ABOUT THE MAY 2012 POLL

- The Small Business Borrowers Poll asks small businesses in New York; New Jersey; and Fairfield County, Connecticut, about their business performance and financial and credit experiences.

- The poll captures the perspectives of smaller firms (typically fewer than 10 employees and under $5 million in annual revenues) who respond to an online questionnaire.

- The poll is distributed through a network of civic and nonprofit partners, including Chambers of Commerce, Industry Associations, City and State Agencies, and Small Business Development Centers.

- Responses were collected from 544 small businesses during April and May 2012.
ABOUT THE MAY 2012 POLL

AGE

About half of respondents are 10 years or younger.

SIZE, BY EMPLOYEES

60% of respondents employ fewer than 5 employees.

SIZE, BY REVENUE

Almost half of the respondents had revenues of less than $250,000 during 2011.

Number of Respondents: N = 542


Small Business Borrowers Poll Report, August 2012
ABOUT THE MAY 2012 POLL

GEOGRAPHY

Small businesses located in New York City account for half of the sample.

INDUSTRY COMPOSITION

Construction, business & professional services, manufacturing, and information are a larger share of the sample than their composition of US industry; health and human services are a smaller share.

Small Business Borrowers Poll Report, August 2012
BUSINESS PERFORMANCE

SALES PERFORMANCE
More than half of respondents experienced steady or increased sales.

MOST IMPORTANT STRATEGIC CHANGES
Cutting costs was the single most important strategic change among respondents, followed closely by cultivating new clients/markets.

GROWTH BARRIERS
Access to capital was the biggest growth barrier for respondents.

- Access to Capital: 36%
- Talent: 17%
- Gov Regulations: 14%
- Strategic Planning: 13%
- Technology: 13%
- Financial Management: 8%
DEMAND FOR CREDIT

CREDIT BEHAVIOR

Over the last 12 months, did your business do any of the following? Check all that apply.

- **8%** Only paid down debt
- **5%** Other
- **17%** Had sufficient financing
- **41%** Applied for new credit or to renew an existing credit line
- **29%** Were discouraged because they did not think they would be approved

Note: The applied category includes respondents that indicated applying for new or existing credit. The sufficient category includes respondents that indicated having sufficient credit and DID NOT indicate applying for new or existing credit. The discouraged category includes respondents that indicated thinking they would not be approved and did not indicate having sufficient credit or applying for new or existing credit. Finally, the paid down debt category includes respondents that ONLY indicated paying down debt.

APPLICANTS: AGE DISTRIBUTION

- **56%** of applicants are 11 years or older.

APPLICANTS: REVENUE DISTRIBUTION

- **66%** of the applicants had revenues greater than $250,000 during 2011.

Small Business Borrowers Poll Report, August 2012
DEMAND FOR CREDIT

AMOUNT OF FINANCING SOUGHT

58% of applicants sought $100,000 or less.

PURPOSES FOR SEEKING FINANCING

81% of applicants needed short-term operating capital.

- Working capital (cash flow, day-to-day operations, inventory, payroll): 81%
- Expand existing business: 38%
- Refinance debt/relieve existing debt: 32%
- Purchase machinery and equipment: 30%
- Develop new product/service: 18%
- Marketing: 15%
- Purchase real estate: 11%
- Start business: 6%
- Other: 5%

N = 215

Small Business Borrowers Poll Report, August 2012
## APPLICANT SUCCESS

<table>
<thead>
<tr>
<th></th>
<th>Successful Firms</th>
<th>Unsuccessful Firms</th>
<th>All Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Firm Age</td>
<td>23 years</td>
<td>19 years</td>
<td>22 years</td>
</tr>
<tr>
<td>Average Number of Employees</td>
<td>20</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Percent of Firms with Constant or Increasing Sales</td>
<td>63</td>
<td>51</td>
<td>58</td>
</tr>
<tr>
<td>Percent of Firms with Bank Relationships²</td>
<td>74</td>
<td>47</td>
<td>64</td>
</tr>
<tr>
<td>Median Firm Revenue Range</td>
<td>$500K–$1M</td>
<td>$250K–$500K</td>
<td>$500K–$1M</td>
</tr>
</tbody>
</table>

1 Applicants were considered successful if they were approved for any amount of credit in at least one credit product application.

2 Percent of firms citing a community bank, large national bank, or credit union as a top financing source.

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## FIRMS’ CREDIT ISSUES

42% reported banks not lending to their type of business.

- Insufficient collateral: 28%
- Low credit score: 25%
- Weak sales during the last few years: 23%
- Business is too young: 18%
- Uneven cash flow: 18%
- Level of outstanding debt: 16%
- Weak/missing financial statements: 15%
- Unwilling to provide personal guarantee: 11%

N = 116

Small Business Borrowers Poll Report, August 2012
APPLICANT SUCCESS

APPLICANT SUCCESS RATE

63% of applicants were successful in getting some financing.

