

2020

TENTH
EDITION

Small Business **PROBLEMS** & **PRIORITIES**

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Table of Contents

TENTH
EDITION

Foreword	1
List of Exhibits	3
Executive Summary	4
Small Business Problems & Priorities	5
Problems of Greatest Concern.....	5
Problems of Least Concern.....	8
Largest Changes in Problem Ranking.....	12
Consensus on Problem Difficulty.....	14
a. Problem Areas of Greatest Consensus	14
b. Problem Areas of Least Consensus	14
Problem Clusters.....	16
Changes in Problem Rankings over Time	21
a. Business Cycle	35
b. Problems Growing in Importance	36
c. Problems Decreasing in Importance	37
Problems and Priorities by Small Business Classifications	38
Employee Size of Business.....	38
Industry	47
a. Agriculture, Forestry and Fishing	56
b. Construction	56
c. Manufacturing	57
d. Wholesale Trade	57
e. Retail Trade	57
f. Transportation/Warehousing	58
g. Finance, Insurance, Real Estate, Rental	58
h. Professional Services: Scientific, Technical, Education, Health, and Social Assistance Services	58
i. Non-Professional Services: Personal, Administrative Support, Entertainment, Recreation, Accommodation and Food Services	59
Primary Customer	59
Sales Change.....	63
Population Density.....	68
Years of Ownership	71
Owner Gender.....	74
Legal Form of Business	78
Select State Problems and Priorities	82
California	82
Texas.....	87
Ohio	92
New York.....	97
Concluding Observations	102
Methodological Appendix	103

This is the tenth edition of *Small Business Problems & Priorities*. The first edition was published in 1982 followed by editions in 1986, 1991, 1996, 2000, 2004, 2008, 2012, and 2016. The volumes are among the NFIB Research Center's most popular publications and therefore have become a staple. An eleventh edition to be published in the spring of 2024.

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. The questionnaire presents 75 potential business problems, including public policy-related issues. 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 2020 survey substituted two new potential problems for two that elicited minimal interest in previous editions. Still, the list of potential business problems assessed in 2020 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 issues 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. *Small Business Problems & Priorities* is designed to help accomplish that objective.

A second purpose for conducting the survey is to provide those interested in small business issues outside of NFIB an accurate list 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 interest when none exists (and vice versa). The data in *Small Business Problems & Priorities* therefore provide a standard against which others can measure their hypotheses.

Small Business Problems & Priorities is unique. The survey has a large number of respondents. Two thousand five hundred and fifty-two (2,552) 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 therefore possible to note where the responses of those in different categories or groups vary from the population and among each other.

The second characteristic making the study unique is that most surveys of this genre are limited to comparatively few issues. *Small Business Problems & 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 small-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 or in major cities compared to the general population.

The data for *Small Business Problems & Priorities* are presented in 21 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.

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TABLES

Table 1: Measures of Small Business Problem Importance	9
Table 2: Largest Changes in Problem Ranking, 2016 to 2020.....	13
Table 3: Problem Rank by Consensus on Problem Importance	15
Table 4: Importance of Small Business Problem by Problem Cluster	16
Table 5: Rank Order of Small Business Problem in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986, and 1982.....	22
Table 6: Measures of Small Business Problem Importance by Employment Size of Business	39
Table 7: Measures of Small Business Problem Importance by Industry.....	48
Table 8: Measures of Small Business Problem Importance by Primary Customer	60
Table 9: Measures of Small Business Problem Importance by Average Annual Sales Change Over the Last Three Years.....	64
Table 10: Measures of Small Business Problem Importance by Population Density.....	68
Table 11: Measures of Small Business Problem Importance by Years of Ownership.....	71
Table 12: Measures of Small Business Problem Importance by Owners’ Gender.....	75
Table 13: Measures of Small Business Problem Importance by Legal Form of Business.....	78
Table 14: California Ranking	83
Table 15: Largest Differences in Problem Ranking Between CA and US.....	86
Table 16: Texas Ranking.....	88
Table 17: Largest Differences in Problem Ranking Between TX and US	91
Table 18: Ohio Ranking.....	93
Table 19: Largest Differences in Problem Ranking Between OH and US.....	96
Table 20: New York Ranking	98
Table 21: Largest Differences in Problem Ranking Between NY and US	101
Appendix Table 1: Small-business Population and Survey Sample.....	104
Appendix Table 2: Response to Small Business Problem Severity (percent)*	105

CHARTS

Chart 1: Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Under 50 Employees, 2000 – 2020	6
Chart 2: Tax Issues – Percent Critical (in rank order).....	7
Chart 3: “Energy Costs, Except Electricity” and Average Price of Gallon of Gas, 1982 - 2020	12
Chart 4: Financing Problem Rankings, 1982 – 2020.....	36
Chart 5: Locating Qualified Employees, Finding and Keeping Skilled Employees and Employee Turnover, 1982 – 2020.....	37
Chart 6: Largest Ranking Differences by Gender.....	74

- The 10 most severe problems for small-business owners of the 75 business problems assessed are in order: “Cost of Health Insurance,” “Locating Qualified Employees,” “Federal Taxes on Business Income,” “Property Taxes (real, inventory or personal property),” “Finding and Keeping Skilled Employees,” “Unreasonable Government Regulations,” “State Taxes on Business Income,” “Tax Complexity,” and “Uncertainty over Economic Conditions.” The cost of health insurance remains the most severe problem for small-business owners and is “critical” for 51 percent of respondents, nearly unchanged from the 2016 and 2012 publications.
- 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,” “Importing My Products/Services,” “Undocumented Workers,” “Out-of-State Sales Tax (e.g., internet sales),” “Credit Rating/Record Errors,” “Winning Contracts from Federal/State/Local Governments,” “Costs and Frequency of Lawsuits/Threatened Lawsuits,” “Obtaining Short-Term (less than 12 months or revolving) Business Loans,” “Obtaining Long-Term (5 years or more) Business Loans,” and “Bad Debts (not delinquencies) and/or Bankruptcies.” The least severe problem, “Exporting My Products/Services,” proves critical for 3 percent of small-business owners, virtually unchanged since 2012.
- Small-business owners evaluated most problems in the 2020 survey as they did in 2016, the date of the last *Small Business Problems & Priorities* survey. The major changes that did occur are largely related to labor and employment issues, and energy costs. Among problems increasing in importance, “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil¹,” topped the list by rising 15 positions from a rank of 34th in 2016 to 19th in 2020. Four problems moved 10 positions up the ranking starting with “Competition from Large Businesses” moving from 31st in 2016 to 21st in 2020. “Locating Qualified Employees” and “Training Employees” also moved 10 positions from 37th to 27th and 42nd to 32nd respectively. The largest decline in the ranking is “Health/Safety Regulations (OSHA),” falling 13 positions from 28th to 41st. “Sales Too Dependent on Health of One Business or Industry” also fell 13 positions from 38th to 51st.
- The classifications that show 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.
- The findings of this publication are based on the responses of 2,552 NFIB small-business owner/members to a mail survey conducted from February to mid-March 2020. A sample of 20,000 members was drawn for a response rate of 13 percent. Separate samples of 1,500 each were drawn for CA, OH, TX, and NY to create four 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.” An average was calculated from the responses for each problem. Problems are ranked by mean score.

¹ Hereafter called “Energy Costs, except Electricity”

Small Business Problems and Priorities

The 2020 *Small Business Problems & Priorities* data were collected just prior to the Covid-19 health and economic crisis that began in mid-March. The data reflects owners' views four years into one of the longest U.S. economic expansions. The health and economic crisis that ended economic growth in March will have certainly impacted some of these results, especially those related to employment, sales, and financing. Those issues would likely resemble the ranking of 2012 as small businesses started to emerge from the Great Recession. The four years between the last edition published in 2016 and the current edition experienced a strong economic expansion, significant tax reform, federal deregulation, historically low unemployment, and aggressive efforts by employers to retain employees and attract applicants for open positions. The effects of the strong economy over the last four years are reflected in owners' assessment of the list of 75 business problems. However, many top concerns among small-business owners remain constant problems irrespective of economic conditions.

Problems of Greatest Concern

The "Cost of Health Insurance" continues as the number one small-business problem, a position it has held for 29 years. The number one ranking is reflected in all 46 sub-categories of businesses analyzed in this survey. The percent of small-business owners who cite the "Cost of Health Insurance" as critical remained generally unchanged since 2012 at 51 percent. In 2004, this figure reached 66 percent during the height of yearly premium increases. Despite the slowing rate of premium increases, the percent who find it a critical problem continues to overshadow the second highest ranking problem, "Locating Qualified Employees" by 20 percentage points.

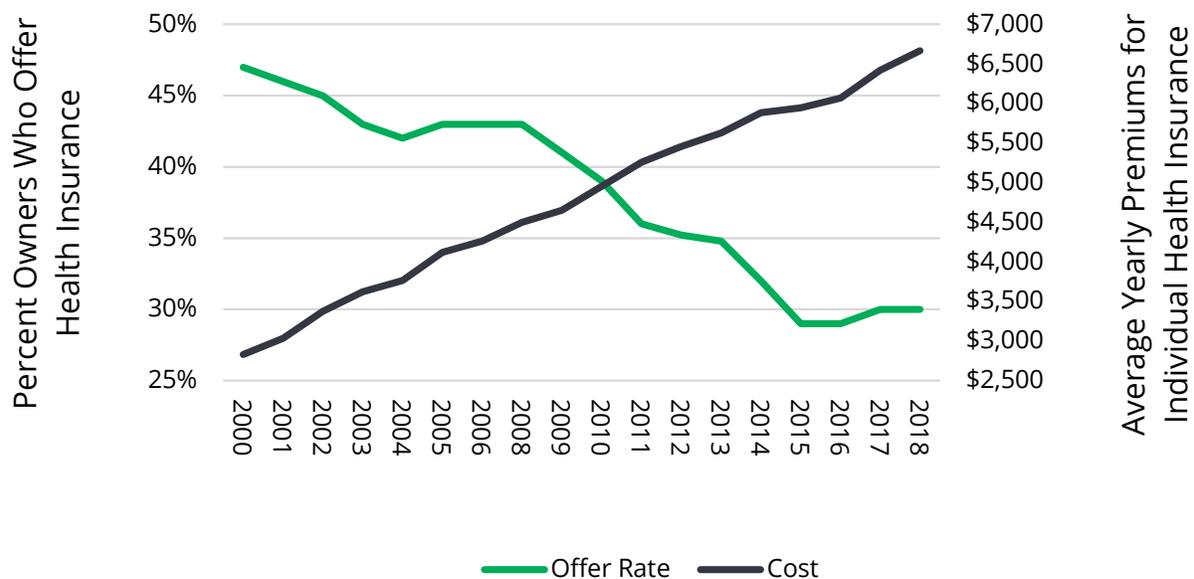
Health insurance costs for small firms have risen 43 percent in the last decade, an increase outpacing wages and inflation. Rising health insurance costs have proved unaffordable for many small-business owners resulting in some owners terminating their employer-sponsored health insurance program, others delaying the benefit until reaching higher profitability, and priced out other firms from ever offering the benefit. This trend is reflected in the decline of small-firm offer rates from 41 percent in 2009 to its current rate of 30 percent.² But even those offering the benefit continue to adjust deductibles and co-payments to negate some of the steep yearly premium increases. Without a major refocus of current thinking on how to lower health care costs, the cost of health insurance will almost certainly be the most critical business problem facing small-business owners again in four years.

²Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey-Insurance Component.

CHART 1

Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000 - 2018

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



“Locating Qualified Employees” moved up in importance from ranking tenth in 2016 to its current second place ranking. With the unemployment rate at historic low levels for much of the last two years, small-business owners struggled to fill open positions, often having to devote more time and resources to train current employees or those newly hired. The percent of owners finding it a critical problem increased from 24 percent in 2016 to 31 percent in 2020.

Tax related issues continue to be significant problems for small-business owners but the percent finding them “critical” issues has declined since 2016, certainly due to the passage of the 2017 Tax Cuts and Jobs Act that significantly lowered and simplified federal taxes for most small-business owners. However, many small-business owners still find current rates a burden but equally problematic are the complexity of tax compliance and the frequency of changes in tax laws. The top 10 most severe problems for small-business owners is populated with four tax related small-business issues. The monthly *Small Business Economic Trends* survey reflects this sentiment as “taxes” typically ranks first or second as the most important problem for owners. “Labor Quality” was the number one problem in that survey for all of 2018 and 2019.

The most severely ranked tax problem is “Federal Taxes on Business Income.” It ranks third, unchanged from 2016. About 20 percent of small-business owners thought it a critical problem, 9 points lower than four years ago. Its state equivalent, “State Taxes on Business Income,” rose in the ranking from 9th to 7th but saw a decrease in the percent who found it critical from 23 percent in 2016 to 19 percent.

The second most severe tax problem is “Property Taxes (real, inventory or personal property).” This problem rose four positions from 8th in 2016 to its current position of 4th. Real estate prices have increased significantly in many parts of the country increasing the taxes levied on properties owned by small businesses. 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 including their own business structure.

“Tax Complexity” is the fourth most severe tax issue ranking eighth, three positions lower than in 2016. It is critical for 16 percent of small-business owners, down from 27 percent in 2016. The Tax Cuts and Jobs Act did simplify aspects of tax filing for many with increasing the standard deduction for example, but most small-business owners continue to rely on tax software and a tax preparer to help them file their taxes. About 88 percent of owners use a tax preparer and their main reason in doing so is to ensure compliance.³

CHART 2

Tax Issues – Percent Critical in Ranking Order

	2020	2016	2012
Federal Taxes on Business Income	20.1	29.3	29.5
Property Taxes (Real, Inventory, etc.)	20.6	22.7	24.4
State Taxes on Business Income	18.7	22.7	23.8
Tax Complexity	16.2	27.2	28.8
Frequent Changes in Federal Tax Laws/Rules	11.8	20.7	24.0
Dealing with IRS/State Tax Agencies	9.8	16.0	16.2
FICA (Social Security Taxes)	8.3	12.9	13.8
Estate Tax	7.9	12.1	18.5

Related to “Tax Complexity” is the 13th-ranked small-business problem, “Frequent Changes in Federal Tax Laws and Rules.” This problem moved down six positions, a significant fall from its 7th position in 2016 to 13th. The Tax Cuts and Jobs Act was enacted in December 2017, the last major federal tax overhaul impacting small-business owners. Small-business owners have likely settled in with the new tax changes over the last two years. The current health and economic crisis will likely elevate this issue due to anticipated tax increases in the coming years to pay for stimulus spending.

³ NFIB Research Foundation, *Tax Complexity and the IRS*, NFIB Small Business Poll series, Volume 6, Issue 6, 2006.

Economic and government “uncertainty” both eased a bit from 2016 but are still in the top-10. These areas of uncertainty trigger anxiety among consumers, investors, and business owners alike. Small-business owners ranked “Uncertainty over Economic Conditions” as the 9th most severe problem facing their business and is critical for 14 percent of them. Strong GDP growth and favorable government policies in Washington, D.C. mitigated much of the uncertainty felt in the 2016 and 2012 editions. Similarly positioned is “Uncertainty over Government Actions” which ranks 10th and is critical for 15 percent.

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 eight of nine 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 2016 and 2012. Sixty-three 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 and delivery services certainly allows for market expansion through online sales, some even to overseas customers. Undoubtedly international 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.

“Importing my Products/Services” follows close behind at 74th with only 2 percent of owners finding it a critical issue and 57 percent reporting that it is not a problem. This new problem was introduced following significant trade disputes with primarily China and Mexico over the past few years.

The 73rd ranked problem in the survey is “Undocumented Workers,” a problem first introduced in 2008. Six percent find it a critical problem compared to 57 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.

A newer issue introduced to the questionnaire in 2016, “Out-of-State Sales Tax,” ranks 72nd and is currently not a concern for most small-business owners. Five percent consider the issue critical compared to 52 percent who think it is not a problem. As internet sales grow in volume, this issue will likely become more important.

“Credit Rating/Record Errors” remained at the 71st ranking position, unchanged from 2016. 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.⁴

⁴ *Finance Questions*, NFIB Small Business National Poll (ed.), William J. Dennis, Jr., NFIB Research Foundation, Vol. 7, Iss. 7, 2007.

“Winning Contracts from Federal/State/Local Governments” ranks 70th of the 75 listed problems, moving up two positions from 2016. 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 in a line of business that could provide services easily or do not believe they will succeed in obtaining one.

The 69th ranking belongs to “Cost and Frequency of Lawsuits/Threatened Lawsuits” down one position from 2016. 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.⁵ 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.

“Obtaining Short-Term (less than 12 months or revolving) Business Loans” and “Obtaining Long-Term (5 years or more) Business Loans” remained generally unchanged from 2016. The former moved up from 70th to 68th and the latter from 69th to its current ranking of 67th. Credit conditions remain extremely favorable for small-business owners.

TABLE 1

Measures of Small Business Problem Importance

Problem	Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2016 Rank
Cost of Health Insurance	1	2.31	1.87	50.6	8.0	1
Locating Qualified Employees	2	3.17	2.10	30.5	13.1	10
Federal Taxes on Business Income	3	3.28	1.83	20.1	8.2	3
Property Taxes (real, inventory or personal property)	4	3.36	1.93	20.6	9.8	8
Finding and Keeping Skilled Employees	5	3.37	2.10	25.5	13.2	14
Unreasonable Government Regulations	6	3.42	1.86	18.8	8.6	2
State Taxes on Business Income	7	3.46	1.92	18.7	10.9	9
Tax Complexity	8	3.46	1.81	16.2	8.4	5
Uncertainty over Economic Conditions	9	3.60	1.78	14.0	7.5	4
Uncertainty over Government Actions	10	3.63	1.84	14.7	9.8	6
State/Local Paperwork	11	3.74	1.80	11.3	10.3	11
Cost of Supplies/Inventories	12	3.85	1.74	9.3	10.0	15
Frequent Changes in Federal Tax Laws and Rules	13	3.86	1.85	10.8	12.1	7
Cost and Availability of Liability Insurance	14	3.92	1.95	13.1	14.9	20
Federal Paperwork	15	3.99	1.80	9.1	12.0	12

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

TABLE 1

Measures of Small Business Problem Importance (Cont'd)

Problem	Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2016 Rank
Electricity Costs (rates)	16	3.99	1.79	9.0	12.0	19
Projecting Future Sales Changes	17	4.00	1.74	8.1	11.1	18
Fixed Costs Too High	18	4.05	1.80	8.9	12.8	22
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	19	4.07	1.85	9.4	13.6	34
Poor Earnings (profits)	20	4.08	1.90	11.5	13.4	16
Competition from Large Businesses	21	4.09	2.06	13.4	19.0	31
Workers' Compensation	22	4.12	1.99	11.1	18.9	13
Dealing with IRS/State Tax Agencies	23	4.14	1.85	9.8	13.4	17
Highly Variable Earnings (profits)	24	4.15	1.82	8.5	13.9	24
Finding Out about Regulatory Requirements	25	4.17	1.84	7.7	15.3	23
Cash Flow	26	4.17	1.90	10.8	14.5	25
Locating Business Help When Needed	27	4.20	1.95	10.6	16.8	37
FICA (Social Security Taxes)	28	4.21	1.84	8.3	16.2	21
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	29	4.24	1.73	5.0	13.7	32
Telephone Costs and Service	30	4.29	1.71	5.1	13.4	33
Controlling My Own Time	31	4.33	1.96	9.2	20.3	35
Training Employees	32	4.34	1.89	7.0	18.6	42
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	33	4.35	1.85	7.4	17.1	43
Minimum Wage/"Living" Wage	34	4.35	2.11	13.2	24.8	36
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	35	4.36	2.02	10.1	21.5	new
Pricing My Goods/Services	36	4.36	1.86	7.2	17.3	44
Unemployment Compensation	37	4.40	1.90	7.8	20.5	26
Environmental Regulations (e.g., EPA)	38	4.43	2.00	9.5	23.2	27
Cost of Government Required Equipment/Procedures	39	4.43	1.95	8.4	21.4	30
Ability to Cost-Effectively Advertise	40	4.43	1.90	7.3	19.9	46
Health/Safety Regulations (e.g., OSHA)	41	4.43	1.92	7.9	21.4	28
Keeping Up on Business and Market Developments	42	4.46	1.67	4.1	14.5	41
Hiring/Firing/Employment Regulations	43	4.47	1.93	6.9	22.2	40
Real Estate Values	44	4.47	1.89	7.9	20.5	47
Obtaining Licenses, Permits, etc.	45	4.55	1.91	6.8	21.5	39

TABLE 1

Measures of Small Business Problem Importance (Cont'd)

Problem	Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2016 Rank
Using Computer(s), the Internet or New Technology Effectively	46	4.60	1.86	5.7	21.2	48
Traffic, Highways, Roads, Bridges	47	4.60	2.00	8.3	26.1	52
Cyber Crime (viruses, hacking, etc.)	48	4.60	1.92	7.5	21.8	51
Poor Sales	49	4.61	1.89	7.9	21.1	45
Employee Turnover	50	4.66	2.07	9.8	28.1	59
Sales Too Dependent on Health of One Business or Industry	51	4.68	1.93	6.8	25.4	38
Mandatory Family or Sick Leave	52	4.73	2.08	10.7	30.1	58
Estate Tax	53	4.73	2.20	12.1	35.6	49
Rules on Retirement Plans	54	4.77	1.86	5.2	26.0	50
Handling Business Growth	55	4.77	1.73	3.4	21.6	55
Interest Rates	56	4.78	1.84	6.0	23.6	56
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	4.80	1.88	5.5	27.1	64
Delinquent Accounts/Late Payments	58	4.84	1.87	5.6	26.1	54
Reducing Energy Use in a Cost-Effective Manner	59	4.85	1.70	3.7	22.3	53
Zoning/Land Use Regulations	60	4.93	1.95	6.6	32.0	57
Competition from Internet Businesses	61	4.95	2.09	9.6	36.1	63
Crime, including Identity Theft, Shoplifting, etc.	62	5.02	1.83	5.2	28.5	60
Access to High-Speed Internet	63	5.07	2.10	8.7	41.2	66
Protecting Intellectual Property	64	5.10	1.89	5.6	34.7	62
Competition from Imported Products	65	5.23	1.99	6.6	42.5	65
Bad Debts (not delinquencies) and/or Bankruptcies	66	5.35	1.76	3.3	37.9	67
Obtaining Long-Term (5 years or more) Business Loans	67	5.50	1.82	4.7	44.9	69
Obtaining Short-Term (less than 12 months or revolving) Business Loans	68	5.51	1.81	4.6	45.1	70
Costs and Frequency of Lawsuits/Threatened Lawsuits	69	5.51	1.82	4.5	44.5	68
Winning Contracts from Federal/State/Local Governments	70	5.56	1.85	4.3	50.8	72
Credit Rating/Record Errors	71	5.58	1.67	2.8	42.8	71
Out-of-State Sales Tax (e.g., internet sales)	72	5.64	1.85	4.8	52.3	74
Undocumented Workers	73	5.74	1.88	6.2	57.2	73
Importing My Products/Services	74	5.98	1.52	2.3	56.8	new
Exporting My Products/Services	75	6.02	1.61	3.1	62.6	75

Largest Changes in Problem Ranking

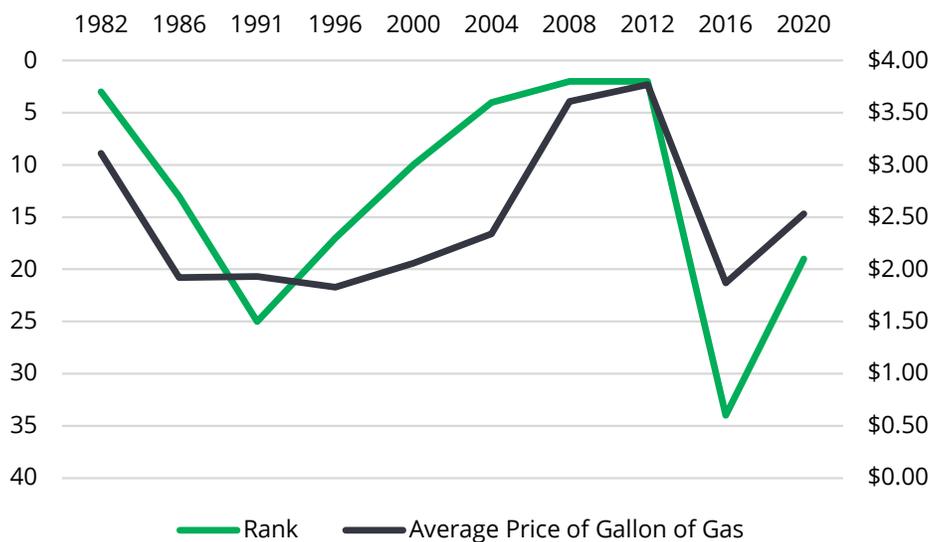
The 2020 edition of *Small Business Problems & Priorities* includes a number of notable swings in issue importance from 2016 that reflect dramatic changes in the economy and shifts in government priorities that affect small businesses.

“Energy Costs, except Electricity” leads as it moved up 15 positions from 34th to 19th. The percent of owners evaluating it as a critical issue remained generally unchanged from 11 percent in 2016 to 9 percent. The price of oil increased over the last four years reflecting this shift in relative severity.

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 Prices, 1982-2016



Four of the top-10 issues that experienced the largest change in ranking over the last four years are employee related. “Training Employees” and “Finding and Keeping Skilled Employees” rose 10 and 9 positions respectively. The former moved from the 42nd ranked position in 2016 to 32nd and the latter from 14th to 5th. 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 3rd place behind taxes and the cost of regulation in the competition for the “Single Most Important Problem” currently facing their business. The unemployment rate was 3.5 percent in February, “full employment” in the eyes of most observers.

TABLE 2

Largest Changes in Problem Ranking, 2016 to 2020

More Difficult in 2016	2020 Rank	2016 Rank	Ranks Changed
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	19	34	15
Competition from Large Businesses	21	31	10
Locating Business Help When Needed	27	37	10
Training Employees	32	42	10
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	33	43	10
Finding and Keeping Skilled Employees	5	14	9
Employee Turnover	50	59	9
Locating Qualified Employees	2	10	8
Pricing My Goods/Services	36	44	8
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	64	7

Less Difficult in 2016	2020 Rank	2016 Rank	Ranks Changed
Health/Safety Regulations (e.g., OSHA)	41	28	13
Sales Too Dependent on Health of One Business or Industry	51	38	13
Unemployment Compensation	37	26	11
Environmental Regulations (e.g., EPA)	38	27	11
Workers' Compensation	22	13	9
Cost of Government Required Equipment/Procedures	39	30	9
FICA (Social Security Taxes)	28	21	7
Dealing with IRS/State Tax Agencies	23	17	6
Obtaining Licenses, Permits, etc.	45	39	6
Reducing Energy Use in a Cost-Effective Manner	59	53	6

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 with least consensus.

a. 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 2016 and two are new to the list.

