receivable □ Applied? □ Approved?
   Non-bank financing □ Applied? □ Approved?
   Informal network financing □ Applied? □ Approved?
   Second mortgage □ Applied? □ Approved?
   Real estate finance (commercial property) □ Applied? □ Approved?

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

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

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

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

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

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

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

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

   { Rate these on a scale of 1-5, not all important to very important. }
   □ Business Planning □ Financial Management
   □ Help identifying and applying for financing □ Access to networking with other businesses
   □ Help with city/state regulations □ Legal assistance
   □ Employee recruitment and training resources