37% Denied
14% Amount Undetermined
13% Full Amount Approved

CREDIT PRODUCT SUCCESS RATE

32% was the overall credit product approval rate. On average, firms applied for 3 products.

N = 221

1 Applicants were considered successful if they were approved for any amount of credit in at least one credit product application.

Small Business Borrowers Poll Report, August 2012
## NON-APPLICANT FIRMS

<table>
<thead>
<tr>
<th></th>
<th>Firms with Sufficient Financing</th>
<th>Discouraged Firms</th>
<th>Firms that Only Paid Down Debt</th>
<th>Non-Applicant Average</th>
<th>Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Firm Age</strong></td>
<td>25 years</td>
<td>12 years</td>
<td>20 years</td>
<td>17 years</td>
<td>22 years</td>
</tr>
<tr>
<td><strong>Average Number of Employees</strong></td>
<td>11</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td><strong>Percent of Firms with Constant or Increasing Sales</strong></td>
<td>70</td>
<td>49</td>
<td>28</td>
<td>52</td>
<td>58</td>
</tr>
<tr>
<td><strong>Percent of Firms with Bank Relationship</strong></td>
<td>45</td>
<td>33</td>
<td>48</td>
<td>38</td>
<td>64</td>
</tr>
</tbody>
</table>

Small Business Borrowers Poll Report, August 2012
57% of discouraged firms rely on their earnings for financing.

Access to capital is the biggest growth barrier for discouraged firms.

- Capital: 48%
- Strategic planning: 14%
- Financial management: 12%
- Regulation: 10%
- Technology: 9%
- Talent: 7%

Small Business Borrowers Poll Report, August 2012
**DEMAND IN SECOND HALF OF 2012**

Do you plan to apply for credit in the next 6 months?

- **20%** New applicants
- **43%** Plan to apply
- **57%** Do not plan to apply

**Re-applicants**

- **23%**

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<table>
<thead>
<tr>
<th></th>
<th>New Applicants</th>
<th>Re-Applicants</th>
<th>Successful Applicants, 2011–2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Firm Age</strong></td>
<td>14 years</td>
<td>20 years</td>
<td>23 years</td>
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<td><strong>Percent of Firms with Bank Relationship</strong></td>
<td>31</td>
<td>60</td>
<td>74</td>
</tr>
</tbody>
</table>

*Most firms that expect to reapply in 2012 were either denied or received only partial funding on their credit requests between mid-2011 and mid-2012. Obtaining credit may continue to be a problem for applicants with weaker sales.*
SMALL BUSINESS BORROWERS POLL QUESTIONS

FIRM PROFILE
1. Business name ____________________________  Business zip code _________________  Industry __________________________  Year established _______________
   Gender of business owner/executive _______________ Number of full-time employees ____________

Roughly, what were your business’ total sales in 2011?
   ☒ Less than $50, 000  ☐ $50, 000 - $250, 000  ☒ $250, 000 - $500, 000  ☒ $500, 000 - $1M  ☒ $1M - $5M  ☐ $5M - $10M  
   ☒ $10M - $100M  ☐ $100M - $500M  ☐ Greater than $500 Million  ☐ Don’t know/Decline to answer

Is your business minority-owned?  ☐ Yes  ☐ No  Is your business women-owned?  ☐ Yes  ☐ No  Is your business veteran-owned?  ☐ Yes  ☐ No

FIRM PERFORMANCE AND STRATEGY
2. Over the past 12 months, have the following significantly increased, moderately increased, stayed the same, moderately decreased, or significantly decreased?
   ______ Sales/revenues   ______ Number of employees   ______ Spending on equipment and facilities

3. Over the next 12 months, what is your outlook for sales in your business?  ☐ Significant Increase  ☐ Moderate Increase  ☐ No Change  ☐ Moderate Decrease  ☐ Significant Decrease

4. What are the 3 most important changes, if any, you made to your business operations during 2011?
   ______ Developed new products/services   ______ Cultivated new clients/new markets   
   ______ Increased productivity   ______ Increased technology investments   ______ Cut costs   ______ Reorganized management   ______ Reduced debt   ______ Reduced number of employees   
   ______ Outsourced operations   ______ Started/expanded exporting

5. Do you have a written business plan—a short to medium-term plan of your operating and financial objectives?  ☐ Yes  ☐ No

6. What is the most important issue you’re struggling with that will affect your ability to grow your business?
   ☐ Access to capital  ☐ Talent (Finding the right workers)  ☐ Strategic planning (advice on how to grow business)  ☐ Financial management (managing cost and revenue streams)  ☐ Complying with government regulations  ☐ Using technology and social media to attract new customers

FINANCING
7. Please rank the TOP THREE (3) types of financing you use for your business, with 1 being the greatest in dollar value, 2 the second greatest in dollar value, and 3 the third greatest in dollar value.
   ______ Business earnings   ______ SBA-backed Loan   ______ Non-SBA-backed Loan   ______ Bank line of credit   ______ Bank home equity line   ______ Personal credit card   
   ______ Business credit card   ______ Personal/spousal savings or wealth   ______ Equity financing   ______ Trade credit   ______ Crowd funding (ex. Kickstarter)   ______ Other