“Importing My Products/Services” tops the list as the problem with the most consensus among small-business owners with a standard deviation of 1.52. Small-business owners are generally aligned in their ability to import their products or service with relatively little difficulty. Most small-business owners find this issue not at all a 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 on-line. International sales often end up being a more passive activity than owners actively pursuing outside markets.

“Keeping Up on Business and Marketing Developments” share third place with “Credit Rating/Record Errors.” Business owners also generally agree on the severity of several operating cost areas. “Reducing Energy Use in a Cost-Effective Manner” leads this group as the fifth ranked problem of greatest consensus. “Telephone Costs and Services” follows with a ranking of sixth. “Handling Business Growth” shares the seventh position with “Cost of Outside Business Services, e.g., Accounting, Lawyers, Consultants.” “Cost of Supplies/Inventories” and “Projecting Future Sales Changes” rounds out the top-10 both with a standard deviation of 1.74.

b. Problem Areas of Least Consensus

The top-10 problems yielding the least consensus of the 75 problems are generally employment related. Six of those in the top-10 are the same as in 2016, four are new.

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 53rd, in the latter part of the ranking, but half of respondents found its severity on opposite ends of the scale. Twelve (12) percent of small-business owners find it a critical issue and 36 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.

“Minimum Wage/Living Wage” and “Locating Qualified Employees” rank second and third respectively in the least consensus category. Both issues are heavily influenced by industry and size of firm. Thirteen (13) percent of small-business owners find the minimum wage a critical problem compared to 25 percent who do not find it a problem at all. As for “Locating Qualified Employees” 31 percent find it a critical issue and 13 percent find it not a problem.

TABLE 3

Problem Rank by Consensus on Problem Importance

Greatest Consensus	Rank	Standard Deviation	Standard Deviation Rank
Importing My Products/Services	74	1.52	1
Exporting My Products/Services	75	1.61	2
Keeping Up on Business and Market Developments	42	1.67	3
Credit Rating/Record Errors	71	1.67	4
Reducing Energy Use in a Cost-Effective Manner	59	1.70	5
Telephone Costs and Service	30	1.71	6
Handling Business Growth	55	1.73	7
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	29	1.73	8
Cost of Supplies/Inventories	12	1.74	9
Projecting Future Sales Changes	17	1.74	10

Least Consensus	Rank	Standard Deviation	Standard Deviation Rank
Estate Tax	53	2.20	1
Minimum Wage/"Living" Wage	34	2.11	2
Locating Qualified Employees	2	2.10	3
Access to High-Speed Internet	63	2.10	4
Finding and Keeping Skilled Employees	5	2.10	5
Competition from Internet Businesses	61	2.09	6
Mandatory Family or Sick Leave	52	2.08	7
Employee Turnover	50	2.07	8
Competition from Large Businesses	21	2.06	9
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	35	2.02	10

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 mean of the cluster's assigned problems. The clusters appear in descending order of importance as follows:

1. Taxes
2. Employees
3. Costs
4. Regulations
5. Information
6. Management
7. Technology
8. Competitors/Competition/Markets
9. Finance
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	3.28	20.1
Property Taxes (real, inventory or personal property)	4	3.36	20.6
State Taxes on Business Income	7	3.46	18.7
Tax Complexity	8	3.46	16.2
Frequent Changes in Federal Tax Laws and Rules	13	3.86	10.8
Dealing with IRS/State Tax Agencies	23	4.14	9.8
FICA (Social Security Taxes)	28	4.21	8.3
Estate Tax	53	4.73	12.1
Out-of-State Sales Tax (e.g., internet sales)	72	5.64	4.8
Employees			
Cost of Health Insurance	1	2.31	50.6
Locating Qualified Employees	2	3.17	30.5
Finding and Keeping Skilled Employees	5	3.37	25.5
Workers' Compensation	22	4.12	11.1
Training Employees	32	4.34	7
Minimum Wage/"Living" Wage	34	4.35	13.2
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	35	4.36	10.1
Unemployment Compensation	37	4.40	7.8

TABLE 4

Importance of Small Business Problem by Problem Cluster (Cont'd)

Problem	Rank	Mean	% "Critical" Problem
Employees			
Health/Safety Regulations (e.g., OSHA)	41	4.43	7.9
Hiring/Firing/Employment Regulations	43	4.47	6.9
Employee Turnover	50	4.66	9.8
Mandatory Family or Sick Leave	52	4.73	10.7
Rules on Retirement Plans	54	4.77	5.2
Undocumented Workers	73	5.74	6.2
Costs			
Cost of Health Insurance	1	2.31	50.6
Cost of Supplies/Inventories	12	3.85	9.3
Cost and Availability of Liability Insurance	14	3.92	13.1
Electricity Costs (rates)	16	3.99	9
Fixed Costs Too High	18	4.05	8.9
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	19	4.07	9.4
Workers Compensation	22	4.12	11.1
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	29	4.24	5
Telephone Costs and Service	30	4.29	5.1
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	33	4.35	7.4
Minimum Wage/"Living" Wage	34	4.35	13.2
Unemployment Compensation	37	4.40	7.8
Cost of Government Required Equipment/Procedures	39	4.43	8.4
Ability to Cost-Effectively Advertise	40	4.43	7.3
Interest Rates	56	4.78	6
Delinquent Accounts/Late Payments	58	4.84	5.6
Reducing Energy Use in a Cost-Effective Manner	59	4.85	3.7
Bad Debts (not delinquencies) and/or Bankruptcies	66	5.35	3.3
Costs and Frequency of Lawsuits/Threatened Lawsuits	69	5.51	4.5
Regulations			
Unreasonable Government Regulations	6	3.42	18.8
Uncertainty over Government Actions	10	3.63	14.7
State/Local Paperwork	11	3.74	11.3
Frequent Changes in Federal Tax Laws and Rules	13	3.86	10.8

TABLE 4

Importance of Small Business Problem by Problem Cluster (Cont'd)

Problem	Rank	Mean	% "Critical" Problem
Regulations			
Federal Paperwork	15	3.99	9.1
Dealing with IRS/State Tax Agencies	23	4.14	9.8
Finding Out about Regulatory Requirements	25	4.17	7.7
Minimum Wage/"Living" Wage	34	4.35	13.2
Environmental Regulations (e.g., EPA)	38	4.43	9.5
Cost of Government Required Equipment/Procedures	39	4.43	8.4
Health/Safety Regulations (e.g., OSHA)	41	4.43	7.9
Hiring/Firing/Employment Regulations	43	4.47	6.9
Obtaining Licenses, Permits, etc.	45	4.55	6.8
Mandatory Family or Sick Leave	52	4.73	10.7
Rules on Retirement Plans	54	4.77	5.2
Zoning/Land Use Regulations	60	4.93	6.6
Undocumented Workers	73	5.74	6.2
Information			
Uncertainty over Economic Conditions	9	3.60	14
Finding Out about Regulatory Requirements	25	4.17	7.7
Locating Business Help When Needed	27	4.20	10.6
Pricing My Goods/Services	36	4.36	7.2
Keeping Up on Business and Market Developments	42	4.46	4.1
Using Computer(s), the Internet or New Technology Effectively	46	4.60	5.7
Credit Rating/Record Errors	71	5.58	2.8
Management			
Projecting Future Sales Changes	17	4.00	8.1
Cash Flow	26	4.17	10.8
Locating Business Help When Needed	27	4.20	10.6
Controlling My Own Time	31	4.33	9.2
Poor Sales	49	4.61	7.9
Handling Business Growth	55	4.77	3.4
Delinquent Accounts/Late Payments	58	4.84	5.6
Bad Debts (not delinquencies) and/or Bankruptcies	66	5.35	3.3

TABLE 4

Importance of Small Business Problem by Problem Cluster (Cont'd)

Problem	Rank	Mean	% "Critical" Problem
Technology			
Telephone Costs and Service	30	4.29	5.1
Keeping Up on Business and Market Developments	42	4.46	4.1
Using Computer(s), the Internet or New Technology Effectively	46	4.60	5.7
Cyber Crime (viruses, hacking, etc.)	48	4.60	7.5
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	4.80	5.5
Competition from Internet Businesses	61	4.95	9.6
Access to High-Speed Internet	63	5.07	8.7
Competitors/Competition/Markets			
Finding and Keeping Skilled Employees	5	3.37	25.5
Uncertainty over Economic Conditions	9	3.60	14
Projecting Future Sales Changes	17	4.00	8.1
Competition from Large Businesses	21	4.09	13.4
Pricing My Goods/Services	36	4.36	7.2
Ability to Cost-Effectively Advertise	40	4.43	7.3
Keeping Up on Business and Market Developments	42	4.46	4.1
Sales Too Dependent on Health of One Business or Industry	51	4.68	6.8
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	4.80	5.5
Competition from Internet Businesses	61	4.95	9.6
Protecting Intellectual Property	64	5.10	5.6
Competition from Imported Products	65	5.23	6.6
Winning Contracts from Federal/State/Local Governments	70	5.56	4.3
Importing My Products/Services	74	5.98	2.3
Exporting My Products/Services	75	6.02	3.1
Finance			
Frequent Changes in Federal Tax Laws and Rules	13	3.86	10.8
Poor Earnings (profits)	20	4.08	11.5
Highly Variable Earnings (profits)	24	4.15	8.5
Cash Flow	26	4.17	10.8
Real Estate Values	44	4.47	7.9

TABLE 4

Importance of Small Business Problem by Problem Cluster (Cont'd)

Problem	Rank	Mean	% "Critical" Problem
Finance			
Interest Rates	56	4.78	6
Delinquent Accounts/Late Payments	58	4.84	5.6
Bad Debts (not delinquencies) and/or Bankruptcies	66	5.35	3.3
Obtaining Long-Term (5 years or more) Business Loans	67	5.50	4.7
Obtaining Short-Term (less than 12 months or revolving) Business Loans	68	5.51	4.6
Credit Rating/Record Errors	71	5.58	2.8
Public Services/Responsibility			
Finding Out about Regulatory Requirements	25	4.17	7.7
Obtaining Licenses, Permits, etc.	45	4.55	6.8
Traffic, Highways, Roads, Bridges	47	4.60	8.3
Cyber Crime (viruses, hacking, etc.)	48	4.60	7.5
Crime, including Identity Theft, Shoplifting, etc.	62	5.02	5.2
Protecting Intellectual Property	64	5.10	5.6
Winning Contracts from Federal/State/Local Governments	70	5.56	4.3

Changes in Problem Ranking Over Time

The series of ten *Small Business Problems & Priorities* surveys spans 38 years from 1982 to 2020. 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 10 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 2016 edition is seven years into the recovery but for much of it, small businesses experienced sub-par economic growth.

The 2020 edition was conducted mostly in February, the last month of the longest economic expansion in recorded U.S. history. However, the survey will be published just after a steep but short-lived health-crisis driven recession.

The four remaining surveys conducted in 1986, 1996, 2000, and 2004 also 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 about the changes in owners' assessments during the various business cycles.

Table 5 presents all evaluated problems in each of the ten surveys in rank order. The majority of listed problems in the survey have remained the same over the survey's 38-year history. However, occasionally problems found to be uninteresting are replaced with more topical ones.

Small Business Problems & Priorities

TENTH
EDITION

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
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	Cost of Health Insurance	Interest Rates
2	Locating Qualified Employees	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	Federal Taxes on Business Income	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	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	Property Taxes (real, inventory or personal property)	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	Finding and Keeping Skilled Employees	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	Unreasonable Government Regulations	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	State Taxes on Business Income	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)

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
8	Tax Complexity	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	Uncertainty over Economic Conditions	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	Uncertainty over Government Actions	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	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
12	Cost of Supplies/ Inventories	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	Frequent Changes in Federal Tax Laws and Rules	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	Cost and Availability of Liability Insurance	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

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
15	Federal Paperwork	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	Electricity Costs (rates)	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	Projecting Future Sales Changes	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	Fixed Costs Too High	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	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	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	Poor Earnings (profits)	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	Competition from Large Businesses	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, Consults.	Electricity Costs (Rates)	Projecting Future Sales	Delinquent Accounts/ Customer Financing	Competition From Large Businesses

Small Business Problems & Priorities

TENTH
EDITION

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
22	Workers' Compensation	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
23	Dealing with IRS/State Tax Agencies	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)	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	Finding Out about Regulatory Requirements	Cash Flow	Finding Out about Regulatory Requirements	Cost of Outside Business Services, e.g., Accountants, Lawyers, Consults.	Projecting Future Sales Changes	Controlling My Own Time	Cost of Government Required Equipment/ Procedures	Cost of Natural Gas, Gasoline, Fuel Oil	Controlling My Own Time	State Business Income Tax
26	Cash Flow	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	Locating Business Help When Needed	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	FICA (Social Security Taxes)	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

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
29	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	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	Telephone Costs and Service	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	Controlling My Own Time	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	Training Employees	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	Physical Facilities Costs, such as Rent/ Mortgage/ Maintenance	Telephone Costs and Service	Telephone Costs and Service	Physical Facilities Costs, Such as Rent/ Mortgage/ Maintenance	Poor Sales	Finding Out About Regulatory Requirements	Training Employees	Environmental Regulations	Local Promotion of Local Business	Low Worker Productivity

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
34	Minimum Wage/"Living" Wage	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	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	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	Pricing My Goods/Services	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	Unemployment Compensation	Locating Business Help When Needed	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 Business or Industry	Getting Useful Business Information	Sales Too Seasonal
38	Environmental Regulations (e.g., EPA)	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	Cost of Government Required Equipment/ Procedures	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

Small Business Problems & Priorities

TENTH
EDITION

TABLE 5 Rank Order of Small Business Problems in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
40	Ability to Cost-Effectively Advertise	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	Health/Safety Regulations (e.g., OSHA)	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	Keeping Up on Business and Market Developments	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
43	Hiring/Firing/ Employment Regulations	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	Real Estate Values	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

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
45	Obtaining Licenses, Permits, etc.	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	Using Computer(s), the Internet or New Technology Effectively	Ability to Cost-Effectively Advertise	Delinquent Accounts/Late Payments	Frequency of Tax Withholding Deposits	Low Employee Productivity	Minimum Wage/"Living" Wage	Handling Business Growth	Obtaining Long-Term (5 Years or More) Business Loans	Low Worker Productivity	Applications for Licenses, Permits, etc.
47	Traffic, Highways, Roads, Bridges	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	Cyber Crime (viruses, hacking, etc.)	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	Poor Sales	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.

Small Business Problems & Priorities

TENTH
EDITION

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
50	Employee Turnover	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	Sales Too Dependent on Health of One Business or Industry	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
52	Mandatory Family or Sick Leave	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	Estate Tax	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	Rules on Retirement Plans	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

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
55	Handling Business Growth	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	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	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	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	Delinquent Accounts/Late Payments	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	Reducing Energy Use in a Cost-Effective Manner	Employee Turnover	Traffic, Highways, Roads, Bridges	Anti-Competitive Practices, e.g., Price Fixing	False Insurance Claims, Such as for Workers' Compensation and UC	Traffic, Parking, Highways	Streets, Highways, Transportation	Roads, Highways, Transportation	Competition From Imported Products	Shortage of Materials, Goods, Fuel, etc.

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
60	Zoning/ Land Use Regulations	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
61	Competition from Internet Businesses	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, e.g., Price Fixing
62	Crime, including Identity Theft, Shoplifting, etc.	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	Access to High- Speed Internet	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	Protecting Intellectual Property	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 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

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
66	Bad Debts (not delinquencies) and/or Bankruptcies	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	Obtaining Long-Term (5 years or more) Business Loans	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	Obtaining Short-Term (less than 12 months or revolving) Business Loans	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	Costs and Frequency of Lawsuits/ Threatened Lawsuits	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
70	Winning Contracts from Federal/ State/Local Governments	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

Small Business Problems & Priorities

**TENTH
EDITION**

TABLE 5

**Rank Order of Small Business Problems
in 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2020 (February/ March)	2016 (January/ April)	2012 (January/ April)	2008 (January/ March)	2004 (January/ February)	2000 (February/ March)	1996 (May/June)	1991 (October/ November)	1986 (January)	1982 (November)
71	Credit Rating/ Record Errors	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	Out-of-State Sales Tax (e.g., internet sales)	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	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	Importing My Products/ Services	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	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.

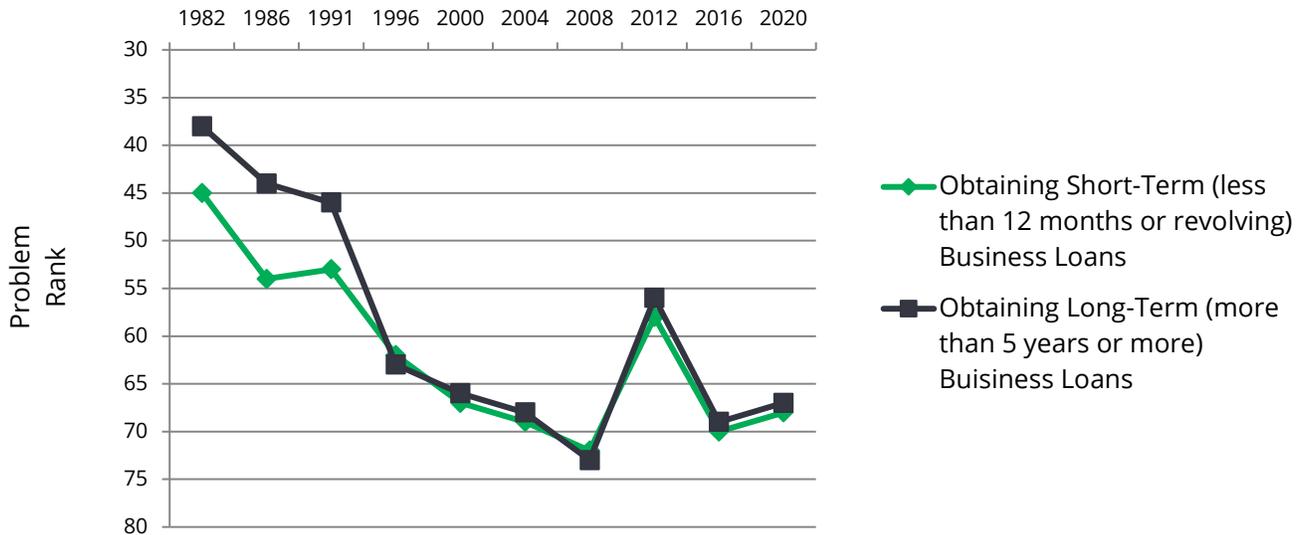
In recessionary times, “Poor Earnings (profits)” and “Poor Sales” generally rise in the ranks of concerns. Beginning with the 1982 survey and moving forward, the rankings of the former are 9th, 14th, 13th, 22nd, 20th, 12th, 14th, 14th, 16th, and most recently 20th. “Poor Earnings (profits)” eased in severity in 1996, 2000, and again in 2020 during more prosperous years but increased in severity over the last three surveys (2008, 2012, 2016) 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, 45th, and 49th in 2020. The dramatic increase in severity in 2008 and 2012 illustrates the magnitude of the recession. The current ranking is more in line with 1996, but with an even stronger economy than was experienced in the mid-90s. “Projecting Future Sales Changes” also seems to be more of a burden in recessions versus expansions with the exception of the current survey. Beginning in 1982, the problem ranked as follows: 10th, 22nd, 21st, 27th, 26th, 25th, 20th, 17th, 18th, and now in 17th position. Again, the problem was less severe in the expansion editions and more burdensome during the recessions and periods of slow economic growth. This survey may reflect the turbulent trade negotiations with China, Mexico, and Canada that spurred heightened uncertainty among small business owners.

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, 70th, and most recently 68th. The latter ranked 38th, 44th, 46th, 63rd, 66th, 68th, 56th, 69th, and now 67th. Both problems have returned to rankings more commonly experienced in the 1990s and pre-recession 2000s.

CHART 4

Financing Problem Rankings, 1982-2020



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. *Small Business Problems & 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 ten surveys: 15th, 23rd, 20th, 11th, 3rd, 11th, 12th, 32nd, 10th, and now 2nd. “Finding and Keeping Skilled Employees,” or employee retention, ranked 52nd in 1982, then 36th, 35th, 29th, 18th, 28th, 17th, 38th, 14th, and currently 5th. And since 1986, the problem of “Employee Turnover” ranked 52nd, 56th, 47th, 43rd, 53rd, 51st, 72nd, 59th, and 50th in 2020. The strong labor market pushed all of these issues up the ranking. Clearly labor quality has become a much more important problem as the economy has been stronger for a long period of time in the last expansion and with increasing reliance on new technologies and issues with our educational system.

b. Problems Increasing in Importance

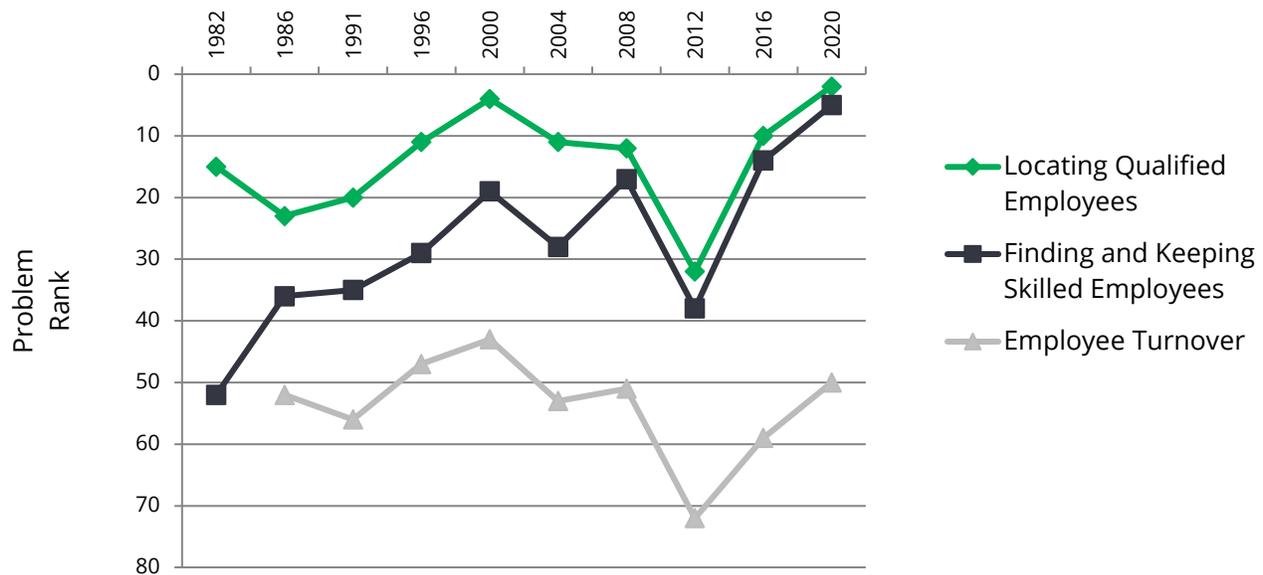
“Competition from Internet Businesses,” while still ranked near the bottom of the list is slowly increasing in problem severity. The problem was first introduced in 2000, debuting at 71st. The following editions have it ranked 73rd, 69th, 65th, 63rd, and is now 61st. The proliferation of internet retailers, business websites, and easy to use on-line payment options has clearly affected owners’ assessment of this problem over the last 20 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 29 positions over the last 34 years to its current 34th position. While the federal minimum wage has increased seven times over this period

from \$3.35 to its current rate of \$7.25⁶, state and local minimum/living wage rates are likely the main contributors to the most recent escalation in problem severity.

CHART 5

Locating Qualified Employees, Finding and Keeping Skilled Employees and Employee Turnover, 1982 - 2012



c. Problems Decreasing in Importance

Three cost-related problems have 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, and remote services. Over the last eight surveys, “Telephone Costs and Services” ranked 4th, 5th, 15th, 18th, 15th, 16th, 24th, 33rd for both the 2012 and 2016 editions, and now 30th in 2020.

“FICA (Social Security)” remains a top-30 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 23 positions from its highest ranking. The problem ranked 6th, 5th, 5th, 13th, 19th, 24th, 21st, and now 28th.

Finally, “Delinquent Accounts/Customer Financing” is another problem of declining importance. Since 1982, this problem ranked 16th, 21st, 28th, 40th, 44th, 34th, 45th, 46th, 54th, and is currently 58th. 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.

⁶ United States Department of Labor, Wage and Hour Division, <http://www.dol.gov/whd/minwage/chart.htm>, Accessed May 15th, 2012.

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 *Small Business Problems & 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: size, industry, sales change, primary customer, population density, years of ownership, gender, and legal structure.

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 10th and those with 50-99 employees rank it 29th.

TABLE 6

Measures of Small Business Problem Importance by Number of Employees

	None <i>n = 263</i>			1-4 Employees <i>n = 800</i>			5-9 Employees <i>n = 575</i>			10-19 Employees <i>n = 451</i>			20-49 Employees <i>n = 281</i>			50-99 Employees <i>n = 81</i>			100 or More Employees <i>n = 44</i>		
	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>
1 Cost of Health Insurance	1	3.02	39.7	1	2.47	47.8	1	2.13	55.0	1	2.16	51.6	1	1.91	57.5	1	1.96	53.1	1	1.95	50.0
2 Locating Qualified Employees	53	5.11	14.3	6	3.56	23.1	2	2.66	36.6	2	2.74	35.7	2	2.24	43.9	2	2.47	32.1	2	2.18	45.5
3 Federal Taxes on Business Income	5	3.53	18.1	2	3.32	20.9	4	3.12	22.4	4	3.26	19.5	5	3.10	21.4	10	3.46	12.3	13	3.41	18.2
4 Property Taxes (real, inventory or personal property)	2	3.22	28.5	3	3.40	19.9	5	3.35	21.1	5	3.31	20.2	8	3.30	18.4	9	3.43	17.3	15	3.52	11.9
5 Finding and Keeping Skilled Employees	51	5.08	13.7	10	3.73	18.9	3	2.98	28.5	3	2.98	29.4	3	2.42	36.8	3	2.49	40.7	3	2.50	38.6
6 Unreasonable Government Regulations	4	3.49	21.6	7	3.60	17.0	6	3.36	19.4	7	3.51	15.9	4	3.03	20.7	4	2.67	31.6	4	2.69	31.0
7 State Taxes on Business Income	7	3.65	20.5	5	3.50	18.3	8	3.42	19.5	6	3.41	17.6	7	3.29	18.3	6	3.35	17.5	21	3.65	20.9
8 Tax Complexity	6	3.62	18.2	4	3.42	15.6	7	3.39	17.6	8	3.53	13.5	6	3.26	17.5	11	3.49	17.3	11	3.28	16.3
9 Uncertainty over Economic Conditions	3	3.34	22.7	8	3.65	15.9	10	3.62	12.9	9	3.54	11.3	11	3.47	10.4	25	3.98	8.8	17	3.58	14.0
10 Uncertainty over Government Actions	8	3.69	16.4	9	3.73	14.0	9	3.61	15.4	10	3.60	14.8	10	3.42	14.0	8	3.42	15.2	10	3.26	18.6
11 State/Local Paperwork	16	4.16	11.5	11	3.77	12.2	11	3.62	12.8	13	3.78	8.7	12	3.51	10.0	18	3.62	11.1	12	3.28	11.6
12 Cost of Supplies/ Inventories	10	3.72	14.1	13	3.94	9.4	13	3.77	10.5	12	3.76	5.8	21	3.86	7.9	29	4.16	2.5	25	3.77	14.0

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None n = 263			1-4 Employees n = 800			5-9 Employees n = 575			10-19 Employees n = 451			20-49 Employees n = 281			50-99 Employees n = 81			100 or More Employees n = 44			
	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	
13	Frequent Changes in Federal Tax Laws and Rules	12	3.98	11.9	12	3.92	11.7	14	3.82	11.2	16	3.90	8.3	15	3.61	10.0	20	3.62	10.0	20	3.63	16.3
14	Cost and Availability of Liability Insurance	22	4.30	15.4	18	4.09	11.2	12	3.76	15.1	11	3.68	14.0	18	3.77	12.9	22	3.79	9.9	28	3.84	11.4
15	Federal Paperwork	29	4.44	6.8	17	4.03	9.6	21	3.94	9.6	17	3.93	8.5	17	3.73	8.9	21	3.71	8.9	14	3.50	19.0
16	Electricity Costs (rates)	14	4.05	10.3	16	4.03	7.9	20	3.94	10.4	15	3.88	8.5	25	3.96	9.0	34	4.23	6.2	29	3.84	13.6
17	Projecting Future Sales Changes	17	4.18	9.7	15	4.02	9.5	16	3.91	8.9	19	3.96	6.2	23	3.88	5.5	30	4.16	7.5	18	3.60	7.0
18	Fixed Costs Too High	13	4.00	12.8	20	4.14	9.4	18	3.93	10.5	26	4.07	6.8	28	4.00	6.4	26	4.03	6.3	41	4.14	4.5
19	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	9	3.71	13.4	26	4.20	8.7	28	4.07	10.3	24	4.05	8.8	24	3.91	8.3	37	4.33	3.7	31	3.93	9.3
20	Poor Earnings (profits)	11	3.77	14.8	14	3.98	11.7	23	3.96	13.1	37	4.29	9.7	40	4.20	10.1	49	4.67	7.4	45	4.18	9.1
21	Competition from Large Businesses	20	4.28	13.5	19	4.12	13.8	17	3.91	15.5	21	4.00	13.4	35	4.12	10.3	33	4.18	10.0	47	4.35	7.0
22	Workers' Compensation	58	5.42	5.5	31	4.42	9.6	15	3.85	12.1	14	3.80	12.2	13	3.52	11.7	5	3.14	25.6	9	3.26	20.9
23	Dealing with IRS/State Tax Agencies	25	4.38	8.9	22	4.14	11.3	24	3.97	10.3	29	4.19	8.9	31	4.07	7.5	31	4.16	6.3	36	4.00	9.3
24	Highly Variable Earnings (profits)	19	4.25	11.6	24	4.16	9.2	27	4.03	9.5	30	4.19	6.6	27	3.97	6.8	46	4.59	2.5	37	4.02	11.4

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None n = 263			1-4 Employees n = 800			5-9 Employees n = 575			10-19 Employees n = 451			20-49 Employees n = 281			50-99 Employees n = 81			100 or More Employees n = 44		
	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
25 Finding Out about Regulatory Requirements	26	4.42	7.7	28	4.26	7.6	33	4.14	8.3	22	4.01	7.7	30	4.06	6.5	24	3.90	11.4	34	4.00	7.0
26 Cash Flow	15	4.06	13.8	21	4.14	11.0	30	4.08	11.4	36	4.26	9.2	36	4.16	10.7	50	4.70	4.9	38	4.02	14.0
27 Locating Business Help When Needed	43	4.82	7.7	27	4.23	8.4	29	4.07	12.7	27	4.08	11.9	22	3.86	13.0	36	4.27	10.1	24	3.76	14.6
28 FICA (Social Security Taxes)	36	4.58	9.8	23	4.14	9.7	26	4.02	9.8	28	4.16	6.0	46	4.43	5.0	28	4.10	6.2	42	4.16	11.4
29 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	27	4.43	6.2	29	4.28	4.5	35	4.15	6.3	31	4.21	4.7	34	4.10	3.6	35	4.23	3.7	44	4.18	4.5
30 Telephone Costs and Service	23	4.30	8.4	25	4.19	5.2	34	4.15	4.7	41	4.34	4.9	49	4.49	3.2	48	4.66	6.3	63	4.88	4.7
31 Controlling My Own Time	40	4.76	9.7	35	4.47	8.3	25	4.01	11.6	35	4.25	8.6	39	4.20	7.9	42	4.48	7.4	43	4.17	7.1
32 Training Employees	67	5.77	5.0	48	4.70	5.4	19	3.93	8.7	20	3.98	7.6	16	3.66	8.6	17	3.57	8.6	16	3.53	7.0
33 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	33	4.52	10.5	36	4.49	5.8	37	4.22	8.3	33	4.22	7.7	38	4.20	7.3	45	4.58	3.7	32	3.95	13.6
34 Minimum Wage/"Living" Wage	52	5.09	9.7	38	4.54	9.4	38	4.25	12.4	32	4.21	14.3	29	4.02	19.3	15	3.54	27.2	8	3.23	34.1

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None <i>n</i> = 263			1-4 Employees <i>n</i> = 800			5-9 Employees <i>n</i> = 575			10-19 Employees <i>n</i> = 451			20-49 Employees <i>n</i> = 281			50-99 Employees <i>n</i> = 81			100 or More Employees <i>n</i> = 44		
	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>
35 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	73	6.03	4.7	55	4.92	4.7	22	3.94	12.6	18	3.93	11.6	9	3.32	17.4	7	3.35	18.5	5	2.73	22.7
36 Pricing My Goods/ Services	30	4.47	10.9	34	4.47	7.4	39	4.29	7.2	40	4.31	5.9	37	4.19	6.8	38	4.36	2.5	22	3.66	6.8
37 Unemployment Compensation	66	5.64	4.7	47	4.70	5.8	32	4.12	9.1	25	4.05	9.0	20	3.83	7.1	14	3.51	22.5	23	3.67	14.3
38 Environmental Regulations (e.g., EPA)	18	4.23	13.4	39	4.56	9.2	43	4.41	9.9	45	4.53	5.9	41	4.24	11.1	27	4.06	8.8	35	4.00	15.9
39 Cost of Government Required Equipment/ Procedures	38	4.62	9.8	43	4.65	8.0	42	4.38	7.0	42	4.34	6.8	32	4.09	10.5	23	3.86	13.9	26	3.78	19.5
40 Ability to Cost-Effectively Advertise	49	5.06	8.9	30	4.39	7.8	31	4.12	10.0	39	4.31	6.8	50	4.56	2.5	56	4.86	0.0	54	4.57	4.5
41 Health/Safety Regulations (e.g., OSHA)	44	4.92	6.1	40	4.59	7.6	44	4.44	6.8	38	4.29	7.7	26	3.96	11.8	13	3.50	12.5	40	4.12	9.3
42 Keeping Up on Business and Market Developments	32	4.51	5.8	33	4.44	4.5	40	4.32	4.2	44	4.52	4.1	48	4.47	2.1	55	4.83	1.3	57	4.67	2.3
43 Hiring/Firing/ Employment Regulations	68	5.78	4.3	54	4.91	4.2	36	4.16	7.7	23	4.04	7.8	19	3.81	9.7	12	3.49	16.0	7	3.07	20.5
44 Real Estate Values	24	4.37	12.6	32	4.44	8.8	41	4.37	8.2	46	4.57	5.4	51	4.56	5.0	47	4.64	5.0	50	4.42	7.0

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None n = 263			1-4 Employees n = 800			5-9 Employees n = 575			10-19 Employees n = 451			20-49 Employees n = 281			50-99 Employees n = 81			100 or More Employees n = 44			
	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	
45	Obtaining Licenses, Permits, etc.	34	4.54	11.5	41	4.60	5.9	48	4.55	6.8	48	4.61	5.2	43	4.37	6.5	41	4.46	10.0	46	4.23	9.3
46	Using Computer(s), the Internet or New Technology Effectively	37	4.62	10.4	42	4.61	5.7	45	4.48	5.4	49	4.63	3.8	52	4.63	5.8	53	4.80	2.5	55	4.58	4.7
47	Traffic, Highways, Roads, Bridges	31	4.47	12.2	45	4.69	8.6	53	4.62	6.4	53	4.68	6.0	45	4.42	10.4	39	4.36	12.5	33	3.98	9.3
48	Cyber Crime (viruses, hacking, etc.)	42	4.79	10.3	44	4.65	7.8	51	4.59	7.5	56	4.74	4.5	42	4.29	7.5	32	4.16	8.8	30	3.93	13.6
49	Poor Sales	21	4.29	12.7	37	4.51	8.7	52	4.61	7.6	52	4.65	5.8	59	4.84	7.5	64	5.19	2.5	53	4.48	4.5
50	Employee Turnover	74	6.15	2.7	64	5.14	6.6	46	4.48	9.8	34	4.22	13.0	14	3.58	15.1	19	3.62	14.8	6	2.84	25.6
51	Sales Too Dependent on Health of One Business or Industry	35	4.56	10.2	49	4.74	7.7	59	4.74	5.7	47	4.58	5.2	47	4.44	7.2	52	4.79	7.5	61	4.74	2.3
52	Mandatory Family or Sick Leave	69	5.82	6.9	63	5.14	6.1	47	4.50	12.2	43	4.34	14.2	33	4.09	15.4	16	3.54	17.5	19	3.62	14.3
53	Estate Tax	28	4.43	18.9	53	4.86	10.7	57	4.67	12.2	59	4.86	9.5	56	4.73	12.5	40	4.37	15.0	27	3.79	23.3
54	Rules on Retirement Plans	46	5.00	6.2	51	4.83	5.1	54	4.63	5.4	57	4.74	4.5	54	4.70	5.4	44	4.57	6.3	62	4.77	2.3
55	Handling Business Growth	56	5.25	4.2	57	4.97	2.7	49	4.56	3.3	50	4.65	3.4	44	4.41	3.2	54	4.81	3.8	51	4.43	9.1
56	Interest Rates	41	4.77	6.6	46	4.69	6.1	58	4.74	7.2	58	4.81	5.2	61	5.02	3.6	61	5.13	1.3	48	4.39	11.4

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None <i>n</i> = 263			1-4 Employees <i>n</i> = 800			5-9 Employees <i>n</i> = 575			10-19 Employees <i>n</i> = 451			20-49 Employees <i>n</i> = 281			50-99 Employees <i>n</i> = 81			100 or More Employees <i>n</i> = 44		
	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
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	54	5.15	4.8	52	4.84	6.0	56	4.64	7.3	54	4.69	5.1	55	4.73	3.0	65	5.28	1.3	58	4.67	2.3
58 Delinquent Accounts/Late Payments	60	5.48	3.8	58	4.97	4.9	50	4.56	7.5	51	4.65	6.3	53	4.63	5.0	58	4.95	2.5	59	4.70	7.0
59 Reducing Energy Use in a Cost-Effective Manner	50	5.07	5.1	59	4.99	3.4	60	4.76	4.4	55	4.72	2.9	57	4.75	2.5	43	4.51	3.7	49	4.41	6.8
60 Zoning/Land Use Regulations	39	4.75	8.9	56	4.95	7.0	61	4.90	5.9	60	5.02	5.4	60	4.97	6.8	59	5.00	4.9	56	4.58	7.0
61 Competition from Internet Businesses	57	5.42	8.1	50	4.81	10.0	55	4.64	13.6	61	5.04	7.8	67	5.24	6.4	63	5.16	6.3	67	5.36	6.8
62 Crime, including Identity Theft, Shoplifting, etc.	45	4.99	10.8	62	5.12	4.7	62	5.00	5.4	62	5.08	3.1	58	4.76	3.6	60	5.10	2.5	52	4.43	13.6
63 Access to High-Speed Internet	47	5.01	12.3	60	5.01	9.5	63	5.01	9.2	64	5.19	5.6	64	5.14	6.8	66	5.30	6.2	60	4.70	15.9
64 Protecting Intellectual Property	55	5.23	8.6	61	5.05	5.6	65	5.15	4.6	63	5.13	4.5	62	5.07	5.0	51	4.77	11.3	64	5.00	4.7
65 Competition from Imported Products	48	5.05	8.4	65	5.18	7.4	66	5.20	6.3	67	5.35	4.3	68	5.26	7.8	67	5.38	2.5	70	5.52	9.1
66 Bad Debts (not delinquencies) and/or Bankruptcies	72	5.86	3.1	69	5.54	3.4	64	5.09	4.4	65	5.27	2.7	63	5.09	1.8	62	5.15	1.3	65	5.10	2.4

TABLE 6

Measures of Small Business Problem Importance by Number of Employees (Cont'd)

	None <i>n</i> = 263			1-4 Employees <i>n</i> = 800			5-9 Employees <i>n</i> = 575			10-19 Employees <i>n</i> = 451			20-49 Employees <i>n</i> = 281			50-99 Employees <i>n</i> = 81			100 or More Employees <i>n</i> = 44			
	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	<i>Rank</i>	<i>Mean</i>	<i>% Critical Problem</i>	
67	Obtaining Long-Term (5 years or more) Business Loans	62	5.56	6.5	67	5.35	4.7	68	5.46	4.9	68	5.54	4.0	72	5.72	2.9	73	5.95	3.8	72	5.57	2.3
68	Obtaining Short-Term (less than 12 months or revolving) Business Loans	59	5.45	5.8	66	5.34	5.4	69	5.47	4.7	70	5.62	3.8	73	5.74	2.8	71	5.92	2.5	71	5.52	4.5
69	Costs and Frequency of Lawsuits/Threatened Lawsuits	63	5.58	6.1	70	5.64	4.5	72	5.54	3.9	72	5.67	2.0	66	5.22	5.4	57	4.89	8.8	39	4.09	13.6
70	Winning Contracts from Federal/State/Local Governments	75	6.15	1.2	72	5.73	3.3	67	5.43	5.3	66	5.31	5.4	65	5.21	6.5	68	5.47	3.8	68	5.45	2.4
71	Credit Rating/Record Errors	65	5.63	4.7	68	5.54	3.3	70	5.50	3.4	69	5.59	1.8	71	5.69	0.7	72	5.94	1.3	69	5.45	4.5
72	Out-of-State Sales Tax (e.g., internet sales)	64	5.60	6.3	71	5.72	3.2	71	5.51	6.0	71	5.65	4.9	70	5.66	6.1	70	5.60	3.7	74	5.68	0.0
73	Undocumented Workers	70	5.84	7.5	73	5.76	6.4	73	5.80	6.0	73	5.86	3.9	69	5.45	7.6	69	5.49	7.9	66	5.20	11.4
74	Importing My Products/Services	71	5.85	3.9	74	5.98	2.2	74	5.98	2.7	74	6.03	1.6	74	5.99	2.2	74	6.09	0.0	73	5.67	2.4
75	Exporting My Products/Services	61	5.52	7.8	75	5.99	3.5	75	6.13	2.5	75	6.15	1.8	75	6.15	1.4	75	6.23	0.0	75	5.86	4.8

The problem “Zoning/Land Use Regulations” is unique in that a 21-point difference in rank appears between businesses with no employees and those with employees. It ranks 39th for those with no employees and ranges from 56th to 61st 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 24th for owners with no employees and 50th for those with 100 or more. The ranking for those categories in-between ranges from 32nd to 51st. There are a number of potential explanations for the drop in importance with larger businesses. It might be the case that smaller-business owners are more likely to use their home as collateral to access credit. 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. This issue was more straight forward during the recession as real estate values were slow to recover. In 2020 it is a different picture where there are still areas across the country that have not yet fully recovered and areas that are now unaffordable for many with buyers chasing sellers.

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 58th and those with 1-4 employees rank it 31st. It is the 13th most burdensome problem for owners with 20-49 employees and the 9th 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 66th, 47th for those with 1-4 employees, and 23rd for those with 100 or more employees. The problem is most burdensome for owners with 50-99 employees, ranking 14th. “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.

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

Industry

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

Economic conditions can magnify these differences. This is especially true in light of the strong expansion experienced by many in the last four years. Labor intensive industries found employment issues far more severe than others. The strong economy is certainly far preferred than a sluggish one, but it does come with its unique set of challenges for many businesses.

Employee issues yield significant industry differences in problem severity. These differences are generally related to labor and the level of skills required for the majority of positions within the business. For example, the ranking of “Locating Qualified Employees” ranges from 23rd in agriculture to second in five of nine industry categories. “Finding and Keeping Skilled Employees” follows a similar pattern ranging from 51st in agriculture and fifth in five other industry categories.

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 7

Measures of Small Business Problem Importance by Industry

	Agr., Forestry, Fish <i>n</i> =396			Construction <i>n</i> =403			Manufacturing <i>n</i> =291			Wholesale <i>n</i> =76			Retail <i>n</i> =453			Transportation/ Warehousing/ <i>n</i> =77			Finance, Insur., Real Estate, Rental <i>n</i> =157			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n</i> =174			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n</i> =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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	
1	Cost of Health Insurance	1	2.42	45.5	1	2.10	52.7	1	2.29	50.5	1	2.24	53.3	1	2.35	51.4	1	2.14	50.6	1	2.44	46.5	1	2.28	48.3	1	2.24	56.2
2	Locating Qualified Employees	23	3.93	19.8	2	2.52	41.8	2	2.89	33.8	11	3.69	21.6	2	3.21	26.2	3	2.97	34.7	4	3.52	19.7	2	3.35	24.9	2	2.83	39.8
3	Federal Taxes on Business Income	5	3.18	19.7	5	3.23	20.1	4	3.27	20.3	2	3.18	18.4	3	3.24	21.3	8	3.46	18.4	2	3.47	23.6	4	3.43	16.9	4	3.22	20.4
4	Property Taxes (real, inventory or personal property)	2	2.82	28.9	8	3.46	16.5	6	3.36	18.1	5	3.42	21.9	5	3.36	19.6	18	3.79	16.0	8	3.68	25.3	12	3.95	11.6	6	3.30	21.4
5	Finding and Keeping Skilled Employees	29	4.04	16.2	3	2.80	35.9	3	3.14	24.5	17	3.81	14.9	6	3.41	23.3	7	3.34	28.9	7	3.65	19.6	5	3.49	22.7	3	3.03	34.0
6	Unreasonable Government Regulations	3	3.08	23.4	4	3.14	18.2	9	3.53	17.3	7	3.49	18.7	10	3.60	18.0	2	2.96	25.0	5	3.58	13.7	6	3.68	17.8	8	3.57	18.6
7	State Taxes on Business Income	8	3.35	16.9	7	3.42	16.2	5	3.30	18.2	6	3.48	16.0	7	3.47	19.5	17	3.77	18.2	10	3.72	21.4	14	4.04	12.8	5	3.28	24.0
8	Tax Complexity	9	3.36	13.2	6	3.29	17.7	7	3.42	15.3	18	3.81	12.2	8	3.53	16.9	9	3.51	16.2	9	3.71	13.7	3	3.40	18.6	7	3.48	17.7
9	Uncertainty over Economic Conditions	4	3.13	20.7	14	3.82	8.4	8	3.51	13.2	9	3.61	14.5	11	3.66	13.1	10	3.56	10.4	12	3.83	13.5	10	3.91	12.1	9	3.59	16.8
10	Uncertainty over Government Actions	6	3.25	19.2	11	3.61	14.5	10	3.67	12.5	8	3.55	16.2	15	3.79	12.6	14	3.74	6.5	6	3.58	16.0	8	3.76	14.5	14	3.80	14.4

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 7

Measures of Small Business Problem Importance by Industry (Cont'd)

	Agr., Forestry, Fish n=396			Construction n=403			Manufacturing n=291			Wholesale n=76			Retail n=453			Transportation/ Warehousing n=77			Finance, Insur., Real Estate, Rental n=157			Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist. n=174			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. 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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
11 State/Local Paperwork	14	3.65	14.0	10	3.60	10.2	13	3.84	8.3	16	3.79	8.0	14	3.77	10.7	15	3.75	10.4	13	3.86	14.6	7	3.74	11.0	13	3.78	12.5
12 Cost of Supplies/ Inventories	10	3.44	13.4	19	3.97	6.5	12	3.71	6.9	3	3.37	11.8	13	3.70	10.2	37	4.33	6.6	59	5.09	1.3	21	4.30	5.8	11	3.69	12.2
13 Frequent Changes in Federal Tax Laws and Rules	15	3.66	10.1	13	3.80	10.9	16	3.94	10.3	15	3.77	13.3	20	3.98	8.6	23	3.97	10.7	15	3.88	14.8	9	3.89	9.9	16	3.90	12.8
14 Cost and Availability of Liability Insurance	30	4.06	13.0	12	3.72	12.8	18	3.97	13.1	14	3.72	13.2	16	3.81	12.4	4	3.07	25.0	45	4.74	10.3	24	4.35	9.2	12	3.71	16.0
15 Federal Paperwork	21	3.86	9.1	15	3.90	10.0	17	3.95	8.4	23	3.91	9.5	21	4.00	8.9	11	3.69	9.1	27	4.35	9.0	13	3.99	12.6	32	4.19	7.6
16 Electricity Costs (rates)	20	3.84	9.0	35	4.32	5.8	15	3.87	12.5	26	3.97	6.6	17	3.87	9.1	31	4.22	7.8	31	4.39	5.7	32	4.51	7.0	10	3.62	11.4
17 Projecting Future Sales Changes	19	3.83	12.6	20	3.97	7.1	14	3.87	8.0	10	3.67	12.0	18	3.89	8.1	16	3.76	8.1	24	4.30	5.2	33	4.53	4.1	29	4.12	7.1
18 Fixed Costs Too High	12	3.58	13.0	30	4.22	7.2	21	4.06	8.0	12	3.71	13.7	23	4.08	8.6	21	3.93	4.0	35	4.55	7.1	34	4.53	5.8	19	3.97	8.9
19 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	11	3.51	14.8	22	4.01	6.7	26	4.18	9.3	38	4.31	6.7	28	4.16	6.9	5	3.09	19.7	38	4.63	7.1	51	5.03	2.9	21	3.99	11.8
20 Poor Earnings (profits)	13	3.62	17.4	41	4.53	6.5	24	4.16	9.7	21	3.84	17.6	19	3.91	12.7	12	3.72	10.8	48	4.83	6.6	17	4.22	9.4	18	3.94	12.3

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

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	Agr., Forestry, Fish <i>n</i> =396			Construction <i>n</i> =403			Manufacturing <i>n</i> =291			Wholesale <i>n</i> =76			Retail <i>n</i> =453			Transportation/ Warehousing/ <i>n</i> =77			Finance, Insur., Real Estate, Rental <i>n</i> =157			Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n</i> =174			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n</i> =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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
21 Competition from Large Businesses	25	3.97	13.0	43	4.56	7.0	32	4.30	8.7	4	3.41	21.1	4	3.25	22.4	24	3.99	14.3	19	4.06	12.9	25	4.39	10.9	38	4.42	13.6
22 Workers' Compensation	45	4.46	10.9	9	3.51	15.0	11	3.70	11.8	19	3.82	14.5	34	4.31	6.6	13	3.72	18.4	55	4.97	7.7	44	4.82	7.1	20	3.97	12.9
23 Dealing with IRS/ State Tax Agencies	27	4.01	10.5	24	4.08	10.8	37	4.36	5.9	24	3.95	8.1	30	4.18	8.2	33	4.25	6.7	28	4.38	8.3	11	3.94	15.1	28	4.12	11.6
24 Highly Variable Earnings (profits)	16	3.72	15.7	28	4.18	6.5	22	4.15	4.9	20	3.82	10.8	27	4.16	5.8	30	4.20	5.4	36	4.58	8.4	29	4.47	6.9	34	4.27	9.5
25 Finding Out about Regulatory Requirements	26	4.00	10.6	23	4.03	8.0	19	4.00	6.6	41	4.33	5.5	39	4.36	5.8	20	3.92	11.8	25	4.30	6.5	27	4.43	8.7	35	4.28	7.4
26 Cash Flow	28	4.03	12.5	36	4.36	9.9	28	4.21	10.1	13	3.71	22.4	24	4.11	10.4	26	4.12	7.8	51	4.87	7.8	15	4.05	10.4	25	4.09	10.3
27 Locating Business Help When Needed	48	4.48	7.7	18	3.96	14.5	34	4.33	8.4	30	4.12	11.0	25	4.12	8.4	22	3.96	9.6	26	4.32	8.4	26	4.39	7.1	22	4.06	15.7
28 FICA (Social Security Taxes)	32	4.15	7.2	25	4.11	7.5	29	4.24	8.4	43	4.36	5.3	33	4.30	7.3	35	4.31	6.5	22	4.27	12.3	20	4.30	6.9	24	4.08	11.4
29 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	37	4.24	4.7	33	4.27	4.5	33	4.31	4.8	31	4.16	6.8	29	4.17	3.3	36	4.32	6.6	16	4.03	7.6	28	4.44	2.9	33	4.19	5.9
30 Telephone Costs and Service	43	4.45	2.8	37	4.36	4.5	42	4.50	3.8	27	4.00	5.5	26	4.15	5.5	34	4.28	2.6	17	4.04	8.3	30	4.49	2.9	26	4.09	8.1