8. Please rank the TOP THREE (3) sources of current financing for your business, with 1 being the greatest in dollar value, 2 the second greatest in dollar value, and 3 the third greatest in dollar value.
   ______ Large Bank   ______ Community Bank   ______ Credit union   ______ Nonprofit Lender   ______ Government-sponsored loan program   ______ Venture capital/angel investor   
   ______ Family/friends   ______ Self/spouse   ______ Finance company (ex. CIT)   ______ Peers (ex. Kickstarter)   ______ Payday Lender
SMALL BUSINESS BORROWERS POLL QUESTIONS

CREDIT

9. Over the last 12 months, did your business do any of the following? Check all that apply.
   - Applied for new credit
   - Applied to renew existing credit
   - Did not apply for credit because we had sufficient financing
   - Did not apply because we did not think we would be approved
   - Paid down debt

10. Over the last TWELVE (12) months, did you apply for the following types of credit and were you approved? Select the products you applied for and the amount of credit you received (full, partial, none).
   - New Line of Credit
   - Extension of Existing Line of Credit
   - Home equity line
   - Second mortgage for business purposes
   - Real estate finance (commercial property)
   - SBA loan
   - Non-SBA loan
   - New business credit card
   - New personal credit card for use in the business
   - Change in limit on existing credit card
   - Factoring
   - Trade credit
   - Finance company financing (ex. CIT)
   - Peer loan (ex. Kickstarter)

11. What is the total amount of all the financing you were seeking for your business in the last 12 months?
   - Less than $10,000
   - $10,001-$25,000
   - $25,001-$50,000
   - $50,001-$100,000
   - $100,001-$250,000
   - $250,001-$500,000
   - $500,001-$1,000,000
   - Over $1,000,000
   - N/A

12. What is the total amount of all the financing you received for your business in the last 12 months?
   - Less than $10,000
   - $10,001-$25,000
   - $25,001-$50,000
   - $50,001-$100,000
   - $100,001-$250,000
   - $250,001-$500,000
   - $500,001-$1,000,000
   - Over $1,000,000
   - N/A

13. How many financial institutions did you consult with/apply to in order to get financing?
   - 1
   - 2
   - 3
   - 4
   - 5
   - 6
   - 7
   - 8
   - 9
   - 10
   - More than 10

14. For what purposes were you seeking financing? Check all that apply.
   - Refinance debt/relieve existing debt
   - Marketing
   - Working capital (cash flow, day-to-day operations, inventory, payroll, etc.)
   - Machinery and equipment purchases
   - Expand existing business (ex. hire employees, invest in new locations)
   - Develop new product/service
   - Purchase real estate
   - Other: ________________
   - N/A

15. If your business has not been able to get all of the credit you want, why not? Select the TWO (2) most important reasons.
   - Low credit score
   - Insufficient collateral
   - Unwilling to provide personal guarantee
   - Weak/missing financial statements
   - Uneven cash flow
   - Level of outstanding debt
   - Weak sales during the last few years
   - Business is too young
   - Banks are just not lending to my type of business
   - Other factors--please specify: __________ N/A

16. Do you plan to apply for credit in the next SIX (6) MONTHS?
   - Yes
   - No

Small Business Borrowers Poll
EMPLOYMENT SKILLS AND FUTURE

17. If the number of workers at your firm increased during the last 12 MONTHS, what were the business reasons for adding workers? Check all that apply.

- Expect my sales to grow.
- Need skills not possessed by current staff.
- A more positive economic climate.
- Current staff members are overworked.
- Firm's financial position improved.
- Wages and benefits have fallen.
- Other factors—please describe: ____________________________

18. What are the top THREE (3) employee skills your business currently needs?

- Basic math skills
- Advanced math skills
- Basic English skills
- Basic computer skills
- Advanced computer skills
- Advanced technology skills (ex. engineer)
- Sales and marketing
- Foreign language skills
- Punctuality/reliability
- Interpersonal skills

19. How difficult is it/has it been for you to find workers with the following skills?

<table>
<thead>
<tr>
<th>Skill</th>
<th>Very Easy</th>
<th>Somewhat Easy</th>
<th>Neither Easy Nor Difficult</th>
<th>Somewhat Difficult</th>
<th>Very Difficult</th>
<th>N/A</th>
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<tbody>
<tr>
<td>Basic math skills</td>
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<td>Advanced math skills</td>
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<td>Basic English skills</td>
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<td>Basic computer skills</td>
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<td>Advanced computer skills</td>
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<td>Advanced technology skills (ex. engineer)</td>
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<td>Sales and marketing</td>
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<td>Punctuality/reliability</td>
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<td>Interpersonal skills</td>
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