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

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	Agr., Forestry, Fish n=396			Construction n=403			Manufacturing n=291			Wholesale n=76			Retail n=453			Transportation/ Warehousing/ n=77			Finance, Insur., Real Estate, Rental n=157			Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist. n=174			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. 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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
31 Controlling My Own Time	41	4.41	9.0	31	4.22	9.5	41	4.47	6.9	51	4.66	5.3	31	4.21	7.7	46	4.49	9.1	34	4.53	8.4	16	4.17	11.6	30	4.17	12.9
32 Training Employees	57	4.87	4.6	16	3.92	9.3	30	4.27	6.9	53	4.71	1.3	38	4.34	5.1	41	4.39	5.2	21	4.21	10.9	19	4.26	10.4	36	4.30	7.6
33 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	34	4.19	7.3	51	4.77	3.3	39	4.41	4.9	44	4.39	7.9	32	4.24	9.1	42	4.41	11.8	33	4.49	6.7	23	4.34	4.1	27	4.10	11.4
34 Minimum Wage/"Living" Wage	40	4.36	10.7	54	4.85	6.5	40	4.44	9.3	28	4.01	18.7	22	4.05	17.8	51	4.69	13.5	43	4.68	9.6	40	4.69	11.0	15	3.88	21.6
35 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	54	4.84	8.2	26	4.14	10.2	23	4.16	10.0	39	4.32	6.7	37	4.34	9.1	28	4.14	15.8	30	4.39	9.0	38	4.64	6.9	23	4.06	14.9
36 Pricing My Goods/Services	17	3.83	16.8	42	4.54	3.2	35	4.34	5.2	29	4.11	11.8	40	4.40	5.1	45	4.44	5.2	58	5.07	3.9	22	4.31	6.4	41	4.46	5.9
37 Unemployment Compensation	53	4.75	5.1	21	4.01	9.0	25	4.17	10.1	36	4.27	10.7	41	4.40	6.4	38	4.34	6.6	54	4.93	5.2	47	4.85	5.2	31	4.17	10.8
38 Environmental Regulations (e.g., EPA)	7	3.26	20.9	29	4.18	10.0	27	4.18	10.4	45	4.44	13.9	60	4.85	5.1	27	4.13	9.2	66	5.46	3.2	68	5.54	3.5	48	4.63	6.6

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

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	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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	
39	Cost of Government Required Equipment/ Procedures	33	4.18	9.4	27	4.17	8.2	43	4.53	7.0	37	4.27	12.2	51	4.67	7.0	19	3.79	14.3	52	4.89	9.0	43	4.74	5.8	40	4.43	9.6
40	Ability to Cost-Effectively Advertise	65	5.37	3.1	53	4.81	2.5	53	4.72	6.3	35	4.26	4.1	12	3.66	12.1	52	4.77	1.3	14	3.86	12.3	35	4.55	4.0	17	3.93	12.5
41	Health/Safety Regulations (e.g., OSHA)	31	4.13	10.0	17	3.96	10.3	20	4.01	9.0	34	4.25	5.3	50	4.67	6.5	29	4.16	10.7	65	5.39	3.8	54	5.10	5.2	44	4.56	8.2
42	Keeping Up on Business and Market Developments	42	4.41	4.1	48	4.71	3.0	45	4.54	3.5	25	3.95	5.3	35	4.33	4.7	47	4.51	6.6	20	4.07	5.2	36	4.58	1.7	43	4.53	5.2
43	Hiring/Firing/ Employment Regulations	55	4.85	6.2	32	4.25	6.2	31	4.28	8.0	47	4.53	6.7	45	4.54	5.8	25	4.04	7.8	32	4.47	8.9	39	4.64	5.7	39	4.42	7.9
44	Real Estate Values	18	3.83	16.3	45	4.64	4.8	50	4.64	6.0	62	4.96	4.1	43	4.48	5.4	55	4.84	2.6	29	4.38	10.4	41	4.74	5.2	45	4.57	7.6
45	Obtaining Licenses, Permits, etc.	35	4.20	7.2	38	4.42	5.3	57	4.84	6.6	55	4.73	4.0	49	4.65	4.7	39	4.35	6.7	39	4.65	8.3	42	4.74	8.1	47	4.59	8.4
46	Using Computer(s), the Internet or New Technology Effectively	46	4.48	7.4	46	4.64	5.5	56	4.75	3.5	49	4.61	4.0	46	4.55	4.7	40	4.37	1.3	23	4.28	10.3	37	4.61	6.9	54	4.75	4.9
47	Traffic, Highways, Roads, Bridges	24	3.94	11.2	39	4.44	8.3	61	5.12	5.2	54	4.71	5.3	57	4.82	6.0	6	3.22	24.7	50	4.85	6.4	52	5.05	2.9	50	4.67	9.8

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48 Cyber Crime (viruses, hacking, etc.)	51	4.66	7.5	52	4.77	6.2	46	4.58	3.1	60	4.92	6.7	52	4.67	6.4	54	4.82	3.9	3	3.49	18.5	18	4.24	12.8	53	4.75	7.9
49 Poor Sales	39	4.36	9.2	62	5.16	5.0	36	4.35	9.3	32	4.16	14.7	36	4.33	9.4	44	4.43	10.4	40	4.66	7.1	49	4.98	2.9	52	4.69	7.6
50 Employee Turnover	61	5.05	6.7	34	4.30	13.2	49	4.63	8.7	59	4.91	2.7	47	4.61	7.8	43	4.41	7.9	60	5.09	6.5	48	4.88	9.9	37	4.36	15.1
51 Sales Too Dependent on Health of One Business or Industry	36	4.22	10.2	50	4.75	4.5	38	4.36	6.3	40	4.32	12.0	55	4.78	5.0	32	4.23	13.3	56	5.05	6.0	53	5.10	5.2	57	4.94	5.5
52 Mandatory Family or Sick Leave	62	5.18	5.9	47	4.67	7.8	44	4.54	13.1	42	4.35	14.7	44	4.54	14.2	50	4.60	13.3	47	4.82	8.9	59	5.23	4.1	42	4.50	15.4
53 Estate Tax	22	3.86	19.7	55	4.90	9.0	48	4.60	13.2	58	4.89	9.3	62	4.91	10.4	53	4.77	10.4	41	4.66	15.7	62	5.32	9.2	60	4.99	9.5
54 Rules on Retirement Plans	50	4.64	5.5	49	4.72	5.5	52	4.71	3.1	50	4.63	4.0	54	4.76	4.5	63	5.08	2.7	42	4.67	6.5	55	5.16	4.7	56	4.87	6.6
55 Handling Business Growth	60	5.04	1.8	40	4.47	5.3	54	4.73	2.1	52	4.66	8.1	56	4.79	2.5	49	4.57	6.7	53	4.92	3.2	46	4.84	2.9	55	4.82	3.5
56 Interest Rates	44	4.46	7.5	56	4.90	4.8	59	5.01	3.8	64	5.05	2.7	61	4.85	4.7	56	4.84	1.4	37	4.62	9.1	58	5.20	4.7	49	4.64	8.2
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	67	5.37	2.7	57	4.92	3.0	62	5.12	3.2	46	4.49	9.9	42	4.48	7.0	60	5.01	5.5	18	4.05	11.8	45	4.83	4.7	46	4.58	7.0
58 Delinquent Accounts/Late Payments	63	5.29	3.3	44	4.62	5.2	51	4.70	6.6	22	3.84	9.2	59	4.85	5.8	48	4.55	9.2	62	5.17	5.8	31	4.50	7.5	58	4.95	4.6

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	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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
59 Reducing Energy Use in a Cost-Effective Manner	52	4.68	4.9	60	5.07	1.7	55	4.73	3.8	56	4.77	1.3	53	4.75	3.6	57	4.88	4.0	64	5.23	2.6	61	5.27	1.1	51	4.67	6.0
60 Zoning/Land Use Regulations	38	4.27	9.7	58	4.93	5.5	64	5.21	3.1	63	4.99	6.8	63	4.99	5.6	66	5.14	2.6	61	5.11	7.7	63	5.32	8.1	59	4.98	7.8
61 Competition from Internet Businesses	74	5.72	2.1	68	5.58	2.5	63	5.19	5.9	33	4.20	16.0	9	3.59	24.6	65	5.14	3.9	11	3.72	18.6	56	5.18	7.5	67	5.49	6.0
62 Crime, including Identity Theft, Shoplifting, etc.	59	4.94	5.3	59	5.04	3.3	66	5.31	3.8	65	5.18	3.9	48	4.64	6.7	58	4.92	5.3	57	5.05	9.0	67	5.51	1.8	61	5.05	5.2
63 Access to High-Speed Internet	49	4.55	14.1	64	5.27	6.8	65	5.28	5.2	68	5.23	6.8	64	5.18	7.6	61	5.01	9.2	44	4.68	14.4	64	5.36	5.7	62	5.08	9.0
64 Protecting Intellectual Property	58	4.92	6.8	65	5.28	4.3	58	4.85	5.9	61	4.93	9.6	66	5.27	4.3	64	5.09	5.3	49	4.84	7.7	50	4.99	7.6	63	5.27	4.9
65 Competition from Imported Products	47	4.48	11.0	72	5.70	4.2	47	4.58	9.7	48	4.58	6.8	58	4.84	6.9	71	5.77	2.7	73	6.24	3.2	73	6.20	2.3	70	5.73	4.9
66 Bad Debts (not delinquencies) and/or Bankruptcies	71	5.59	2.3	66	5.34	2.3	67	5.32	4.2	57	4.84	5.3	65	5.24	3.8	62	5.04	5.3	67	5.54	4.5	57	5.19	3.5	65	5.43	2.5
67 Obtaining Long-Term (5 years or more) Business Loans	68	5.49	2.8	71	5.63	3.8	69	5.57	5.2	71	5.62	1.3	69	5.60	4.3	70	5.55	5.2	68	5.69	3.8	65	5.38	4.7	64	5.36	6.5

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Measures of Small Business Problem Importance by Industry (Cont'd)

	Agr., Forestry, Fish <i>n</i> =396			Construction <i>n</i> =403			Manufacturing <i>n</i> =291			Wholesale <i>n</i> =76			Retail <i>n</i> =453			Transportation/ Warehousing/ <i>n</i> =77			Finance, Insur., Real Estate, Rental <i>n</i> =157			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n</i> =174			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n</i> =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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	
68	Obtaining Short-Term (less than 12 months or revolving) Business Loans	66	5.37	3.8	70	5.62	3.3	72	5.63	5.6	70	5.54	7.9	68	5.57	4.4	69	5.44	5.2	69	5.76	3.2	66	5.40	5.8	66	5.48	4.3
69	Costs and Frequency of Lawsuits/Threatened Lawsuits	64	5.32	4.9	67	5.57	3.3	73	5.70	3.1	72	5.64	1.3	72	5.76	2.5	67	5.29	6.5	46	4.77	10.5	60	5.26	5.2	68	5.61	5.7
70	Winning Contracts from Federal/State/Local Governments	75	6.04	1.0	61	5.10	5.5	60	5.08	5.0	67	5.23	6.8	70	5.62	3.8	59	4.99	10.7	72	6.12	1.3	70	5.80	4.0	71	5.79	4.1
71	Credit Rating/Record Errors	70	5.56	3.6	69	5.62	2.3	71	5.61	2.8	73	5.71	2.7	71	5.69	1.1	68	5.36	2.7	63	5.19	8.5	69	5.62	2.9	69	5.71	2.5
72	Out-of-State Sales Tax (e.g., internet sales)	72	5.63	2.8	73	5.86	3.0	68	5.33	5.2	66	5.20	6.8	67	5.37	8.3	72	5.93	1.3	70	5.80	4.0	71	5.84	2.9	72	5.86	4.6
73	Undocumented Workers	69	5.49	6.1	63	5.24	11.1	75	5.94	2.1	74	5.85	4.2	74	5.93	5.1	74	6.08	1.4	71	6.00	5.1	72	6.15	2.3	73	5.86	7.6
74	Importing My Products/Services	73	5.66	4.1	74	6.24	0.7	74	5.78	1.8	69	5.29	6.7	73	5.80	3.2	75	6.18	0.0	74	6.39	2.6	74	6.30	2.9	74	6.20	0.8
75	Exporting My Products/Services	56	4.85	10.6	75	6.47	0.3	70	5.60	4.2	75	5.97	2.8	75	6.34	0.7	73	6.04	2.7	75	6.46	2.0	75	6.44	2.9	75	6.37	1.1

a. 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 53rd overall and 22nd for the industry. The ranking fell seven positions from 15th in 2016 with 33 percent of owners claiming it is a critical problem, to 22nd position with 20 percent finding it critical. 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, although fewer are concerned with the increase in the tax threshold.

“Traffic, Highways, Roads, Bridges” follows with a 23-point ranking difference between the industry and overall population. Agriculture-related businesses rank this problem 24th compared to 47th 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 seventh compared to 38th overall. Twenty-one (21) percent of owners in this industry find it a critical problem compared to 10 percent in the overall population. “Zoning/ Land Use Regulations” also rank as more difficult than the overall population, ranking 38th for the industry and 60th 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 47th for the industry. It is a critical problem for 11 percent. “Exporting My Products/Services” ranks last for the overall population but 56th for the industry.

b. Construction

The strong economy and extreme 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 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” shares the second-place ranking with the overall but for those in construction, 42 percent find it a critical issues compared to 31 percent. This is also true with “Finding and Keeping Skilled Employees” where 36 percent of construction owners find it a critical issue, again more than in any other industry category. This issue ranks third for the industry and fifth overall. Construction owners also have a more difficult time “Locating Business Help When Needed” as this issue ranks 18th in the industry and 27th overall.

c. 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 47th for the industry. The industry ranking is 20 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 43rd overall and 31st for the industry. “Mandatory Family or Sick Leave” ranks 52nd overall and 44th for the industry. “Health and Safety Regulations” ranks 41st overall, 20th for the industry, and is critical for 9 percent of them.

d. 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 differences in problem ranking is “Delinquent Accounts/Customer Financing.” This problem is considerably more important to wholesalers as it ranks 22nd for the industry and 58th 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 wholesalers than the overall population. “Competition from Internet Businesses” ranks 61st overall and 33rd for the industry. “Competition from Imported Products” ranks 65th overall and 48th for the industry. And finally, “Competition from Large Businesses” ranks 21st overall, 4th for the industry, and critical for 21 percent of them.

e. Retail Trade

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 those 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 substantially. Internet sales have increased from 2 percent in 2000 to 12 percent in 2020. Accordingly, “Competition from Internet Businesses” has risen in importance for small retailers, moving up 43 positions in the last 16 years. In 2004, it ranked 52nd and was critical for 11 percent of small retailers. In the current edition, it ranks 9th and is critical for 25 percent of them. Its current rank of 9th is 52 positions removed from the general population.

Small retailers also struggle to compete with their larger counterparts. “Competition from Large Businesses” ranks 4th for the industry and 21st 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 and have sophisticated internet platforms. 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 12th compared to 40th overall and the latter, 42nd compared to 57th overall.

f. Transportation/Warehousing

The problem with the largest rank difference from the general population in transportation/warehousing is “Traffic, Highways, Roads, Bridges.” This problem ranks 47th overall, 6th for the industry and is critical for 25 percent of them. While this issue increased in importance over the last four years overall, the increase was particularly dramatic in this industry moving up 17 positions from 2012.

Other notable differences in rank include “Cost of Government Required Equipment/Procedures” which differs significantly from the general population from 39th in 2016 to 19th now. 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 25th compared to 43rd overall.

g. Finance, Insurance, Real Estate, Rental

Rapidly changing technology and cyber-crime in this sector has escalated this problem significantly as is reflected in the 3rd place ranking of “Cyber Crime (viruses, hacking, etc.)” for the industry, but 53rd overall. Financial information is often a target for those interested in identity theft which continues to be a thriving market.

“Competition from Internet Businesses” is also a much bigger problem for this industry as it ranks 11th in the industry and 61st overall. Problems associated from Internet competitors has increased 25 positions since 2008 when it was 36th and the percent who find it critical more than doubled from 7 to 19. The proliferation 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 46th in the industry and 69th 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 recently from its 36th ranking in 2012.

The “Ability to Cost-Effectively Advertise” is also more burdensome for owners in this sector than the general population. This problem ranks 14th for the industry and 40th overall. Owners in this sector find the related problem “Using Social Media to Promote Business (Facebook, Twitter, etc.)” also more burdensome as it ranks 57th overall and 18th for this sector, a significant move from its 51st position in 2012.

h. 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 that is reflected in their ranking of the problem. The problem ranks 58th overall, 31st for the industry and 8 percent find it critical.

“Dealing with IRS/State Tax Agencies” ranks 23rd overall and 11th for the industry. Owners in this sector also have more difficulty “Controlling My Own Time” as this problem ranks 31st overall and 16th in the industry.

i. 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.

The “Ability to Cost-Effectively Advertise” shows a 23-point difference between the industry and general population, 17th compared to 40th overall. Customers of these businesses are typically the general public. Advertising for such a broad demographic is clearly a challenge for many, as 13 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 34th compared to 15th for the industry. Businesses in this industry category disproportionately employ more entry level and lower skilled positions compared to others.

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 8.

Over half (57%) of small businesses in the survey primarily sell to the general public. About 8 percent sell to one or two firms and 13 percent sell to one or two industries. The primary customer for 20 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 13th for the group and 70th 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 18th for this group, in the 50-60s for all other categories and 40th overall. Advertising to the general public is often a difficult, time-consuming, (with managing social media accounts), and expensive proposition for small-business owners, but one of the few ways they can hope to reach their market.

TABLE 8

Measures of Small Business Problem Importance by Primary Customer

	One of two firms <i>n=190</i>			One or two industries <i>n=309</i>			Business in general <i>n=493</i>			The public <i>n=1402</i>			Government <i>n=74</i>		
	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	2.41	50.0	1	2.10	51.1	1	2.23	50.8	1	2.34	51.4	1	2.24	48.6
2 Locating Qualified Employees	6	3.43	26.5	2	3.03	30.7	2	3.09	30.4	2	3.16	31.6	2	2.93	30.1
3 Federal Taxes on Business Income	3	3.31	18.0	5	3.25	17.6	3	3.22	21.6	3	3.26	20.9	4	3.08	23.3
4 Property Taxes (real, inventory or personal property)	2	3.20	23.4	6	3.30	18.5	5	3.36	19.8	5	3.35	21.9	10	3.47	9.6
5 Finding and Keeping Skilled Employees	10	3.59	19.6	7	3.31	22.9	4	3.32	25.8	4	3.35	26.7	3	3.04	32.4
6 Unreasonable Government Regulations	5	3.38	18.1	4	3.23	18.2	8	3.47	18.0	6	3.42	19.9	5	3.25	16.4
7 State Taxes on Business Income	8	3.55	17.8	8	3.36	15.8	6	3.43	18.4	7	3.45	19.9	7	3.34	16.4
8 Tax Complexity	4	3.35	16.8	9	3.37	14.7	7	3.46	14.8	8	3.46	17.2	8	3.37	16.4
9 Uncertainty over Economic Conditions	7	3.49	14.9	3	3.16	18.2	10	3.62	13.2	9	3.65	13.8	17	3.77	9.5
10 Uncertainty over Government Actions	9	3.57	18.1	10	3.39	12.5	11	3.64	15.5	10	3.67	14.7	6	3.26	16.2
11 State/Local Paperwork	14	3.91	9.5	15	3.76	8.2	9	3.61	12.4	11	3.73	11.9	9	3.43	14.9
12 Cost of Supplies/Inventories	11	3.72	10.5	11	3.65	10.4	16	3.96	7.0	12	3.81	10.2	34	4.30	2.7
13 Frequent Changes in Federal Tax Laws and Rules	17	3.96	9.6	12	3.66	9.1	13	3.81	12.5	13	3.91	11.1	11	3.55	6.8
14 Cost and Availability of Liability Insurance	19	4.02	10.6	17	3.84	11.1	14	3.82	14.5	14	3.95	13.6	14	3.67	12.3
15 Federal Paperwork	22	4.11	6.8	24	3.99	8.1	12	3.78	12.7	16	4.04	8.6	16	3.72	5.4
16 Electricity Costs (rates)	25	4.17	7.6	18	3.85	13.2	21	4.07	7.9	15	3.95	8.9	26	4.16	5.4
17 Projecting Future Sales Changes	16	3.95	12.0	13	3.69	9.4	15	3.95	7.2	19	4.06	7.8	24	4.04	5.6
18 Fixed Costs Too High	15	3.91	14.5	14	3.74	10.4	19	4.05	8.2	22	4.12	8.5	30	4.20	5.4
19 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	12	3.86	14.4	16	3.80	12.0	23	4.12	8.2	23	4.12	8.8	25	4.08	8.1
20 Poor Earnings (profits)	18	3.97	10.8	22	3.97	12.7	29	4.21	11.8	17	4.05	11.4	35	4.30	5.5
21 Competition from Large Businesses	30	4.25	11.1	25	4.03	10.4	17	3.97	13.9	20	4.12	14.2	19	3.89	17.6
22 Workers' Compensation	21	4.07	12.8	20	3.92	10.7	20	4.05	12.6	27	4.19	10.8	15	3.67	9.6
23 Dealing with IRS/State Tax Agencies	27	4.20	8.5	32	4.22	7.5	18	4.02	11.5	21	4.12	10.0	36	4.30	9.5
24 Highly Variable Earnings (profits)	20	4.06	8.5	23	3.98	8.8	25	4.14	8.0	28	4.19	8.6	27	4.16	6.8
25 Finding Out about Regulatory Requirements	29	4.21	9.1	26	4.05	6.2	22	4.08	9.2	30	4.21	7.4	20	3.99	5.5
26 Cash Flow	24	4.15	11.6	28	4.14	10.9	24	4.13	12.2	24	4.16	10.2	32	4.26	11.0
27 Locating Business Help When Needed	34	4.35	8.6	31	4.19	10.2	30	4.24	11.1	26	4.17	10.9	18	3.85	11.1
28 FICA (Social Security Taxes)	33	4.34	6.9	36	4.30	5.9	26	4.16	9.2	25	4.17	8.9	29	4.18	6.8

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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
29 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	28	4.20	6.4	33	4.22	3.3	28	4.19	4.5	32	4.25	5.3	39	4.41	4.1
30 Telephone Costs and Service	37	4.39	6.9	45	4.50	4.9	36	4.33	4.1	29	4.20	5.5	46	4.50	1.4
31 Controlling My Own Time	42	4.52	8.4	47	4.52	6.8	34	4.30	7.6	33	4.25	10.6	22	4.01	11.0
32 Training Employees	41	4.48	7.4	38	4.35	5.5	40	4.38	7.4	34	4.29	7.0	23	4.03	10.8
33 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	36	4.38	6.5	34	4.28	7.9	39	4.38	7.4	35	4.32	7.6	49	4.55	4.1
34 Minimum Wage/"Living" Wage	46	4.63	10.1	39	4.36	10.7	47	4.57	8.8	31	4.22	15.9	48	4.55	8.1
35 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	45	4.61	7.4	30	4.18	8.8	32	4.29	11.8	36	4.36	10.3	43	4.46	5.4
36 Pricing My Goods/Services	31	4.27	9.5	29	4.14	8.8	31	4.28	8.6	39	4.46	6.3	21	3.99	4.1
37 Unemployment Compensation	39	4.44	6.9	37	4.32	9.7	35	4.31	8.8	37	4.42	7.6	37	4.34	4.1
38 Environmental Regulations (e.g., EPA)	13	3.91	16.0	21	3.94	8.8	38	4.37	10.3	47	4.61	8.7	33	4.27	6.8
39 Cost of Government Required Equipment/Procedures	32	4.32	9.7	35	4.29	6.7	33	4.30	10.3	42	4.53	8.1	12	3.57	8.7
40 Ability to Cost-Effectively Advertise	64	5.31	4.8	63	5.05	3.0	55	4.66	4.9	18	4.05	9.7	58	4.93	4.1
41 Health/Safety Regulations (e.g., OSHA)	26	4.17	9.5	27	4.08	7.5	37	4.36	9.5	44	4.55	7.4	31	4.24	6.8
42 Keeping Up on Business and Market Developments	44	4.61	4.2	43	4.43	2.0	41	4.38	5.1	40	4.47	4.4	45	4.49	0.0
43 Hiring/Firing/Employment Regulations	47	4.64	5.3	40	4.38	7.2	27	4.16	9.2	43	4.55	6.5	40	4.41	6.8
44 Real Estate Values	38	4.43	9.1	41	4.39	9.9	46	4.55	5.7	38	4.43	8.2	53	4.65	6.9
45 Obtaining Licenses, Permits, etc.	52	4.86	5.9	48	4.58	5.5	49	4.59	7.2	41	4.48	7.2	44	4.48	5.5
46 Using Computer(s), the Internet or New Technology Effectively	51	4.80	5.3	52	4.71	3.6	45	4.54	6.1	45	4.58	6.0	41	4.42	5.4
47 Traffic, Highways, Roads, Bridges	40	4.47	12.2	46	4.50	8.8	44	4.53	7.8	51	4.67	7.4	38	4.40	12.3
48 Cyber Crime (viruses, hacking, etc.)	50	4.78	6.4	49	4.62	5.9	42	4.43	9.2	48	4.62	7.5	52	4.62	5.4
49 Poor Sales	43	4.56	10.1	42	4.39	8.1	54	4.66	8.0	50	4.65	7.6	51	4.60	4.1
50 Employee Turnover	53	4.93	5.9	50	4.64	9.9	53	4.65	10.3	49	4.62	10.4	47	4.54	9.5
51 Sales Too Dependent on Health of One Business or Industry	23	4.11	15.5	19	3.87	12.5	58	4.84	5.8	59	4.89	4.8	42	4.44	4.1
52 Mandatory Family or Sick Leave	55	4.95	8.6	53	4.73	10.4	50	4.59	11.3	53	4.72	11.3	56	4.78	4.1
53 Estate Tax	35	4.36	15.5	44	4.50	12.4	52	4.64	10.4	58	4.86	12.4	59	4.96	8.1
54 Rules on Retirement Plans	48	4.69	6.5	57	4.83	2.3	51	4.59	5.7	56	4.82	5.5	54	4.70	6.8

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	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
55 Handling Business Growth	56	5.01	2.1	56	4.80	1.3	48	4.57	5.1	57	4.83	3.3	28	4.16	4.1
56 Interest Rates	58	5.10	3.8	59	4.85	4.9	56	4.77	5.9	54	4.72	6.6	57	4.86	2.7
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	62	5.27	4.9	64	5.27	2.7	61	4.91	4.4	46	4.59	6.7	55	4.75	2.8
58 Delinquent Accounts/Late Payments	59	5.14	3.7	54	4.75	5.2	43	4.50	6.2	61	4.92	5.8	50	4.58	6.8
59 Reducing Energy Use in a Cost-Effective Manner	57	5.09	1.6	58	4.83	3.3	57	4.81	5.1	55	4.81	3.8	60	5.01	2.7
60 Zoning/Land Use Regulations	54	4.94	8.4	61	5.04	4.2	60	4.89	5.5	60	4.90	7.3	61	5.14	6.8
61 Competition from Internet Businesses	68	5.65	5.8	70	5.47	3.9	62	4.95	10.6	52	4.71	11.4	63	5.31	2.7
62 Crime, including Identity Theft, Shoplifting, etc.	60	5.15	6.5	62	5.04	3.6	63	5.07	4.1	62	4.97	6.0	62	5.28	0.0
63 Access to High-Speed Internet	61	5.19	6.9	60	4.98	8.5	65	5.09	8.6	63	5.03	9.4	64	5.36	4.1
64 Protecting Intellectual Property	63	5.28	6.4	55	4.77	6.9	59	4.88	7.4	64	5.19	5.0	65	5.37	2.7
65 Competition from Imported Products	49	4.77	8.5	51	4.69	8.5	64	5.08	7.9	66	5.45	5.7	66	5.46	4.1
66 Bad Debts (not delinquencies) and/or Bankruptcies	71	5.71	2.2	66	5.37	3.6	66	5.09	3.1	65	5.37	3.5	68	5.51	0.0
67 Obtaining Long-Term (5 years or more) Business Loans	72	5.71	2.6	73	5.71	1.6	68	5.45	5.3	67	5.45	5.3	70	5.55	5.4
68 Obtaining Short-Term (less than 12 months or revolving) Business Loans	65	5.47	5.3	71	5.57	5.2	70	5.48	5.1	68	5.51	4.0	69	5.54	6.8
69 Costs and Frequency of Lawsuits/Threatened Lawsuits	70	5.67	4.2	69	5.44	2.3	69	5.46	5.1	69	5.52	4.8	71	5.68	2.7
70 Winning Contracts from Federal/State/Local Governments	69	5.67	4.3	65	5.31	4.3	67	5.18	5.3	73	5.82	3.4	13	3.65	14.9
71 Credit Rating/Record Errors	74	5.87	2.7	72	5.60	1.6	71	5.52	3.7	70	5.54	2.8	73	5.85	1.4
72 Out-of-State Sales Tax (e.g., internet sales)	66	5.58	5.4	68	5.44	3.6	72	5.58	4.8	71	5.71	4.9	72	5.72	5.4
73 Undocumented Workers	73	5.72	4.3	75	5.82	3.0	73	5.68	5.8	72	5.77	7.1	67	5.49	11.1
74 Importing My Products/Services	75	5.96	2.7	74	5.71	3.0	74	5.86	2.9	74	6.07	2.0	74	6.28	1.4
75 Exporting My Products/Services	67	5.65	5.9	67	5.38	5.9	75	5.93	3.3	75	6.24	2.1	75	6.37	1.4

Sales Change

Less than one-third of small-business owners experienced declining sales over the last three years, fewer than in 2016, and far fewer than in 2012 when it was about half. 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. 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 2nd for those with the highest decline in sales and the latter 4th compared to 20th and 49th for the overall population. By contrast, these two problems rank 58th and 73rd respectively for those with sales increases of 50 percent or more. Nearly 29 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 “Uncertainty over Economic Conditions” which ranks 3rd and 4th for those with declining sales and 16th for those with the highest sales increases. Twenty-six percent of owners who experienced the most decline in sales change find this problem critical compared to 10 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 59th for those with the highest sales declines and 19th for those with the strongest sales increases, a nice problem to have.

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 9

Measures of Small Business Problem Importance by Average Annual Sales Change Over the Last Three Years

	Decrease 10 or more n=451			Decrease Less than 10 n=318			Increase Less than 10 n=726			Increase 10-24 n=702			Increase 25-49 n=159			Increase 50 or more n=48			Too new to estimate n=75			
	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	2.42	51.1	1	2.36	48.7	1	2.20	49.9	1	2.25	52.1	1	2.33	47.2	1	1.92	62.5	1	2.55	52.0
2	Locating Qualified Employees	17	3.62	26.1	5	3.35	29.0	2	3.02	32.2	2	2.96	31.4	2	3.06	29.6	2	2.98	37.5	5	3.48	28.0
3	Federal Taxes on Business Income	6	3.10	24.8	3	3.34	15.2	4	3.33	18.9	4	3.30	19.6	3	3.21	19.1	4	3.21	31.3	2	3.11	29.7
4	Property Taxes (real, inventory or personal property)	5	2.99	28.2	2	3.34	20.1	6	3.48	16.5	6	3.33	20.5	8	3.52	20.8	8	3.38	17.0	9	3.76	24.0
5	Finding and Keeping Skilled Employees	19	3.66	24.8	6	3.48	24.4	3	3.26	25.0	3	3.21	25.8	6	3.38	26.6	11	3.49	27.7	7	3.60	22.7
6	Unreasonable Government Regulations	14	3.44	19.2	7	3.51	16.7	5	3.41	17.9	5	3.32	19.9	5	3.36	17.6	3	3.00	33.3	18	3.93	13.3
7	State Taxes on Business Income	8	3.30	24.6	10	3.56	14.0	7	3.53	15.9	8	3.40	18.8	7	3.48	20.4	10	3.43	23.4	4	3.36	24.0
8	Tax Complexity	13	3.42	18.3	9	3.54	13.7	8	3.54	14.3	7	3.39	16.8	4	3.25	17.7	5	3.23	22.9	3	3.36	18.9
9	Uncertainty over Economic Conditions	3	2.91	25.6	4	3.35	13.6	9	3.77	10.9	12	3.88	9.7	11	3.73	9.5	16	3.83	18.8	6	3.58	18.9
10	Uncertainty over Government Actions	11	3.42	18.5	11	3.62	14.2	11	3.82	10.2	9	3.57	14.7	10	3.59	17.2	9	3.38	27.1	8	3.65	18.9
11	State/Local Paperwork	22	3.75	12.8	16	3.88	9.4	10	3.79	9.7	10	3.64	10.5	9	3.56	13.8	7	3.33	22.9	11	3.79	13.3
12	Cost of Supplies/Inventories	12	3.42	17.2	12	3.76	7.9	12	3.89	8.3	17	4.05	5.6	17	3.97	7.6	22	4.00	8.3	19	3.93	10.8
13	Frequent Changes in Federal Tax Laws and Rules	24	3.81	12.6	17	3.88	9.5	13	3.95	9.2	11	3.75	11.4	12	3.86	14.5	15	3.79	14.6	10	3.77	8.1
14	Cost and Availability of Liability Insurance	20	3.73	17.6	20	3.94	13.3	14	3.95	12.3	14	3.97	10.5	15	3.95	14.6	6	3.28	21.3	24	4.13	12.0
15	Federal Paperwork	29	3.98	9.2	23	4.05	7.9	15	4.07	7.1	13	3.89	10.7	16	3.97	8.3	14	3.62	12.5	17	3.92	12.0
16	Electricity Costs (rates)	18	3.63	14.2	18	3.89	8.9	16	4.08	6.9	19	4.10	7.6	23	4.24	8.3	28	4.19	8.3	15	3.88	9.5
17	Projecting Future Sales Changes	9	3.36	15.5	14	3.86	8.3	17	4.11	6.9	26	4.24	4.9	20	4.19	5.7	29	4.21	8.3	20	4.00	9.5
18	Fixed Costs Too High	15	3.46	17.7	21	4.03	7.9	19	4.20	7.1	24	4.21	6.5	28	4.32	5.7	24	4.06	8.3	21	4.04	5.3
19	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	21	3.73	14.2	15	3.88	11.1	23	4.23	6.7	25	4.21	7.0	19	4.09	10.1	26	4.15	12.5	22	4.10	9.6
20	Poor Earnings (profits)	2	2.80	28.7	8	3.53	15.0	29	4.31	7.0	51	4.66	5.4	56	4.97	3.8	58	4.91	6.4	12	3.81	10.8

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 9

Measures of Small Business Problem Importance by Average Annual Sales Change Over the Last Three Years (Cont'd)

	Decrease 10 or more n=451			Decrease Less than 10 n=318			Increase Less than 10 n=726			Increase 10-24 n=702			Increase 25-49 n=159			Increase 50 or more n=48			Too new to estimate n=75			
	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	
21	Competition from Large Businesses	16	3.48	24.4	13	3.82	14.6	20	4.21	10.8	34	4.37	7.9	33	4.43	9.5	23	4.00	18.8	14	3.84	24.0
22	Workers' Compensation	34	4.07	14.9	31	4.29	8.0	18	4.18	9.2	16	4.01	12.0	14	3.91	11.4	12	3.50	18.8	43	4.78	5.4
23	Dealing with IRS/State Tax Agencies	35	4.08	12.4	35	4.35	6.4	27	4.30	6.5	15	3.99	11.4	13	3.89	10.1	17	3.85	16.7	13	3.83	18.7
24	Highly Variable Earnings (profits)	10	3.41	20.5	22	4.05	9.5	24	4.23	5.0	35	4.41	4.8	40	4.59	3.8	35	4.31	12.5	31	4.38	6.8
25	Finding Out about Regulatory Requirements	37	4.20	8.8	28	4.25	5.1	21	4.21	4.8	18	4.06	9.2	18	4.08	11.3	20	3.94	14.6	27	4.30	6.8
26	Cash Flow	7	3.22	24.6	19	3.93	9.9	39	4.44	6.8	42	4.51	7.0	39	4.53	8.9	40	4.40	10.4	16	3.91	10.8
27	Locating Business Help When Needed	32	4.06	12.4	32	4.30	10.5	22	4.22	9.6	21	4.17	9.7	24	4.24	10.8	21	3.96	17.0	40	4.69	4.1
28	FICA (Social Security Taxes)	31	4.04	11.5	27	4.22	7.3	26	4.30	6.3	22	4.17	7.9	26	4.30	8.9	27	4.17	16.7	25	4.20	12.0
29	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	28	3.97	8.8	34	4.35	4.7	31	4.34	3.9	23	4.20	4.0	25	4.27	5.1	39	4.40	2.1	28	4.30	4.1
30	Telephone Costs and Service	27	3.97	7.8	25	4.16	6.0	34	4.41	3.6	32	4.35	4.7	43	4.61	2.5	41	4.40	8.3	29	4.34	5.4
31	Controlling My Own Time	46	4.47	9.4	33	4.34	8.9	30	4.31	7.7	27	4.25	8.5	30	4.37	12.7	13	3.55	27.7	34	4.50	8.1
32	Training Employees	51	4.55	7.6	43	4.49	6.6	28	4.30	4.7	20	4.12	8.4	32	4.41	6.3	34	4.30	12.8	39	4.68	9.3
33	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	25	3.90	13.8	36	4.37	7.0	37	4.43	5.2	39	4.49	6.3	36	4.51	3.2	51	4.67	8.3	23	4.12	6.8
34	Minimum Wage/"Living" Wage	38	4.24	15.2	29	4.26	11.5	32	4.38	12.4	31	4.34	12.5	42	4.61	13.9	48	4.58	12.5	38	4.66	14.9
35	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	49	4.50	12.1	38	4.40	9.6	25	4.29	9.5	29	4.31	9.3	29	4.36	7.6	18	3.87	16.7	44	4.84	5.3
36	Pricing My Goods/Services	23	3.78	14.4	26	4.18	8.2	35	4.41	5.7	50	4.62	3.7	46	4.76	4.4	53	4.73	4.2	33	4.45	9.5
37	Unemployment Compensation	41	4.37	11.0	49	4.63	6.0	33	4.38	6.1	28	4.27	8.8	31	4.37	5.7	33	4.28	12.8	42	4.77	4.1
38	Environmental Regulations (e.g., EPA)	39	4.32	12.4	37	4.39	10.2	40	4.45	7.0	38	4.46	8.8	27	4.31	10.3	30	4.21	20.8	57	5.03	6.7

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 9

Measures of Small Business Problem Importance by Average Annual Sales Change Over the Last Three Years (Cont'd)

	Decrease 10 or more n=451			Decrease Less than 10 n=318			Increase Less than 10 n=726			Increase 10-24 n=702			Increase 25-49 n=159			Increase 50 or more n=48			Too new to estimate n=75		
	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
39 Cost of Government Required Equipment/Procedures	47	4.47	10.7	39	4.41	6.4	41	4.46	6.5	36	4.43	7.9	21	4.20	12.1	37	4.33	12.5	35	4.59	11.0
40 Ability to Cost-Effectively Advertise	30	4.02	11.8	40	4.42	8.2	43	4.53	5.5	44	4.53	5.5	44	4.63	5.7	31	4.23	8.3	26	4.23	12.0
41 Health/Safety Regulations (e.g., OSHA)	42	4.39	9.4	47	4.59	5.7	38	4.43	6.8	33	4.36	8.2	22	4.23	10.3	25	4.12	14.6	49	4.91	4.1
42 Keeping Up on Business and Market Developments	33	4.07	7.4	30	4.28	2.5	42	4.51	3.3	49	4.60	3.3	50	4.84	2.5	46	4.55	10.6	32	4.41	2.7
43 Hiring/Firing/Employment Regulations	56	4.67	6.9	46	4.55	6.0	36	4.42	6.4	30	4.33	7.6	38	4.53	6.3	32	4.27	12.5	46	4.88	2.7
44 Real Estate Values	36	4.14	13.7	41	4.42	8.2	44	4.61	5.8	40	4.49	5.6	35	4.46	7.6	42	4.43	14.9	47	4.88	5.3
45 Obtaining Licenses, Permits, etc.	43	4.40	9.6	45	4.55	6.4	48	4.69	3.9	43	4.52	6.3	34	4.43	10.3	36	4.32	12.8	37	4.63	9.7
46 Using Computer(s), the Internet or New Technology Effectively	40	4.36	9.2	44	4.51	3.5	46	4.68	3.6	48	4.58	5.2	58	4.99	8.9	45	4.52	8.3	60	5.08	4.0
47 Traffic, Highways, Roads, Bridges	48	4.47	10.6	42	4.42	8.0	51	4.81	6.7	46	4.57	7.6	37	4.51	6.3	38	4.33	16.7	41	4.76	6.7
48 Cyber Crime (viruses, hacking, etc.)	45	4.45	9.7	53	4.76	5.7	49	4.69	5.0	37	4.43	9.2	52	4.87	6.3	49	4.60	12.5	45	4.84	8.0
49 Poor Sales	4	2.99	24.6	24	4.11	7.0	55	4.89	4.0	64	5.27	3.7	66	5.50	0.0	73	5.60	4.3	36	4.59	8.1
50 Employee Turnover	63	4.87	10.2	51	4.72	9.6	45	4.63	8.5	41	4.50	10.2	45	4.76	8.9	55	4.75	10.4	53	4.96	9.5
51 Sales Too Dependent on Health of One Business or Industry	26	3.95	14.6	48	4.63	5.2	50	4.79	5.5	59	4.95	4.1	49	4.82	3.8	56	4.77	8.5	52	4.93	6.8
52 Mandatory Family or Sick Leave	65	4.98	9.0	58	4.86	8.4	47	4.68	10.4	45	4.53	12.2	48	4.80	10.8	43	4.48	16.7	55	4.99	10.8
53 Estate Tax	55	4.64	13.9	52	4.74	11.1	52	4.82	10.7	47	4.57	13.3	51	4.85	10.8	54	4.73	16.7	63	5.23	9.3
54 Rules on Retirement Plans	54	4.63	5.7	57	4.83	5.4	53	4.83	3.9	53	4.69	5.6	54	4.89	4.4	50	4.62	10.4	65	5.30	4.1
55 Handling Business Growth	59	4.75	4.1	60	4.90	2.5	57	4.90	2.4	52	4.66	3.6	41	4.59	1.9	19	3.88	12.5	51	4.93	2.7
56 Interest Rates	44	4.42	8.0	50	4.72	5.8	59	4.93	4.1	57	4.89	6.3	53	4.87	3.8	67	5.21	4.2	30	4.35	14.7

Problems & Priorities for Small-Business Classifications

TENTH
EDITION

TABLE 9

Measures of Small Business Problem Importance by Average Annual Sales Change Over the Last Three Years (Cont'd)

	Decrease 10 or more n=451			Decrease Less than 10 n=318			Increase Less than 10 n=726			Increase 10-24 n=702			Increase 25-49 n=159			Increase 50 or more n=48			Too new to estimate n=75		
	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
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	53	4.57	9.3	55	4.80	4.6	54	4.88	3.8	54	4.80	4.9	55	4.93	5.3	60	4.96	4.3	50	4.92	8.3
58 Delinquent Accounts/Late Payments	50	4.50	9.5	59	4.88	5.4	58	4.92	4.6	55	4.84	4.3	57	4.98	3.8	64	5.15	6.3	56	4.99	4.0
59 Reducing Energy Use in a Cost-Effective Manner	58	4.69	7.1	54	4.76	3.5	56	4.90	2.6	56	4.87	2.9	60	5.08	2.5	59	4.94	4.2	48	4.90	2.7
60 Zoning/Land Use Regulations	61	4.83	8.7	62	5.00	4.1	61	5.04	4.9	58	4.89	5.6	47	4.78	9.6	52	4.69	16.7	58	5.04	9.6
61 Competition from Internet Businesses	52	4.57	13.7	56	4.81	10.4	60	4.97	8.9	60	5.03	8.2	64	5.44	3.8	69	5.29	6.3	61	5.09	14.7
62 Crime, including Identity Theft, Shoplifting, etc.	62	4.87	7.9	64	5.06	5.1	62	5.08	3.9	61	5.03	4.4	59	5.05	4.4	44	4.48	8.3	66	5.44	6.7
63 Access to High-Speed Internet	60	4.82	10.8	61	4.92	10.8	63	5.20	6.1	62	5.04	9.2	63	5.39	7.6	57	4.88	12.5	67	5.45	8.1
64 Protecting Intellectual Property	64	4.97	7.5	63	5.05	7.0	64	5.23	3.9	63	5.06	5.8	61	5.14	3.9	47	4.56	10.4	62	5.21	4.0
65 Competition from Imported Products	57	4.67	12.2	65	5.12	4.8	66	5.45	4.9	65	5.37	5.1	65	5.46	3.8	68	5.21	8.3	64	5.25	8.0
66 Bad Debts (not delinquencies) and/or Bankruptcies	68	5.15	6.1	66	5.32	1.3	65	5.37	2.6	66	5.42	2.5	68	5.58	1.9	70	5.35	6.5	68	5.45	4.0
67 Obtaining Long-Term (5 years or more) Business Loans	67	5.14	7.9	68	5.45	2.8	68	5.66	3.2	72	5.66	3.6	62	5.29	6.4	66	5.19	10.4	59	5.05	9.3
68 Obtaining Short-Term (less than 12 months or revolving) Business Loans	66	5.02	8.8	67	5.40	4.1	72	5.74	2.9	73	5.67	3.2	69	5.58	3.8	61	5.04	6.3	54	4.96	10.7
69 Costs and Frequency of Lawsuits/Threatened Lawsuits	71	5.44	5.2	70	5.56	4.4	67	5.55	4.2	67	5.42	4.0	70	5.59	4.4	71	5.36	10.6	75	5.99	4.1
70 Winning Contracts from Federal/State/Local Governments	69	5.35	7.6	71	5.72	2.9	71	5.71	3.0	68	5.47	4.2	67	5.52	5.0	62	5.11	2.1	70	5.71	4.1
71 Credit Rating/Record Errors	70	5.38	3.9	69	5.46	4.1	70	5.69	1.7	70	5.58	2.7	71	5.64	1.9	72	5.45	4.3	71	5.80	1.3
72 Out-of-State Sales Tax (e.g., internet sales)	73	5.55	4.8	72	5.73	4.4	69	5.66	5.0	69	5.57	4.6	72	5.66	5.1	65	5.15	10.4	74	5.89	2.7
73 Undocumented Workers	74	5.66	5.5	74	5.91	4.5	73	5.90	5.0	71	5.61	7.0	73	5.73	7.0	63	5.11	17.0	69	5.60	11.1
74 Importing My Products/Services	75	5.71	4.1	75	5.92	2.6	74	6.04	1.3	74	6.09	1.7	74	6.01	3.2	75	6.15	0.0	73	5.88	5.4
75 Exporting My Products/Services	72	5.54	6.8	73	5.90	3.6	75	6.12	2.3	75	6.24	1.6	75	6.19	1.3	74	6.06	4.2	72	5.83	4.3

Population Density

“Poor Earnings (profits)” is a far more significant problem in rural areas where it ranks 13th compared to its 38th ranking for owners in highly urban areas. “Environmental Regulations (e.g., EPA)” is also more problematic for those in rural communities with a 20th ranking compared to rankings in the mid to high 40s for less rural areas. Owners in rural areas also find the “Estate Tax” more challenging. It ranks 33rd for this group compared to a ranking range of 55th to 62nd for others.

TABLE 10

Measures of Small Business Problem Importance by Population Density

	Highly Urban n=99			Urban n=298			Fringe Urban n=219			Small City/ Town n=989			Rural n=581		
	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	44.4	1	2.36	48.3	1	2.30	50.0	1	2.11	55.1	1	2.55	46.8
2 Locating Qualified Employees	2	2.91	33.3	2	2.89	32.1	2	3.19	28.0	2	3.00	33.0	9	3.63	27.0
3 Federal Taxes on Business Income	6	3.23	18.8	4	3.19	23.2	4	3.29	19.2	4	3.20	20.7	4	3.34	19.1
4 Property Taxes (real, inventory or personal property)	3	3.08	22.4	8	3.48	20.2	5	3.31	20.4	6	3.41	19.6	2	3.20	22.7
5 Finding and Keeping Skilled Employees	7	3.24	28.6	3	3.15	27.3	3	3.19	26.3	3	3.19	28.0	12	3.76	22.0
6 Unreasonable Government Regulations	4	3.10	22.4	5	3.38	16.2	6	3.34	20.7	8	3.49	17.2	5	3.35	20.9
7 State Taxes on Business Income	10	3.57	21.1	7	3.46	18.9	9	3.52	15.7	5	3.39	19.8	6	3.46	18.0
8 Tax Complexity	5	3.17	19.4	6	3.38	18.5	7	3.40	16.0	7	3.43	15.3	8	3.56	15.6
9 Uncertainty over Economic Conditions	11	3.61	16.2	11	3.61	9.9	11	3.62	12.3	9	3.67	13.5	3	3.31	19.2
10 Uncertainty over Government Actions	9	3.52	13.4	9	3.55	17.3	8	3.46	17.0	10	3.71	13.4	7	3.49	15.6
11 State/Local Paperwork	8	3.40	14.1	10	3.61	10.4	10	3.61	11.0	11	3.71	11.3	14	3.79	12.1
12 Cost of Supplies/Inventories	14	3.80	13.5	13	3.94	7.4	12	3.82	9.2	14	3.84	8.4	11	3.67	11.4
13 Frequent Changes in Federal Tax Laws and Rules	15	3.93	8.2	12	3.77	11.9	14	3.86	11.5	13	3.82	11.3	15	3.80	10.4
14 Cost and Availability of Liability Insurance	13	3.80	13.4	15	3.97	10.1	16	3.95	13.4	12	3.81	14.1	21	4.05	13.1
15 Federal Paperwork	17	4.01	10.2	16	3.99	9.9	13	3.83	11.9	16	3.96	8.7	22	4.05	8.5
16 Electricity Costs (rates)	25	4.16	11.2	23	4.13	7.1	18	3.99	7.8	18	3.97	9.4	16	3.87	8.7
17 Projecting Future Sales Changes	16	4.00	6.1	14	3.95	9.5	15	3.87	5.5	17	3.97	7.9	19	4.02	8.9
18 Fixed Costs Too High	18	4.04	8.2	21	4.10	6.8	20	4.01	8.4	21	4.05	8.7	17	3.90	10.9
19 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	22	4.14	10.1	38	4.37	5.8	28	4.12	9.6	26	4.13	8.4	10	3.65	12.3
20 Poor Earnings (profits)	38	4.36	8.2	34	4.28	10.3	37	4.28	8.4	20	4.03	11.1	13	3.78	14.4
21 Competition from Large Businesses	39	4.37	12.2	18	4.06	10.1	17	3.97	11.9	15	3.95	15.0	26	4.21	13.5
22 Workers' Compensation	12	3.67	14.4	24	4.16	10.0	21	4.01	11.5	22	4.07	10.6	32	4.34	10.9
23 Dealing with IRS/State Tax Agencies	21	4.12	10.2	19	4.07	10.2	24	4.07	8.7	23	4.09	10.1	24	4.12	10.1

TABLE 10

Measures of Small Business Problem Importance by Population Density (Cont'd)

	Highly Urban <i>n</i> =99			Urban <i>n</i> =298			Fringe Urban <i>n</i> =219			Small City/ Town <i>n</i> =989			Rural <i>n</i> =581			
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	
24	Highly Variable Earnings (profits)	24	4.15	9.2	31	4.25	6.4	27	4.11	8.7	25	4.12	8.1	18	3.98	11.7
25	Finding Out about Regulatory Requirements	28	4.25	8.2	25	4.16	6.8	30	4.16	7.8	24	4.10	7.6	25	4.20	7.2
26	Cash Flow	30	4.28	9.3	22	4.11	12.2	29	4.14	9.1	29	4.17	10.6	23	4.11	10.9
27	Locating Business Help When Needed	19	4.07	11.2	17	4.05	9.8	36	4.26	10.2	19	4.03	13.3	37	4.45	8.0
28	FICA (Social Security Taxes)	33	4.33	9.3	27	4.17	10.1	22	4.01	9.6	30	4.19	7.6	27	4.21	8.6
29	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	29	4.27	8.1	29	4.19	4.0	26	4.07	4.6	32	4.23	4.2	29	4.25	5.9
30	Telephone Costs and Service	43	4.45	2.0	36	4.34	5.5	39	4.36	6.0	28	4.14	5.6	31	4.30	4.9
31	Controlling My Own Time	27	4.25	7.2	33	4.28	8.1	33	4.23	9.7	34	4.25	9.3	39	4.47	8.9
32	Training Employees	37	4.35	7.1	20	4.07	8.4	31	4.19	6.9	31	4.19	7.3	48	4.68	6.8
33	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	20	4.10	10.4	28	4.19	6.5	25	4.07	6.9	37	4.38	8.2	40	4.48	5.5
34	Minimum Wage/"Living" Wage	40	4.38	12.1	41	4.45	10.2	41	4.40	11.9	35	4.28	14.3	35	4.39	11.8
35	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	32	4.31	8.1	26	4.16	9.5	19	3.99	10.6	33	4.24	11.7	52	4.82	8.5
36	Pricing My Goods/Services	48	4.70	5.2	35	4.32	4.1	34	4.23	5.9	38	4.39	6.7	28	4.23	10.6
37	Unemployment Compensation	23	4.14	10.1	32	4.26	9.1	32	4.22	11.0	36	4.32	7.9	46	4.63	6.5
38	Environmental Regulations (e.g., EPA)	45	4.60	8.3	48	4.61	6.8	49	4.49	9.2	45	4.55	8.2	20	4.04	13.9
39	Cost of Government Required Equipment/Procedures	26	4.23	11.6	39	4.39	8.2	40	4.40	9.3	42	4.47	7.2	41	4.48	8.3
40	Ability to Cost-Effectively Advertise	46	4.62	7.1	37	4.36	6.8	23	4.06	8.3	27	4.14	8.7	56	4.92	5.9
41	Health/Safety Regulations (e.g., OSHA)	35	4.33	9.2	42	4.47	6.1	45	4.44	7.8	41	4.46	8.5	36	4.42	7.2
42	Keeping Up on Business and Market Developments	41	4.39	7.2	43	4.47	4.4	46	4.45	4.2	40	4.39	4.1	42	4.51	3.8
43	Hiring/Firing/Employment Regulations	36	4.34	13.3	30	4.23	5.4	35	4.24	7.4	39	4.39	7.7	53	4.82	5.7
44	Real Estate Values	54	4.87	7.1	44	4.50	6.2	51	4.50	7.9	44	4.50	7.5	30	4.26	11.1
45	Obtaining Licenses, Permits, etc.	34	4.33	10.3	47	4.58	6.7	38	4.29	9.7	51	4.64	5.9	38	4.45	6.8
46	Using Computer(s), the Internet or New Technology Effectively	50	4.77	4.2	50	4.61	6.4	50	4.49	5.0	46	4.55	5.7	47	4.66	5.6
47	Traffic, Highways, Roads, Bridges	31	4.30	11.5	40	4.45	8.8	44	4.44	6.4	60	4.84	6.4	34	4.36	10.6
48	Cyber Crime (viruses, hacking, etc.)	42	4.39	4.1	45	4.52	6.4	52	4.55	5.9	47	4.58	7.2	51	4.79	7.8
49	Poor Sales	53	4.87	9.3	52	4.65	7.1	53	4.58	6.4	49	4.61	8.1	44	4.57	7.3
50	Employee Turnover	57	5.00	7.1	46	4.54	9.2	42	4.40	11.6	43	4.50	11.0	57	4.99	8.7

TABLE 10

Measures of Small Business Problem Importance by Population Density (Cont'd)

	Highly Urban <i>n</i> =99			Urban <i>n</i> =298			Fringe Urban <i>n</i> =219			Small City/ Town <i>n</i> =989			Rural <i>n</i> =581		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
51 Sales Too Dependent on Health of One Business or Industry	51	4.79	12.4	56	4.83	4.8	57	4.79	4.6	50	4.63	6.5	43	4.52	7.6
52 Mandatory Family or Sick Leave	44	4.52	15.5	55	4.77	9.1	47	4.47	12.9	48	4.60	11.8	62	5.10	7.4
53 Estate Tax	55	4.91	14.3	62	5.07	8.7	59	4.82	11.5	58	4.80	10.8	33	4.36	16.0
54 Rules on Retirement Plans	52	4.84	8.2	54	4.75	6.4	58	4.80	5.0	56	4.74	4.8	54	4.84	4.4
55 Handling Business Growth	47	4.68	4.1	53	4.66	4.4	48	4.48	4.6	54	4.71	3.0	59	5.07	3.1
56 Interest Rates	56	4.98	4.3	61	4.95	2.7	54	4.61	7.3	57	4.77	6.0	49	4.70	7.2
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	59	5.09	6.2	51	4.62	5.2	43	4.42	6.2	52	4.67	5.5	64	5.18	5.0
58 Delinquent Accounts/Late Payments	49	4.70	4.1	49	4.61	5.1	55	4.78	5.5	53	4.68	6.7	61	5.08	5.2
59 Reducing Energy Use in a Cost-Effective Manner	60	5.10	2.1	58	4.87	3.0	60	4.83	3.2	59	4.80	4.0	55	4.87	4.0
60 Zoning/Land Use Regulations	61	5.10	9.2	60	4.94	6.1	62	5.06	6.0	62	5.01	5.8	50	4.74	7.3
61 Competition from Internet Businesses	58	5.01	8.2	57	4.83	8.8	56	4.78	13.3	55	4.73	11.5	65	5.37	6.3
62 Crime, including Identity Theft, Shoplifting, etc.	63	5.21	2.0	59	4.88	5.8	61	4.87	6.4	61	4.99	5.0	63	5.16	5.2
63 Access to High-Speed Internet	69	5.52	5.1	72	5.69	4.4	64	5.28	5.1	64	5.07	8.0	45	4.57	14.0
64 Protecting Intellectual Property	62	5.12	5.2	63	5.09	4.1	63	5.13	5.1	63	5.06	5.8	60	5.07	6.7
65 Competition from Imported Products	64	5.26	8.2	65	5.33	4.4	66	5.34	6.8	66	5.26	6.5	58	5.04	7.3
66 Bad Debts (not delinquencies) and/or Bankruptcies	70	5.53	1.0	64	5.29	3.1	68	5.37	2.3	65	5.21	4.1	69	5.59	3.1
67 Obtaining Long-Term (5 years or more) Business Loans	66	5.36	9.2	68	5.48	3.8	67	5.35	5.5	69	5.49	4.7	68	5.56	3.8
68 Obtaining Short-Term (less than 12 months or revolving) Business Loans	65	5.30	7.1	69	5.50	4.0	65	5.33	4.6	70	5.50	5.3	67	5.53	3.6
69 Costs and Frequency of Lawsuits/Threatened Lawsuits	68	5.44	3.1	67	5.41	3.7	71	5.60	3.7	67	5.46	4.8	66	5.52	4.9
70 Winning Contracts from Federal/State/Local Governments	72	5.64	6.1	66	5.35	5.1	73	5.61	5.1	68	5.46	4.8	73	5.85	2.3
71 Credit Rating/Record Errors	67	5.43	2.0	71	5.65	3.1	70	5.55	2.8	71	5.56	2.6	70	5.59	3.0
72 Out-of-State Sales Tax (e.g., internet sales)	73	5.75	3.1	70	5.51	5.2	69	5.50	4.7	72	5.63	5.3	71	5.68	3.9
73 Undocumented Workers	71	5.57	5.2	73	5.78	6.1	72	5.60	7.0	73	5.72	6.8	74	5.85	4.8
74 Importing My Products/Services	74	6.10	1.0	74	5.88	2.4	74	6.05	2.3	74	5.95	2.8	75	5.99	1.9
75 Exporting My Products/Services	75	6.53	2.1	75	6.26	1.7	75	6.23	2.3	75	6.08	2.7	72	5.72	5.1

Years of Ownership

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

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 are a lower 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.

TABLE 11

Measures of Small Business Problem Importance by Years of Ownership

	3 Years or fewer n=106			4-5 Years n=93			6-10 Years n=196			11-20 Years n=558			21 Years or More n=1548		
	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	2.51	49.1	1	2.65	44.6	1	2.23	53.8	1	2.36	49.2	1	2.24	51.2
2 Locating Qualified Employees	4	3.47	29.2	3	3.09	34.4	2	2.94	33.8	2	3.08	33.1	2	3.21	28.7
3 Federal Taxes on Business Income	2	3.25	24.8	4	3.13	26.4	3	3.07	23.7	3	3.21	23.6	5	3.33	17.7
4 Property Taxes (real, inventory or personal property)	9	3.75	19.8	10	3.73	18.3	8	3.49	20.2	6	3.38	19.9	3	3.27	21.0
5 Finding and Keeping Skilled Employees	7	3.68	24.8	2	3.01	26.9	4	3.17	29.6	4	3.30	28.5	6	3.39	24.0
6 Unreasonable Government Regulations	15	3.91	13.3	14	3.87	14.0	7	3.43	20.6	9	3.54	18.0	4	3.31	19.2
7 State Taxes on Business Income	3	3.39	25.7	6	3.36	21.7	6	3.35	20.7	5	3.37	21.6	8	3.50	16.6
8 Tax Complexity	6	3.52	19.0	8	3.58	16.3	5	3.28	19.2	7	3.44	18.4	7	3.46	14.8
9 Uncertainty over Economic Conditions	5	3.51	16.0	5	3.34	19.4	9	3.58	13.3	10	3.66	15.2	9	3.58	13.4
10 Uncertainty over Government Actions	8	3.73	18.9	19	3.91	16.3	11	3.69	13.4	8	3.53	16.0	10	3.63	14.1
11 State/Local Paperwork	17	3.95	10.4	29	4.20	6.5	13	3.79	13.3	11	3.86	11.3	11	3.64	11.3
12 Cost of Supplies/Inventories	12	3.77	12.3	9	3.61	14.0	12	3.79	9.8	13	3.91	7.0	13	3.84	9.5
13 Frequent Changes in Federal Tax Laws and Rules	14	3.85	12.6	22	4.03	7.7	15	3.96	10.7	12	3.90	11.0	12	3.80	10.7
14 Cost and Availability of Liability Insurance	26	4.19	13.2	12	3.80	14.0	10	3.68	16.9	14	3.92	13.2	15	3.92	12.6
15 Federal Paperwork	22	4.08	10.4	38	4.35	8.6	19	4.00	9.2	22	4.17	7.6	14	3.90	9.3
16 Electricity Costs (rates)	18	4.02	12.3	17	3.90	13.0	27	4.11	8.8	16	4.01	9.3	16	3.96	8.4
17 Projecting Future Sales Changes	23	4.09	7.7	13	3.83	10.9	23	4.04	6.8	15	3.94	9.6	17	4.00	7.7
18 Fixed Costs Too High	24	4.13	6.7	36	4.34	9.7	16	3.97	11.8	18	4.07	7.7	18	4.02	9.0
19 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	37	4.53	8.7	25	4.14	15.4	18	3.99	10.4	19	4.10	8.6	19	4.02	9.2
20 Poor Earnings (profits)	20	4.07	10.5	18	3.90	15.1	28	4.13	13.0	23	4.17	9.2	20	4.04	12.0

TABLE 11

Measures of Small Business Problem Importance by Years of Ownership (Cont'd)

	3 Years or fewer n=106			4-5 Years n=93			6-10 Years n=196			11-20 Years n=558			21 Years or More n=1548		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
21 Competition from Large Businesses	10	3.76	19.8	16	3.90	17.2	22	4.03	13.3	25	4.21	13.8	22	4.08	12.4
22 Workers' Compensation	35	4.50	6.7	30	4.25	11.0	14	3.88	13.7	21	4.13	11.4	23	4.09	11.2
23 Dealing with IRS/State Tax Agencies	19	4.03	15.1	23	4.12	9.7	21	4.02	8.7	17	4.06	12.7	25	4.18	8.5
24 Highly Variable Earnings (profits)	28	4.25	6.6	24	4.12	8.7	40	4.37	7.7	27	4.26	7.0	21	4.06	9.3
25 Finding Out about Regulatory Requirements	30	4.33	8.7	41	4.43	8.6	29	4.16	8.2	32	4.30	8.0	24	4.11	7.2
26 Cash Flow	13	3.79	10.6	7	3.52	16.1	20	4.01	11.2	20	4.10	11.6	31	4.27	10.4
27 Locating Business Help When Needed	29	4.30	8.6	34	4.33	7.5	17	3.98	13.0	24	4.19	11.2	26	4.20	10.4
28 FICA (Social Security Taxes)	21	4.08	14.2	39	4.37	9.7	25	4.07	11.3	28	4.27	9.6	27	4.20	7.0
29 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	25	4.16	5.7	20	3.97	5.4	33	4.26	5.2	26	4.24	6.7	29	4.24	4.3
30 Telephone Costs and Service	36	4.51	6.7	40	4.42	8.7	36	4.29	7.2	29	4.27	6.2	30	4.26	4.2
31 Controlling My Own Time	31	4.39	8.5	15	3.89	17.2	26	4.08	10.8	30	4.28	10.7	39	4.39	8.1
32 Training Employees	39	4.57	10.4	26	4.17	6.5	34	4.26	9.2	34	4.35	7.4	34	4.32	6.4
33 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	16	3.93	11.4	21	3.98	14.3	24	4.06	8.9	31	4.30	9.3	40	4.44	5.9
34 Minimum Wage/"Living" Wage	33	4.40	14.3	28	4.19	18.3	41	4.41	13.3	37	4.41	14.0	35	4.32	12.5
35 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	40	4.59	8.6	27	4.18	11.8	32	4.24	11.2	33	4.30	10.3	37	4.37	10.0
36 Pricing My Goods/Services	44	4.64	7.5	32	4.30	6.5	31	4.23	8.2	39	4.49	5.6	33	4.31	7.6
37 Unemployment Compensation	34	4.43	6.7	45	4.54	6.5	35	4.27	10.4	36	4.40	7.4	38	4.38	7.9
38 Environmental Regulations (e.g., EPA)	62	5.25	6.6	56	4.89	8.7	55	4.73	7.2	46	4.62	9.3	28	4.23	10.0
39 Cost of Government Required Equipment/Procedures	43	4.62	11.7	48	4.62	9.8	47	4.62	6.7	45	4.58	8.3	36	4.33	8.1
40 Ability to Cost-Effectively Advertise	11	3.77	14.2	11	3.80	8.7	30	4.22	9.3	35	4.37	8.1	48	4.54	6.1
41 Health/Safety Regulations (e.g., OSHA)	52	4.85	8.7	55	4.87	4.3	46	4.60	9.3	44	4.57	7.5	32	4.29	8.0
42 Keeping Up on Business and Market Developments	27	4.25	4.7	47	4.55	5.4	42	4.45	6.2	40	4.50	4.0	41	4.44	3.9
43 Hiring/Firing/Employment Regulations	42	4.60	7.6	42	4.47	6.5	38	4.36	7.7	41	4.54	7.1	42	4.44	6.8
44 Real Estate Values	41	4.59	6.6	31	4.27	16.1	43	4.47	7.3	38	4.46	8.0	43	4.46	7.4
45 Obtaining Licenses, Permits, etc.	47	4.68	8.6	44	4.52	10.9	39	4.36	7.8	48	4.65	7.4	45	4.53	6.1
46 Using Computer(s), the Internet or New Technology Effectively	58	5.06	6.7	49	4.66	12.9	48	4.62	7.1	53	4.79	4.4	44	4.50	5.5

TABLE 11

Measures of Small Business Problem Importance by Years of Ownership (Cont'd)

	3 Years or fewer n=106			4-5 Years n=93			6-10 Years n=196			11-20 Years n=558			21 Years or More n=1548			
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	
47	Traffic, Highways, Roads, Bridges	53	4.92	4.7	57	4.91	6.5	51	4.67	7.3	49	4.65	8.2	46	4.53	8.8
48	Cyber Crime (viruses, hacking, etc.)	49	4.77	6.6	53	4.82	10.9	52	4.69	8.2	42	4.56	8.6	50	4.58	6.8
49	Poor Sales	45	4.67	6.6	43	4.51	7.6	53	4.70	4.6	50	4.67	7.2	49	4.56	8.8
50	Employee Turnover	59	5.07	8.5	46	4.54	13.2	37	4.32	12.8	43	4.57	11.9	54	4.69	8.7
51	Sales Too Dependent on Health of One Business or Industry	50	4.77	5.8	51	4.75	8.6	50	4.67	6.3	51	4.70	7.5	51	4.65	6.6
52	Mandatory Family or Sick Leave	55	5.00	9.5	52	4.80	10.9	56	4.80	9.7	52	4.76	10.8	53	4.68	10.7
53	Estate Tax	66	5.43	8.6	64	5.35	7.5	66	5.22	8.8	58	4.90	12.4	47	4.53	12.7
54	Rules on Retirement Plans	60	5.13	2.9	61	5.12	2.2	58	4.90	5.2	57	4.87	6.9	52	4.67	4.9
55	Handling Business Growth	38	4.55	4.8	33	4.31	5.4	44	4.47	3.1	47	4.63	3.5	60	4.90	3.1
56	Interest Rates	32	4.40	15.1	35	4.33	14.0	45	4.59	8.8	54	4.81	5.1	57	4.84	4.9
57	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	51	4.84	3.8	37	4.34	12.1	49	4.64	8.7	56	4.83	5.8	56	4.83	4.7
58	Delinquent Accounts/Late Payments	57	5.00	4.7	54	4.86	5.4	54	4.71	6.7	55	4.81	6.5	58	4.84	5.4
59	Reducing Energy Use in a Cost-Effective Manner	56	5.00	1.9	50	4.67	5.4	57	4.86	2.0	60	4.96	5.6	55	4.80	3.2
60	Zoning/Land Use Regulations	61	5.19	6.7	68	5.42	5.4	59	4.94	7.7	62	5.07	6.7	59	4.84	6.3
61	Competition from Internet Businesses	46	4.67	13.2	58	4.98	12.0	60	5.00	10.3	59	4.95	10.3	61	4.95	9.1
62	Crime, including Identity Theft, Shoplifting, etc.	63	5.27	2.9	59	5.02	6.5	61	5.01	7.7	61	5.03	6.5	62	5.01	4.4
63	Access to High-Speed Internet	64	5.36	7.6	60	5.07	13.0	62	5.01	10.3	64	5.12	8.9	63	5.02	8.1
64	Protecting Intellectual Property	65	5.36	4.7	66	5.40	3.2	64	5.14	4.6	63	5.08	5.5	64	5.06	6.0
65	Competition from Imported Products	69	5.55	4.7	71	5.76	3.2	70	5.55	4.1	66	5.37	6.5	65	5.08	7.2
66	Bad Debts (not delinquencies) and/or Bankruptcies	67	5.52	0.9	67	5.41	5.6	67	5.24	3.1	68	5.44	4.2	66	5.31	3.0
67	Obtaining Long-Term (5 years or more) Business Loans	48	4.75	12.3	62	5.31	6.5	63	5.14	7.2	67	5.42	4.5	71	5.63	3.8
68	Obtaining Short-Term (less than 12 months or revolving) Business Loans	54	4.92	12.3	63	5.34	4.3	65	5.22	6.2	65	5.30	5.6	72	5.66	3.5
69	Costs and Frequency of Lawsuits/Threatened Lawsuits	71	5.79	5.7	70	5.64	4.4	72	5.65	3.1	69	5.55	5.4	67	5.45	4.2
70	Winning Contracts from Federal/State/Local Governments	72	5.88	4.8	65	5.35	5.4	69	5.52	6.7	70	5.58	4.2	68	5.55	3.9
71	Credit Rating/Record Errors	68	5.53	2.8	69	5.58	4.4	68	5.47	3.1	71	5.61	3.3	69	5.58	2.6

TABLE 11

Measures of Small Business Problem Importance by Years of Ownership (Cont'd)

	3 Years or fewer n=106			4-5 Years n=93			6-10 Years n=196			11-20 Years n=558			21 Years or More n=1548		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
72 Out-of-State Sales Tax (e.g., internet sales)	70	5.69	3.8	72	5.92	3.2	71	5.58	7.3	72	5.68	5.4	70	5.61	4.3
73 Undocumented Workers	74	6.13	2.9	74	6.07	4.3	73	5.71	10.4	73	5.75	6.0	73	5.70	5.9
74 Importing My Products/Services	73	6.08	1.0	73	6.02	2.2	74	5.92	3.1	74	6.12	2.0	74	5.93	2.3
75 Exporting My Products/Services	75	6.34	0.0	75	6.11	1.1	75	6.13	1.5	75	6.17	3.1	75	5.94	3.5

The ranking pattern of the “Estate Tax” is reversed where older firms are more affected by this problem than newer ones. This problem ranks 47th among the oldest firm category and gradually declines in rank from 66th 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 62nd and oldest firms ranking it 28th. Middle-aged firms rank the problem 56th, 55th, and 46th.

Gender of Owner(s)

Issue differences in this category are likely due to industry and number of employees. However, other differences are less straight forward. Most of the issue rankings are similar with about two-thirds of them within 5 position or less. The top-10 most severe issue and the 10 least severe issue rankings are almost identical. Chart 6 highlights the main issue differences between male owned and female owned businesses.

CHART 6

Largest Ranking Differences by Gender

	Rank	% Critical Problem	Rank	% Critical Problem	Rank Difference
	Male Owned		Female Owned		
More Severe for Male Owned					
Environmental Regulations (e.g., EPA)	35	9	63	6	-28
Health/Safety Regulations (e.g., OSHA)	33	8	55	6	-22
Finding Out about Regulatory Requirements	21	7	38	7	-17
Workers’ Compensation	17	12	32	12	-15
Dealing with IRS/State Tax Agencies	19	9	34	12	-15

CHART 6

Largest Ranking Differences by Gender (Cont'd)

	Rank	% Critical Problem	Rank	% Critical Problem	Rank Difference
	Male Owned		Female Owned		
More Severe for Female Owned					
Minimum Wage/"Living" Wage	43	11	15	20	28
Ability to Cost-Effectively Advertise	44	6	23	11	21
Competition from Large Businesses	30	10	12	19	18
Competition from Internet Businesses	62	8	46	14	16
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	40	5	25	12	15

The complete list of issue ranking by male owned, female owned and equally male/female owned are in Table 12.

TABLE 12

Measures of Small Business Problem Importance by Owners' Gender

	Male Owned n=1282			Female Owned n=328			Equally Male/ Female Owned n=714		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
1 Cost of Health Insurance	1	2.25	49.8	1	2.35	54.4	1	2.29	51.0
2 Locating Qualified Employees	2	3.04	31.5	2	3.01	33.6	5	3.36	28.3
3 Federal Taxes on Business Income	3	3.21	20.1	4	3.41	19.8	3	3.21	21.3
4 Property Taxes (real, inventory or personal property)	7	3.36	19.9	6	3.61	19.9	2	3.19	22.6
5 Finding and Keeping Skilled Employees	4	3.29	24.8	3	3.11	31.3	8	3.49	25.5
6 Unreasonable Government Regulations	5	3.33	18.7	14	3.86	15.4	4	3.35	20.5
7 State Taxes on Business Income	8	3.43	18.1	7	3.61	18.6	6	3.39	20.4
8 Tax Complexity	6	3.35	16.1	8	3.64	16.8	7	3.46	16.4
9 Uncertainty over Economic Conditions	9	3.63	11.7	5	3.44	19.6	9	3.51	17.0
10 Uncertainty over Government Actions	10	3.63	13.5	10	3.75	15.7	10	3.55	15.5
11 State/Local Paperwork	11	3.71	10.5	18	3.94	10.7	11	3.69	12.1
12 Cost of Supplies/Inventories	13	3.92	7.4	9	3.68	14.1	12	3.75	10.4
13 Frequent Changes in Federal Tax Laws and Rules	12	3.85	10.5	17	3.89	12.7	13	3.82	10.4

TABLE 12

Measures of Small Business Problem Importance by Owners' Gender (Cont'd)

	Male Owned <i>n</i> =1282			Female Owned <i>n</i> =328			Equally Male/ Female Owned <i>n</i> =714		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
14 Cost and Availability of Liability Insurance	14	3.94	12.0	11	3.77	15.1	20	3.98	13.6
15 Federal Paperwork	15	3.94	8.3	26	4.10	9.8	21	4.01	9.8
16 Electricity Costs (rates)	18	4.07	7.6	13	3.80	11.7	15	3.93	10.5
17 Projecting Future Sales Changes	16	4.00	7.1	19	3.94	10.6	19	3.97	8.3
18 Fixed Costs Too High	20	4.08	7.9	27	4.12	9.3	18	3.96	9.6
19 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	22	4.12	8.1	29	4.16	10.2	14	3.88	11.7
20 Poor Earnings (profits)	26	4.20	9.2	16	3.87	15.6	16	3.93	13.3
21 Competition from Large Businesses	30	4.24	10.1	12	3.79	19.1	17	3.96	15.8
22 Workers' Compensation	17	4.03	11.6	32	4.22	12.2	27	4.22	9.3
23 Dealing with IRS/State Tax Agencies	19	4.08	9.1	34	4.24	11.7	25	4.13	10.2
24 Highly Variable Earnings (profits)	23	4.17	8.0	24	4.05	10.9	22	4.09	9.1
25 Finding Out about Regulatory Requirements	21	4.09	7.4	38	4.38	7.2	26	4.19	8.2
26 Cash Flow	29	4.21	9.6	22	4.00	12.6	23	4.12	11.2
27 Locating Business Help When Needed	24	4.17	10.3	20	3.94	13.7	30	4.29	10.6
28 FICA (Social Security Taxes)	25	4.19	7.6	39	4.39	9.5	24	4.12	9.3
29 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	27	4.20	4.2	31	4.19	7.4	31	4.29	5.5
30 Telephone Costs and Service	36	4.37	3.6	21	3.96	8.7	28	4.23	6.1
31 Controlling My Own Time	31	4.29	8.5	33	4.22	10.0	35	4.35	10.4
32 Training Employees	28	4.21	6.7	28	4.12	11.1	48	4.56	5.6
33 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	40	4.41	5.3	25	4.06	12.3	34	4.35	8.1
34 Minimum Wage/"Living" Wage	43	4.50	11.2	15	3.86	19.6	33	4.32	13.0
35 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	32	4.30	9.3	30	4.18	14.7	44	4.49	10.0
36 Pricing My Goods/Services	37	4.38	5.9	36	4.33	8.7	32	4.29	8.7
37 Unemployment Compensation	34	4.32	7.5	42	4.46	10.5	43	4.47	6.9
38 Environmental Regulations (e.g., EPA)	35	4.34	9.2	63	5.11	5.9	29	4.28	11.8
39 Cost of Government Required Equipment/Procedures	39	4.40	7.1	48	4.64	10.4	36	4.38	9.8
40 Ability to Cost-Effectively Advertise	44	4.51	5.7	23	4.00	11.2	41	4.47	7.7
41 Health/Safety Regulations (e.g., OSHA)	33	4.31	8.3	55	4.84	6.2	37	4.43	7.7
42 Keeping Up on Business and Market Developments	41	4.45	3.4	35	4.32	7.1	42	4.47	4.4
43 Hiring/Firing/Employment Regulations	38	4.40	6.4	37	4.34	7.9	50	4.61	7.2
44 Real Estate Values	42	4.47	7.9	44	4.49	9.0	40	4.46	7.7

TABLE 12

Measures of Small Business Problem Importance by Owners' Gender (Cont'd)

	Male Owned <i>n</i> =1282			Female Owned <i>n</i> =328			Equally Male/ Female Owned <i>n</i> =714		
	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
45 Obtaining Licenses, Permits, etc.	45	4.55	6.8	54	4.83	6.2	39	4.45	7.0
46 Using Computer(s), the Internet or New Technology Effectively	47	4.61	5.6	45	4.58	6.2	46	4.54	5.7
47 Traffic, Highways, Roads, Bridges	46	4.56	7.1	53	4.81	9.9	45	4.50	9.6
48 Cyber Crime (viruses, hacking, etc.)	48	4.61	6.6	43	4.48	10.2	47	4.55	8.1
49 Poor Sales	55	4.74	6.3	41	4.45	9.8	38	4.45	9.8
50 Employee Turnover	49	4.65	8.6	40	4.42	13.6	55	4.73	10.2
51 Sales Too Dependent on Health of One Business or Industry	50	4.65	6.4	49	4.71	7.5	51	4.64	7.1
52 Mandatory Family or Sick Leave	54	4.74	8.8	51	4.75	12.7	53	4.72	12.2
53 Estate Tax	53	4.73	12.3	61	5.03	9.0	49	4.60	13.1
54 Rules on Retirement Plans	56	4.76	4.8	58	4.96	6.0	52	4.69	5.1
55 Handling Business Growth	51	4.67	3.6	50	4.71	2.8	60	4.93	2.8
56 Interest Rates	57	4.82	5.7	52	4.77	7.8	54	4.72	6.0
57 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	58	4.85	3.8	47	4.63	9.5	57	4.80	6.4
58 Delinquent Accounts/Late Payments	52	4.72	5.1	59	4.98	7.7	61	4.93	5.7
59 Reducing Energy Use in a Cost-Effective Manner	59	4.86	3.6	56	4.85	4.6	56	4.79	3.4
60 Zoning/Land Use Regulations	60	4.93	5.6	64	5.16	8.9	58	4.82	7.2
61 Competition from Internet Businesses	62	5.06	7.7	46	4.61	14.2	62	4.95	10.3
62 Crime, including Identity Theft, Shoplifting, etc.	61	5.04	4.4	62	5.08	4.9	63	4.99	6.4
63 Access to High-Speed Internet	64	5.14	7.4	57	4.88	9.9	59	4.89	11.1
64 Protecting Intellectual Property	63	5.13	4.9	60	4.98	8.4	64	5.07	5.6
65 Competition from Imported Products	65	5.26	6.0	67	5.43	5.6	65	5.08	7.9
66 Bad Debts (not delinquencies) and/or Bankruptcies	66	5.29	3.2	68	5.44	3.7	66	5.41	3.4
67 Obtaining Long-Term (5 years or more) Business Loans	69	5.52	4.4	65	5.30	6.5	68	5.53	3.8
68 Obtaining Short-Term (less than 12 months or revolving) Business Loans	70	5.56	4.4	66	5.39	6.5	67	5.51	3.2
69 Costs and Frequency of Lawsuits/Threatened Lawsuits	68	5.46	4.7	71	5.63	3.4	70	5.59	4.4
70 Winning Contracts from Federal/State/Local Governments	67	5.46	4.4	69	5.53	7.5	72	5.76	2.7
71 Credit Rating/Record Errors	71	5.59	2.0	70	5.55	4.4	69	5.58	3.2
72 Out-of-State Sales Tax (e.g., internet sales)	72	5.61	4.9	72	5.73	5.6	71	5.70	3.3
73 Undocumented Workers	73	5.65	6.4	73	5.94	7.5	73	5.91	4.2
74 Importing My Products/Services	74	6.00	1.9	74	6.02	3.1	74	5.91	2.4
75 Exporting My Products/Services	75	6.03	3.3	75	6.28	0.9	75	5.92	3.5

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 12th for proprietorships and 13th for partnership. It ranks 21st for C-corporations and 30th for S-corporations and 20th for LLCs. “Cost of Electricity (rates)” follows a similar pattern ranking 14th for Proprietorships, 15th for Partnerships, 19th for C-corporations, and 20th and 22nd for S-corporations and LLCs respectively.

TABLE 13

Measures of Small Business Problem Importance by Legal Form of Business

Rank		Proprietorship n=372			Partnership n=89			Corporation n=804			Sub-Chapter S Corp n=643			Limited Liability Co n=456		
		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	2.73	45.9	1	2.36	51.1	1	2.22	50.3	1	2.01	56.5	1	2.48	46.2
2	Locating Qualified Employees	20	4.06	19.8	17	3.80	21.6	2	2.96	31.1	2	2.84	34.2	4	3.15	33.6
3	Federal Taxes on Business Income	3	3.31	18.8	4	3.12	27.3	4	3.36	18.4	4	3.22	19.5	2	2.99	27.6
4	Property Taxes (real, inventory or personal property)	2	3.30	23.5	3	3.03	28.7	7	3.49	18.0	6	3.31	18.8	3	3.14	25.0
5	Finding and Keeping Skilled Employees	28	4.20	17.8	16	3.79	18.8	3	3.20	25.3	3	3.01	30.4	5	3.27	28.2
6	Unreasonable Government Regulations	4	3.42	18.6	2	2.96	25.8	6	3.49	17.0	7	3.32	20.3	8	3.38	20.9
8	Tax Complexity	5	3.53	15.8	5	3.25	16.7	8	3.56	14.2	5	3.24	16.9	7	3.37	20.5
7	State Taxes on Business Income	6	3.55	18.9	9	3.56	18.2	5	3.46	17.5	8	3.45	17.4	6	3.28	23.2
9	Uncertainty over Economic Conditions	7	3.57	17.9	6	3.40	19.1	9	3.64	11.1	10	3.54	13.2	10	3.56	18.1
10	Uncertainty over Government Actions	8	3.63	16.2	7	3.45	12.4	10	3.73	11.6	9	3.49	14.6	9	3.55	20.4
11	State/Local Paperwork	10	3.71	15.7	12	3.75	9.1	11	3.78	9.2	11	3.64	10.8	11	3.70	12.6

TABLE 13

Measures of Small Business Problem Importance by Legal Form of Business (Cont'd)

Rank		Proprietorship <i>n</i> =372			Partnership <i>n</i> =89			Corporation <i>n</i> =804			Sub-Chapter S Corp <i>n</i> =643			Limited Liability Co <i>n</i> =456		
		Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
12	Cost of Supplies/Inventories	9	3.66	13.6	10	3.58	14.6	13	3.85	6.8	15	3.88	8.5	12	3.79	10.6
13	Frequent Changes in Federal Tax Laws and Rules	13	3.84	12.5	8	3.48	14.0	15	3.95	9.8	12	3.71	9.9	14	3.83	12.2
14	Cost and Availability of Liability Insurance	27	4.18	12.6	19	3.84	16.1	12	3.83	12.4	13	3.85	12.1	13	3.82	16.3
17	Projecting Future Sales Changes	23	4.11	8.8	26	4.04	9.4	14	3.94	7.1	17	3.93	8.0	15	3.89	9.8
15	Federal Paperwork	18	4.03	8.6	14	3.78	10.2	18	4.01	9.5	16	3.92	8.6	17	3.92	9.7
16	Electricity Costs (rates)	14	3.88	10.4	15	3.79	10.1	19	4.01	8.3	20	4.06	8.0	22	3.99	9.7
18	Fixed Costs Too High	16	3.98	12.7	22	3.87	14.1	22	4.14	6.4	18	4.01	7.6	16	3.90	11.3
20	Poor Earnings (profits)	11	3.79	14.0	11	3.73	17.0	20	4.08	11.5	33	4.29	8.9	18	3.93	12.5
19	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	12	3.84	12.7	13	3.76	10.2	21	4.12	7.8	30	4.20	7.8	20	3.95	11.2
21	Competition from Large Businesses	15	3.93	17.2	42	4.42	9.1	17	3.99	12.6	27	4.14	11.8	30	4.13	15.1
22	Workers' Compensation	50	4.74	10.2	39	4.26	10.6	16	3.99	11.4	14	3.87	12.1	23	4.03	10.7
24	Highly Variable Earnings (profits)	19	4.03	12.9	28	4.08	12.5	23	4.14	7.3	24	4.10	7.1	26	4.08	10.3
23	Dealing with IRS/State Tax Agencies	22	4.09	11.5	23	3.89	13.6	30	4.26	6.8	26	4.12	9.2	19	3.95	13.4
25	Finding Out about Regulatory Requirements	25	4.15	10.9	32	4.12	9.3	24	4.17	5.1	22	4.09	7.4	28	4.11	9.3
26	Cash Flow	17	3.99	13.6	24	3.95	9.1	25	4.18	9.9	37	4.36	10.2	21	3.97	10.8
27	Locating Business Help When Needed	32	4.34	9.7	37	4.25	11.5	26	4.18	10.6	23	4.09	11.2	24	4.07	11.8
28	FICA (Social Security Taxes)	26	4.17	10.1	27	4.06	10.2	31	4.28	6.0	25	4.10	9.3	29	4.11	10.1
29	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	38	4.45	4.9	33	4.20	6.7	29	4.21	4.3	29	4.17	4.5	27	4.08	7.3
30	Telephone Costs and Service	24	4.13	6.2	41	4.41	6.8	32	4.31	4.5	38	4.36	4.2	31	4.17	6.2
31	Controlling My Own Time	36	4.43	11.7	47	4.53	5.8	40	4.40	7.4	31	4.20	8.3	25	4.07	13.7
32	Training Employees	54	4.92	5.1	51	4.69	8.0	28	4.20	6.3	21	4.07	8.8	38	4.33	8.2
33	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	31	4.27	7.8	31	4.10	7.0	37	4.38	6.6	40	4.43	5.7	32	4.21	9.8
36	Pricing My Goods/Services	29	4.24	10.1	25	4.02	17.2	41	4.41	4.6	35	4.34	5.3	34	4.28	9.3
35	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	63	5.17	4.6	44	4.45	14.1	27	4.18	11.3	19	4.05	11.8	37	4.32	11.5
37	Unemployment Compensation	55	4.92	5.4	54	4.77	4.6	33	4.31	7.7	28	4.14	9.4	33	4.24	9.7
34	Minimum Wage/"Living" Wage	39	4.47	12.8	34	4.20	12.8	35	4.35	11.8	34	4.34	12.5	41	4.41	15.5
40	Ability to Cost-Effectively Advertise	42	4.54	9.5	62	5.09	4.5	36	4.35	6.6	36	4.35	6.7	36	4.30	8.9

TABLE 13

Measures of Small Business Problem Importance by Legal Form of Business (Cont'd)

Rank		Proprietorship <i>n</i> =372			Partnership <i>n</i> =89			Corporation <i>n</i> =804			Sub-Chapter S Corp <i>n</i> =643			Limited Liability Co <i>n</i> =456		
		Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
42	Keeping Up on Business and Market Developments	35	4.42	4.3%	43	4.43	5.8%	43	4.48	3.4%	41	4.44	3.6%	39	4.33	5.8%
39	Cost of Government Required Equipment/Procedures	40	4.48	8.9%	35	4.24	10.2%	39	4.40	7.0%	43	4.47	6.6%	42	4.42	11.8%
38	Environmental Regulations (e.g., EPA)	21	4.09	13.2%	18	3.80	14.0%	44	4.50	8.1%	44	4.54	6.5%	48	4.56	11.1%
44	Real Estate Values	30	4.26	13.1%	20	3.84	15.9%	47	4.55	6.0%	48	4.63	5.9%	35	4.28	9.1%
43	Hiring/Firing/Employment Regulations	61	5.11	5.7%	57	4.90	4.5%	34	4.31	6.9%	32	4.26	8.0%	40	4.35	7.9%
41	Health/Safety Regulations (e.g., OSHA)	47	4.66	9.0%	36	4.24	9.2%	38	4.39	6.4%	39	4.38	7.7%	47	4.52	8.7%
45	Obtaining Licenses, Permits, etc.	37	4.43	7.1%	29	4.08	10.2%	50	4.63	5.3%	47	4.57	6.8%	43	4.44	9.3%
46	Using Computer(s), the Internet or New Technology Effectively	33	4.37	7.9%	38	4.26	9.2%	48	4.59	5.1%	49	4.63	4.2%	50	4.60	6.6%
48	Cyber Crime (viruses, hacking, etc.)	44	4.62	9.7%	48	4.56	12.4%	45	4.52	7.6%	46	4.57	6.4%	54	4.69	6.6%
49	Poor Sales	41	4.51	9.5%	52	4.70	5.8%	46	4.54	7.4%	57	4.78	5.0%	44	4.47	11.3%
47	Traffic, Highways, Roads, Bridges	34	4.37	10.6%	30	4.09	13.6%	51	4.66	7.8%	50	4.65	7.5%	52	4.68	8.2%
50	Employee Turnover	67	5.34	5.2%	59	4.93	8.0%	42	4.43	10.2%	42	4.45	10.2%	46	4.50	14.0%
51	Sales Too Dependent on Health of One Business or Industry	48	4.69	6.9%	40	4.30	7.2%	53	4.72	5.6%	55	4.70	6.3%	45	4.49	9.2%
52	Mandatory Family or Sick Leave	62	5.17	9.0%	65	5.18	8.0%	49	4.62	11.6%	45	4.54	10.2%	51	4.67	11.9%
53	Estate Tax	43	4.58	13.4%	21	3.86	22.7%	59	4.84	10.1%	56	4.70	11.2%	58	4.82	12.9%
54	Rules on Retirement Plans	49	4.74	9.3%	53	4.73	8.0%	56	4.77	4.1%	52	4.66	4.6%	57	4.80	5.1%
56	Interest Rates	45	4.66	4.1%	49	4.64	6.8%	58	4.82	5.0%	58	4.85	6.2%	49	4.57	8.1%
55	Handling Business Growth	56	4.99	4.6%	55	4.87	3.5%	55	4.76	3.3%	53	4.67	3.3%	53	4.68	2.7%
57	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	4.99	6.1%	68	5.32	3.4%	54	4.75	5.6%	51	4.66	4.8%	55	4.72	6.6%
58	Delinquent Accounts/Late Payments	64	5.19	3.8%	60	4.97	5.7%	52	4.67	5.6%	54	4.70	6.3%	59	4.88	6.4%
59	Reducing Energy Use in a Cost-Effective Manner	53	4.85	3.8%	50	4.67	5.8%	57	4.80	3.4%	59	4.88	3.1%	60	4.90	4.2%
60	Zoning/Land Use Regulations	46	4.66	10.6%	46	4.48	9.2%	63	5.11	4.5%	61	5.06	5.0%	56	4.74	9.1%
61	Competition from Internet Businesses	59	5.02	7.6%	69	5.39	5.7%	60	4.85	11.3%	60	4.89	9.9%	64	5.07	8.6%
62	Crime, including Identity Theft, Shoplifting, etc.	52	4.84	9.2%	56	4.89	7.9%	61	5.02	3.6%	63	5.16	4.1%	63	4.98	6.6%
63	Access to High-Speed Internet	51	4.76	11.7%	45	4.47	13.8%	62	5.08	7.4%	65	5.30	6.8%	61	4.91	9.3%
64	Protecting Intellectual Property	60	5.04	8.3%	58	4.91	4.7%	64	5.18	4.3%	62	5.09	5.2%	62	4.94	7.1%

TABLE 13

Measures of Small Business Problem Importance by Legal Form of Business (Cont'd)

Rank		Proprietorship <i>n</i> =372			Partnership <i>n</i> =89			Corporation <i>n</i> =804			Sub-Chapter S Corp <i>n</i> =643			Limited Liability Co <i>n</i> =456		
		Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem	Rank	Mean	% Critical Problem
65	Competition from Imported Products	58	5.00	8.9	61	5.01	8.0	66	5.24	5.5	66	5.31	6.8	66	5.37	6.0
66	Bad Debts (not delinquencies) and/or Bankruptcies	72	5.64	3.3	73	5.54	2.2	65	5.18	3.3	64	5.28	2.8	69	5.47	3.8
69	Costs and Frequency of Lawsuits/Threatened Lawsuits	69	5.56	3.8	67	5.31	2.3	68	5.50	3.9	68	5.51	4.4	68	5.40	7.3
67	Obtaining Long-Term (5 years or more) Business Loans	68	5.37	6.0	66	5.20	4.5	70	5.56	3.3	70	5.59	4.7	65	5.35	5.7
68	Obtaining Short-Term (less than 12 months or revolving) Business Loans	65	5.29	6.0	64	5.15	3.4	69	5.53	4.5	72	5.71	3.3	67	5.37	4.9
70	Winning Contracts from Federal/State/Local Governments	75	5.91	3.3	75	6.01	1.1	67	5.36	4.7	67	5.43	4.9	71	5.64	4.7
71	Credit Rating/Record Errors	66	5.31	3.8	70	5.42	5.7	71	5.63	1.6	71	5.66	3.0	70	5.59	2.9
72	Out-of-State Sales Tax (e.g., internet sales)	70	5.60	5.8	72	5.52	2.4	72	5.63	4.8	69	5.54	5.5	72	5.68	4.0
73	Undocumented Workers	73	5.70	7.5	71	5.42	9.4	73	5.77	5.5	73	5.73	5.7	73	5.76	6.3
74	Importing My Products/Services	74	5.90	3.3	74	5.74	2.3	74	6.00	2.0	74	6.04	1.9	74	5.91	2.2
75	Exporting My Products/Services	71	5.63	5.8	63	5.14	12.8	75	6.16	1.8	75	6.18	1.4	75	6.06	3.6

The majority of employment problems are less problematic for owners of sole proprietors and partnership as they tend to have fewer employees. “Locating Qualified Workers” follows a similar pattern as it ranks 20th for proprietorships, 17th for partnerships, 2nd for both C-corporations and S-corporations, and 4th for LLCs. “Finding and Keeping Skilled Employees” is also more problematic for C-corporations, S-corporations and LLCs as they rank it 3rd, 3rd and 5th respectively. Proprietorships rank it 28th and partnerships rank it 16th. “Workers’ Compensation” ranks 50th for proprietorships, 39th for Partnerships and 16th for C-corporations, 14th S-corporations, and 23rd for LLCs. The same disparity is shown with “Unemployment Compensation” which ranks 55th for proprietorships, 54th partnerships but on either side of 30 for the other three forms of business due to their tendency to be larger firms with more complex payrolls.

The rankings of the “Estate Tax” by legal form also show notable differences. This problem is most severe for partnerships (ranking 20th) followed by proprietorships which rank it 30th. C-corporations find it less of a problem at 47th followed by S-corporations and LLCs both ranking it 48th and 35th respectively. Owners of more complicated business structures 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.

Small Business Problems and Priorities - California

The California Small Business Problems and Priorities report is based on the responses of 147 NFIB small-business owners to a mail survey conducted from February to mid-March 2020. A national sample of 20,000 members was drawn for a response rate of 13 percent with separate samples of 1,500 each drawn for CA, NY, 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,” “State Taxes on Business Income,” “Federal Taxes on Business Income,” “State/Local Paperwork,” “Locating Qualified Employees,” “Property Taxes (real, inventory or personal property),” “Electricity Costs (rates),” “Uncertainty over Government Actions,” and “Workers’ Compensation.”

California’s top-10 generally tracks that of the nation with a few exceptions. “Unreasonable Government Regulations” ranks as the 2nd most burdensome problem for Californians, four spots higher than the rest of the country where it is ranked 6th. More than one-in-three (35%) find it a critical issue compared to 19 percent overall. Owners in California also face a greater paperwork burden than the rest of the country as “State/Local Paperwork” ranks 5th in California and 11th overall. However, owners in California experience less “Uncertainty over Economic Conditions” as this ranks 22nd in the state compared to 9th in the U.S. California holds the top spot for the largest state economy in the country producing over \$3.2 trillion dollars in economic output in 2019, 15 percent of total U.S. GDP. Globally, California is the fifth largest economy worldwide.⁸ The diversity and scale of the state’s economy lessens owners’ uncertainty about economic conditions.

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 following problems: “Environmental Regulations (e.g., EPA),” “Cost of Government Required Equipment/Procedures,” “Hiring/Firing/Employment Regulations,” “Health/Safety Regulations (e.g., OSHA),” “Obtaining Licenses, Permits, etc.,” “Reducing Energy Use in a Cost-Effective Manner,” “Minimum Wage/Living Wage,” “Traffic, Highways, Roads, Bridges,” “Workers’ Compensation,” and “Mandatory Family or Sick Leave.”

Owners in California rank various government regulations higher than the rest of the country. “Environmental Regulations (e.g., EPA)” ranks 15th in California compared to 38th overall. California is often the pioneer in adopting stricter environmental regulations as it did with recent emission standards and water use restrictions. Owners in California also find employment regulations more burdensome as “Hiring/Firing/Employment Regulations” ranks 23rd in California compared to 43rd overall and “Health/Safety Regulations (e.g., OSHA)” ranks 24th compared to 41st overall.

⁸ Bureau of Economic Analysis, “GDP by State”, <https://www.bea.gov/data/gdp/gdp-state>.

Owners in California also face higher employment costs compared to the rest of the country. “Minimum Wage/“Living” Wage” ranks 14 spots higher than the overall country, 20th compared to 34th. “Workers’ Compensation” is the 10th overall most burdensome problem in California, compared to 22nd in the rest of the country. Twenty-two percent of owners find workers’ compensation in California to be a critical problem. California’s current minimum wage law is \$12.00/hour, escalating to \$15.00 for all employers by 2023.⁹ Many cities and locals have exceeded the state’s minimum wages topped by Emeryville with a minimum wage of \$16.84/hour.¹⁰

California also creates a business environment that is costlier and more burdensome to operate due to administrative law. “Obtaining Licenses, Permits, etc.” ranks 29th compared to 45th overall. Although it ranks 50th overall, 17 percent find “Zoning/Land Use Regulations” to be a critical problem in California adversely impacting the cost and availability of housing in the state.

California small business owners are less burdened on average than owners in the rest of the country by the following ten problems: “Controlling My Own Time,” “Poor Earnings (profits),” “Cost of Supplies/ Inventories,” “Cash Flow,” “Competition from Large Businesses,” “Highly Variable Earnings (profits),” “Telephone Costs and Service,” “Uncertainty over Economic Conditions,” “Using Computer(s), the Internet or New Technology Effectively,” and “Pricing My Goods/Services.”

Owners in California are less concerned with “Poor Earnings (profits)” than the overall country. Only 10 percent find this to be a critical problem, and it ranks 18 spots lower than the overall country. “Highly Variable Earnings (profits)” were also less of a concern for Californian owners as only 6 percent find it to be a critical problem and it ranks 15 spots lower compared to the rest of the country.

By all measures, California is a “high tax state” when factoring in the sum of tax payments plus the cost of complying with all the regulations which is a tax as well and this shows up in the ranking of problems facing small businesses.

TABLE 14

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	2.26	1.67	45.6	5.4
Unreasonable Government Regulations	2	6	2.64	1.70	34.9	5.5
State Taxes on Business Income	3	7	2.75	1.71	29.2	6.9
Federal Taxes on Business Income	4	3	2.90	1.80	31.3	4.9
State/Local Paperwork	5	11	3.01	1.61	18.4	4.8
Locating Qualified Employees	6	2	3.06	2.02	30.1	8.9

⁹ State of California: Department of Industrial Relations, “Minimum Wage”, https://www.dir.ca.gov/dlse/faq_minimumwage.htm

¹⁰ The National Law Review, “Minimum Wage Increases Are Still Coming In July 2020”, <https://www.natlawreview.com/article/minimum-wage-increases-are-still-coming-july-2020>.

TABLE 14

Measures of Small Business Problem Importance - California (Cont'd)

Problem	CA Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Property Taxes (real, inventory or personal property)	7	4	3.09	1.85	25.9	8.2
Electricity Costs (rates)	8	16	3.15	1.83	23.4	4.8
Uncertainty over Government Actions	9	10	3.15	1.80	21.5	7.6
Workers' Compensation	10	22	3.15	1.82	22.4	7.0
Tax Complexity	11	8	3.28	1.77	17.9	7.6
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	12	19	3.30	1.85	20.4	8.2
Frequent Changes in Federal Tax Laws and Rules	13	13	3.43	1.73	16.3	5.4
Finding and Keeping Skilled Employees	14	5	3.46	2.03	24.5	10.2
Environmental Regulations (e.g., EPA)	15	38	3.55	2.08	19.7	15.0
Finding Out about Regulatory Requirements	16	25	3.58	1.82	12.5	9.7
Cost and Availability of Liability Insurance	17	14	3.60	1.98	17.9	13.8
Federal Paperwork	18	15	3.65	1.75	12.3	7.5
Cost of Government Required Equipment/Procedures	19	39	3.69	2.09	20.0	16.4
Minimum Wage/"Living" Wage	20	34	3.69	2.13	17.8	17.1
Fixed Costs Too High	21	18	3.72	1.89	14.5	11.0
Uncertainty over Economic Conditions	22	9	3.75	1.76	12.2	9.5
Hiring/Firing/Employment Regulations	23	43	3.80	1.86	9.7	12.5
Health/Safety Regulations (e.g., OSHA)	24	41	3.83	1.98	16.7	13.9
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	25	33	3.89	1.91	13.2	11.8
Projecting Future Sales Changes	26	17	3.89	1.72	11.0	9.7
Dealing with IRS/State Tax Agencies	27	23	3.90	1.82	12.3	9.6
Cost of Supplies/Inventories	28	12	3.92	1.72	6.9	11.8
Obtaining Licenses, Permits, etc.	29	45	3.97	1.87	11.7	12.4
FICA (Social Security Taxes)	30	28	3.99	1.77	9.6	13.0
Unemployment Compensation	31	37	4.00	1.84	9.5	12.9
Locating Business Help When Needed	32	27	4.00	1.91	13.9	11.8
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	33	29	4.00	1.64	5.4	8.8
Traffic, Highways, Roads, Bridges	34	47	4.07	2.29	16.6	26.2
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	35	35	4.08	1.90	10.3	13.1
Competition from Large Businesses	36	21	4.09	1.94	11.7	15.2
Training Employees	37	32	4.19	1.88	6.8	18.4

TABLE 14

Measures of Small Business Problem Importance - California (Cont'd)

Problem	CA Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Poor Earnings (profits)	38	20	4.19	1.88	10.4	12.5
Highly Variable Earnings (profits)	39	24	4.20	1.68	6.1	10.2
Real Estate Values	40	44	4.21	2.10	13.0	20.5
Mandatory Family or Sick Leave	41	52	4.31	1.93	9.8	20.3
Cash Flow	42	26	4.33	1.92	11.0	15.9
Reducing Energy Use in a Cost-Effective Manner	43	59	4.35	1.86	8.3	18.8
Cyber Crime (viruses, hacking, etc.)	44	48	4.42	1.78	4.8	19.2
Telephone Costs and Service	45	30	4.45	1.76	5.6	16.1
Ability to Cost-Effectively Advertise	46	40	4.46	1.79	7.5	17.1
Keeping Up on Business and Market Developments	47	42	4.48	1.69	4.8	13.0
Pricing My Goods/Services	48	36	4.48	1.80	6.2	19.3
Poor Sales	49	49	4.51	1.90	7.6	17.2
Zoning/Land Use Regulations	50	60	4.52	2.18	16.6	29.7
Sales Too Dependent on Health of One Business or Industry	51	51	4.54	1.96	7.8	22.7
Controlling My Own Time	52	31	4.56	1.89	6.8	23.3
Crime, including Identity Theft, Shoplifting, etc.	53	62	4.61	1.95	8.3	22.8
Rules on Retirement Plans	54	54	4.61	1.92	7.5	26.7
Employee Turnover	55	50	4.66	1.96	5.5	26.2
Estate Tax	56	53	4.68	2.33	14.4	39.7
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	57	4.76	1.83	5.6	26.8
Interest Rates	58	56	4.77	1.83	5.7	23.4
Using Computer(s), the Internet or New Technology Effectively	59	46	4.79	1.77	6.8	21.9
Handling Business Growth	60	55	4.87	1.69	4.8	22.1
Delinquent Accounts/Late Payments	61	58	4.93	1.86	2.7	28.1
Undocumented Workers	62	73	4.95	2.18	13.1	38.6
Competition from Internet Businesses	63	61	4.99	2.06	7.5	37.0
Protecting Intellectual Property	64	64	5.19	1.99	6.3	42.4
Costs and Frequency of Lawsuits/Threatened Lawsuits	65	69	5.23	1.95	6.1	37.4
Competition from Imported Products	66	65	5.28	2.07	6.8	46.3
Access to High-Speed Internet	67	63	5.31	1.92	3.4	44.5
Obtaining Long-Term (5 years or more) Business Loans	68	67	5.33	1.91	6.9	42.8

TABLE 14

Measures of Small Business Problem Importance - California (Cont'd)

Problem	CA Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Credit Rating/Record Errors	69	71	5.37	1.70	3.5	36.8
Bad Debts (not delinquencies) and/or Bankruptcies	70	66	5.40	1.69	2.0	36.1
Winning Contracts from Federal/State/Local Governments	71	70	5.41	1.99	5.5	50.3
Obtaining Short-Term (less than 12 months or revolving) Business Loans	72	68	5.51	1.89	6.9	49.0
Out-of-State Sales Tax (e.g., internet sales)	73	72	5.89	1.72	3.5	60.1
Importing My Products/Services	74	74	6.05	1.44	1.4	59.7
Exporting My Products/Services	75	75	6.30	1.33	2.1	68.3

TABLE 15

Largest Differences in Problem Ranking Between CA and US

More Difficult in California	CA Rank	US Rank	Rank Difference
Environmental Regulations (e.g., EPA)	15	38	23
Cost of Government Required Equipment/Procedures	19	39	20
Hiring/Firing/Employment Regulations	23	43	20
Health/Safety Regulations (e.g., OSHA)	24	41	17
Obtaining Licenses, Permits, etc.	29	45	16
Reducing Energy Use in a Cost-Effective Manner	43	59	16
Minimum Wage/"Living" Wage	20	34	14
Traffic, Highways, Roads, Bridges	34	47	13
Workers' Compensation	10	22	12
Mandatory Family or Sick Leave	41	52	11

TABLE 15

Largest Differences in Problem Ranking Between CA and US (Cont'd)

Less Difficult in California	CA Rank	US Rank	Rank Difference
Controlling My Own Time	52	31	-21
Poor Earnings (profits)	38	20	-18
Cost of Supplies/Inventories	28	12	-16
Cash Flow	42	26	-16
Competition from Large Businesses	36	21	-15
Highly Variable Earnings (profits)	39	24	-15
Telephone Costs and Service	45	30	-15
Uncertainty over Economic Conditions	22	9	-13
Using Computer(s), the Internet or New Technology Effectively	59	46	-13
Pricing My Goods/Services	48	36	-12

Small Business Problems and Priorities - Texas

The Texas Small Business Problems and Priorities report is based on the responses of 150 NFIB small-business owners to a mail survey conducted from February to mid-March 2020. A national sample of 20,000 members was drawn for a response rate of 13 percent with separate samples of 1,500 each drawn for CA, NY, 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," "Property Taxes (real, inventory or personal property)," "Locating Qualified Employees," "Tax Complexity," "Federal Taxes on Business Income," "Finding and Keeping Skilled Employees," "Uncertainty over Government Actions," "Unreasonable Government Regulations," "Uncertainty over Economic Conditions," and "Cost and Availability of Liability Insurance." Texas's top-10 generally tracks that of the nation with one exception. "State Taxes on Business Income" ranks 39th in Texas compared to 7th in the rest of the country.

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. "State Taxes on Business Income" differed the most by 32 spots in ranking due to Texas's tax friendly environment. Texas ranks as the 13th best business tax environment in the country according to the Tax Foundation's 2020 State Business Tax Climate Index.¹¹ Texas is one of six states that does not impose a state-level corporate income tax and one of seven that does not impose an individual income tax, which is applied for businesses not registered as corporations.

The cost of fuel is significantly less burdensome for small businesses in Texas. "Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil" ranks 21 spots lower in Texas (40th) compared to the rest of the country (19th). Low energy prices due to an abundance of supply in Texas benefit small businesses.

¹¹Jared Walczak, *2020 State Business Tax Climate Index*, <https://files.taxfoundation.org/20191021155857/2020-State-Business-Tax-Climate-Index-PDF.pdf>.

“Workers’ Compensation” ranks 20 spots lower in Texas (42nd) compared to the rest of the country (22nd). Only 11 percent of owners find this as a critical issue while 21 percent do not consider it a problem at all. Texas is the only state in the United States that does not require its businesses to purchase workers’ compensation insurance.¹² Furthermore, those that choose to purchase workers’ compensation insurance find it relatively inexpensive.

Texas also has a business-friendly regulatory environment. “Environmental Regulation” ranks 14 spots lower in Texas (52nd) compared to the rest of the country (38th). Eight percent of owners regard environmental regulation as a critical issue and 22 percent do not consider it a problem. Similarly, “Zoning/ Land Use Regulations” is the tenth largest difference in rankings between Texas (68th) and the rest of the country (60th). Five percent of owners consider it a critical problem and 33 percent do not consider zoning to be a problem at all. Texas has a disproportionately large number of business in the mining and agriculture industries that are generally subjected to high levels of regulations.¹³ The state’s friendly regulatory policies benefit businesses in these industries.

Small business owners in Texas reported technologically related problems as more difficult compared to the rest of the country. “Cyber Crime (viruses, hacking, etc.)” ranks 16 spots higher on the list, 32nd in Texas compared to 48th in the rest of the country. Twelve percent of owners find cyber crime to be a critical problem. “Using Computer(s), the Internet or New Technology Effectively” ranks 15 spots more difficult, 31st in Texas compared to 46th in the rest of the country. Ten percent regard technology usage as a critical problem.

Overall, the rankings of top issues in Texas compared to the US suggest that it is far more business-friendly state than most. This explains in part the wave of businesses and consumers moving to the state from more expensive ones, especially from West Coast states.

TABLE 16

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	2.03	1.61	56.2	4.1
Property Taxes (real, inventory or personal property)	2	4	2.54	1.68	34.7	4.1
Locating Qualified Employees	3	2	2.73	1.82	31.5	7.4
Tax Complexity	4	8	2.98	1.78	27.7	5.4
Federal Taxes on Business Income	5	3	2.99	1.80	26.7	6.8
Finding and Keeping Skilled Employees	6	5	3.04	1.93	25.7	10.1
Uncertainty over Government Actions	7	10	3.28	1.91	19.7	10.9
Unreasonable Government Regulations	8	6	3.32	1.76	17.8	6.2

¹³ U.S. Small Business Administration, 2018 Small Business Profile: Texas, <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-TX.pdf.increases-are-still-coming-july-2020>.

TABLE 16

Measures of Small Business Problem Importance - Texas (Cont'd)

Problem	TX Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Uncertainty over Economic Conditions	9	9	3.45	1.87	18.1	9.4
Cost and Availability of Liability Insurance	10	14	3.57	1.93	19.2	10.3
Projecting Future Sales Changes	11	17	3.62	1.83	14.0	9.8
Frequent Changes in Federal Tax Laws and Rules	12	13	3.66	1.86	13.1	11.0
State/Local Paperwork	13	11	3.71	1.69	10.8	8.8
Federal Paperwork	14	15	3.83	1.92	11.6	11.6
Cost of Supplies/Inventories	15	12	3.86	1.77	7.4	10.8
Dealing with IRS/State Tax Agencies	16	23	3.88	1.91	15.8	9.6
Electricity Costs (rates)	17	16	3.95	1.90	13.4	12.1
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	18	35	3.97	1.85	7.4	14.1
Competition from Large Businesses	19	21	4.00	1.95	12.8	14.9
Finding Out about Regulatory Requirements	20	25	4.01	1.87	9.0	14.6
Locating Business Help When Needed	21	27	4.01	1.97	10.3	16.6
Cash Flow	22	26	4.02	1.90	10.3	13.1
Poor Earnings (profits)	23	20	4.03	1.80	8.3	11.1
Training Employees	24	32	4.05	1.75	6.1	12.8
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	25	29	4.05	1.73	7.4	10.8
Highly Variable Earnings (profits)	26	24	4.06	1.80	8.3	13.1
Fixed Costs Too High	27	18	4.07	1.87	11.8	14.6
Controlling My Own Time	28	31	4.09	2.05	12.8	20.9
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	29	33	4.09	1.93	8.8	15.5
Telephone Costs and Service	30	30	4.10	1.83	10.9	11.6
Using Computer(s), the Internet or New Technology Effectively	31	46	4.13	1.96	10.3	16.4
Cyber Crime (viruses, hacking, etc.)	32	48	4.13	1.98	11.6	17.0
Ability to Cost-Effectively Advertise	33	40	4.17	1.98	10.8	18.7
Cost of Government Required Equipment/Procedures	34	39	4.18	1.97	9.5	20.9
Health/Safety Regulations (e.g., OSHA)	35	41	4.18	1.81	8.3	16.0
Keeping Up on Business and Market Developments	36	42	4.21	1.54	4.7	8.7
Real Estate Values	37	44	4.23	2.04	12.2	20.9
Hiring/Firing/Employment Regulations	38	43	4.24	1.85	6.8	16.2

TABLE 16

Measures of Small Business Problem Importance - Texas (Cont'd)

Problem	TX Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
State Taxes on Business Income	39	7	4.24	2.21	15.1	24.7
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	40	19	4.25	1.97	8.8	17.7
FICA (Social Security Taxes)	41	28	4.27	1.91	7.5	17.7
Workers' Compensation	42	22	4.28	2.00	11.0	21.2
Rules on Retirement Plans	43	54	4.31	2.07	13.2	23.6
Pricing My Goods/Services	44	36	4.36	1.84	6.0	18.8
Obtaining Licenses, Permits, etc.	45	45	4.36	1.87	7.5	17.8
Employee Turnover	46	50	4.38	1.97	9.5	19.7
Minimum Wage/"Living" Wage	47	34	4.38	2.01	10.3	22.6
Unemployment Compensation	48	37	4.42	1.94	7.5	22.4
Poor Sales	49	49	4.43	1.85	10.1	16.1
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	50	57	4.44	1.91	5.6	20.1
Mandatory Family or Sick Leave	51	52	4.47	2.13	15.0	25.9
Environmental Regulations (e.g., EPA)	52	38	4.48	1.93	8.2	21.8
Traffic, Highways, Roads, Bridges	53	47	4.54	2.06	10.8	25.7
Sales Too Dependent on Health of One Business or Industry	54	51	4.54	2.07	7.7	27.3
Delinquent Accounts/Late Payments	55	58	4.56	1.84	4.8	19.0
Competition from Internet Businesses	56	61	4.61	2.20	10.9	32.7
Estate Tax	57	53	4.62	2.29	15.4	35.7
Handling Business Growth	58	55	4.66	1.70	1.4	19.3
Crime, including Identity Theft, Shoplifting, etc.	59	62	4.67	1.89	8.1	21.6
Interest Rates	60	56	4.77	1.97	6.9	27.6
Reducing Energy Use in a Cost-Effective Manner	61	59	4.78	1.60	3.4	17.8
Access to High-Speed Internet	62	63	4.79	2.19	11.0	36.6
Protecting Intellectual Property	63	64	4.88	1.94	6.4	30.5
Costs and Frequency of Lawsuits/Threatened Lawsuits	64	69	5.01	2.10	7.6	37.2
Credit Rating/Record Errors	65	71	5.11	1.84	4.2	31.7
Bad Debts (not delinquencies) and/or Bankruptcies	66	66	5.19	1.82	4.8	30.6
Undocumented Workers	67	73	5.20	2.08	11.0	43.2
Zoning/Land Use Regulations	68	60	5.24	1.83	5.4	33.1

TABLE 16

Measures of Small Business Problem Importance - Texas (Cont'd)

Problem	TX Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Winning Contracts from Federal/State/Local Governments	69	70	5.36	1.86	4.2	47.2
Out-of-State Sales Tax (e.g., internet sales)	70	72	5.36	2.04	5.6	50.7
Obtaining Short-Term (less than 12 months or revolving) Business Loans	71	68	5.39	1.84	4.0	40.3
Competition from Imported Products	72	65	5.43	1.90	4.8	45.9
Obtaining Long-Term (5 years or more) Business Loans	73	67	5.45	1.78	4.0	39.6
Importing My Products/Services	74	74	5.99	1.52	1.4	56.8
Exporting My Products/Services	75	75	6.38	1.20	0.0	72.2

TABLE 17

Largest Differences in Problem Ranking Between TX and US

More Difficult in Texas	TX Rank	US Rank	Rank Difference
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	18	35	17
Cyber Crime (viruses, hacking, etc.)	32	48	16
Using Computer(s), the Internet or New Technology Effectively	31	46	15
Rules on Retirement Plans	43	54	11
Training Employees	24	32	8
Dealing with IRS/State Tax Agencies	16	23	7
Ability to Cost-Effectively Advertise	33	40	7
Real Estate Values	37	44	7
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	50	57	7
Projecting Future Sales Changes	11	17	6

TABLE 17

Largest Differences in Problem Ranking Between TX and US (Cont'd)

Less Difficult in Texas	TX Rank	US Rank	Rank Difference
State Taxes on Business Income	39	7	-32
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	40	19	-21
Workers' Compensation	42	22	-20
Environmental Regulations (e.g., EPA)	52	38	-14
FICA (Social Security Taxes)	41	28	-13
Minimum Wage/"Living" Wage	47	34	-13
Unemployment Compensation	48	37	-11
Fixed Costs Too High	27	18	-9
Pricing My Goods/Services	44	36	-8
Zoning/Land Use Regulations	68	60	-8

Small Business Problems and Priorities - Ohio

The Ohio Small Business Problems and Priorities report is based on the responses of 231 NFIB small-business owners to a mail survey conducted from February to mid-March 2020. A national sample of 20,000 members was drawn for a response rate of 13 percent with separate samples of 1,500 each drawn for CA, NY, OH, and TX to create four 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 Ohio are: "Cost of Health Insurance," "Locating Qualified Employees," "Finding and Keeping Skilled Employees," "Tax Complexity," "Property Taxes (real, inventory or personal property)," "Unreasonable Government Regulations," "Federal Taxes on Business Income," "Uncertainty over Economic Conditions," "Uncertainty over Government Actions," and "State Taxes on Business Income."

Generally, considered a microcosm of the country at-large, Ohio's top-10 most burdensome problems track the overall problems with slight differences in the overall order as shown in Table 19. "Cost of Health Insurance" ranks as the most burdensome problem for small businesses. Similar to the rest of the country, 47 percent in Ohio consider the cost of healthcare to be a critical problem. Furthermore, due to historically low unemployment levels, "Locating Qualified Employees" is the second most burdensome issue as 29 percent regard it as a critical problem. The concerns of Ohio small-business owners are very representative of those of small-business owners in the United States as a whole. The 2007-2009 recession hit businesses in Ohio particularly hard however with the strong overall recovery over the past few years, small business owners struggled with labor issues along with the rest of the country.

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 20.

Employment related issues rank as comparatively less burdensome by owners in Ohio. Although Ohio's state minimum wage in 2020 of \$8.70 is higher than the federal minimum wage of \$7.25, owners in Ohio do not regard "Minimum Wage"/"Living" Wage" to be as burdensome (55th) as the rest of the country (34th). Six percent regard the minimum wage as a critical problem and 30 percent do not consider it to be a problem at all. Ohio's minimum wage is lower than many other large states.¹⁴ In addition, for small businesses with gross receipts of \$314,000 or less, the rate of \$7.25 prevails.

In addition to wages, other forms of employment compensation are also less burdensome in Ohio. "Unemployment Compensation" ranks 12 spots lower (49th) compared to the rest of the country (37th). Only 4 percent consider unemployment compensation to be a critical problem and 25 percent do not consider it to be a problem at all. "Workers' Compensation" ranks 9 spots lower (31st) compared to the rest of the country (22nd). Workers compensation is regarded by only 5 percent of owners to be a critical problem and 19 percent do not consider it be a problem.

TABLE 18

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	2.43	1.91	47.4	7.0
Locating Qualified Employees	2	2	3.31	2.10	29.3	11.4
Finding and Keeping Skilled Employees	3	5	3.43	2.09	25.6	11.5
Tax Complexity	4	8	3.68	1.87	12.7	11.4
Property Taxes (real, inventory or personal property)	5	4	3.76	1.92	10.0	14.0
Unreasonable Government Regulations	6	6	3.77	1.88	12.2	11.8
Federal Taxes on Business Income	7	3	3.88	1.97	13.2	12.8
Uncertainty over Economic Conditions	8	9	3.92	1.84	11.5	10.1
Uncertainty over Government Actions	9	10	3.93	1.78	8.8	12.3
State Taxes on Business Income	10	7	4.01	1.96	11.3	15.3
Cost of Supplies/Inventories	11	12	4.01	1.69	7.5	10.1
State/Local Paperwork	12	11	4.06	1.69	6.1	10.1
Competition from Large Businesses	13	21	4.07	2.04	11.4	18.9
Projecting Future Sales Changes	14	17	4.08	1.68	4.8	12.7
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	15	19	4.09	1.74	5.7	11.7
Poor Earnings (profits)	16	20	4.11	1.95	11.4	15.7
Frequent Changes in Federal Tax Laws and Rules	17	13	4.13	1.82	6.6	13.3

¹⁴ National Conference of State Legislatures, "State Minimum Wages", <https://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.

TABLE 18

Measures of Small Business Problem Importance - Ohio (Cont'd)

Problem	OH Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Federal Paperwork	18	15	4.15	1.76	7.0	12.8
Electricity Costs (rates)	19	16	4.19	1.74	6.1	14.3
Highly Variable Earnings (profits)	20	24	4.20	1.81	7.1	13.3
Cost and Availability of Liability Insurance	21	14	4.26	1.89	7.9	17.6
Fixed Costs Too High	22	18	4.29	1.72	4.9	12.4
Cash Flow	23	26	4.30	1.95	10.5	16.2
FICA (Social Security Taxes)	24	28	4.31	1.78	5.3	16.8
Locating Business Help When Needed	25	27	4.34	1.98	11.5	19.4
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	26	29	4.34	1.62	3.5	11.8
Training Employees	27	32	4.41	1.87	7.0	18.9
Dealing with IRS/State Tax Agencies	28	23	4.44	1.78	6.6	14.5
Controlling My Own Time	29	31	4.45	1.95	7.9	21.1
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	30	35	4.46	2.07	10.9	24.0
Workers' Compensation	31	22	4.46	1.86	5.3	19.0
Ability to Cost-Effectively Advertise	32	40	4.49	1.90	6.2	21.3
Finding Out about Regulatory Requirements	33	25	4.49	1.81	4.4	19.7
Cyber Crime (viruses, hacking, etc.)	34	48	4.49	1.85	5.3	19.1
Health/Safety Regulations (e.g., OSHA)	35	41	4.56	1.90	6.1	19.7
Telephone Costs and Service	36	30	4.59	1.68	3.5	16.7
Keeping Up on Business and Market Developments	37	42	4.61	1.63	3.9	14.8
Employee Turnover	38	50	4.61	2.15	11.0	28.9
Pricing My Goods/Services	39	36	4.62	1.78	1.8	19.8
Poor Sales	40	49	4.63	1.96	7.4	23.5
Hiring/Firing/Employment Regulations	41	43	4.64	1.91	5.8	23.1
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	42	33	4.65	1.82	4.4	19.5
Real Estate Values	43	44	4.67	1.81	5.4	21.7
Cost of Government Required Equipment/Procedures	44	39	4.68	1.83	4.8	20.7
Interest Rates	45	56	4.69	1.87	5.3	22.6
Environmental Regulations (e.g., EPA)	46	38	4.70	1.87	5.7	25.6
Using Computer(s), the Internet or New Technology Effectively	47	46	4.74	1.78	2.7	21.3

TABLE 18

Measures of Small Business Problem Importance - Ohio (Cont'd)

Problem	OH Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Sales Too Dependent on Health of One Business or Industry	48	51	4.74	1.85	5.5	22.7
Unemployment Compensation	49	37	4.76	1.80	4.4	25.1
Obtaining Licenses, Permits, etc.	50	45	4.81	1.83	3.5	24.2
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	51	57	4.82	1.86	5.5	26.1
Rules on Retirement Plans	52	54	4.85	1.79	3.6	27.1
Handling Business Growth	53	55	4.87	1.61	2.7	17.8
Delinquent Accounts/Late Payments	54	58	4.88	1.80	5.3	23.8
Minimum Wage/"Living" Wage	55	34	4.89	1.92	6.2	30.1
Estate Tax	56	53	4.97	2.15	8.9	37.9
Traffic, Highways, Roads, Bridges	57	47	4.99	1.90	5.8	31.1
Reducing Energy Use in a Cost-Effective Manner	58	59	5.00	1.58	1.8	22.6
Crime, including Identity Theft, Shoplifting, etc.	59	62	5.06	1.79	3.5	27.9
Competition from Internet Businesses	60	61	5.08	1.99	7.5	35.5
Mandatory Family or Sick Leave	61	52	5.11	1.90	6.2	34.1
Protecting Intellectual Property	62	64	5.20	1.79	4.1	35.6
Access to High-Speed Internet	63	63	5.33	1.99	4.4	47.6
Zoning/Land Use Regulations	64	60	5.35	1.71	4.4	34.1
Competition from Imported Products	65	65	5.40	1.87	4.9	44.4
Winning Contracts from Federal/State/Local Governments	66	70	5.40	1.91	5.3	45.8
Bad Debts (not delinquencies) and/or Bankruptcies	67	66	5.51	1.64	2.3	39.2
Obtaining Short-Term (less than 12 months or revolving) Business Loans	68	68	5.53	1.85	7.0	42.7
Obtaining Long-Term (5 years or more) Business Loans	69	67	5.57	1.84	5.3	48.2
Costs and Frequency of Lawsuits/Threatened Lawsuits	70	69	5.60	1.78	2.2	46.5
Out-of-State Sales Tax (e.g., internet sales)	71	72	5.61	1.83	3.6	51.3
Credit Rating/Record Errors	72	71	5.68	1.59	2.2	43.2
Exporting My Products/Services	73	75	6.03	1.46	1.4	59.0
Undocumented Workers	74	73	6.04	1.56	2.7	59.7
Importing My Products/Services	75	74	6.07	1.44	1.4	59.5

TABLE 19

Largest Differences in Problem Ranking Between OH and US

More Difficult in Ohio	OH Rank	US Rank	Rank Difference
Cyber Crime (viruses, hacking, etc.)	34	48	14
Employee Turnover	38	50	12
Interest Rates	45	56	11
Poor Sales	40	49	9
Competition from Large Businesses	13	21	8
Ability to Cost-Effectively Advertise	32	40	8
Health/Safety Regulations (e.g., OSHA)	35	41	6
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	51	57	6
Training Employees	27	32	5
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	30	35	5

Less Difficult in Ohio	OH Rank	US Rank	Rank Difference
Minimum Wage/"Living" Wage	55	34	-21
Unemployment Compensation	49	37	-12
Traffic, Highways, Roads, Bridges	57	47	-10
Workers' Compensation	31	22	-9
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	42	33	-9
Mandatory Family or Sick Leave	61	52	-9
Finding Out about Regulatory Requirements	33	25	-8
Environmental Regulations (e.g., EPA)	46	38	-8
Cost and Availability of Liability Insurance	21	14	-7
Telephone Costs and Service	36	30	-6

Small Business Problems and Priorities – New York

The New York Small Business Problems and Priorities report is based on the responses of 153 NFIB small-business owners to a mail survey conducted from February to mid-March 2020. A national sample of 20,000 members was drawn for a response rate of 13 percent with separate samples of 1,500 each drawn for CA, NY, 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 New York are: “Cost of Health Insurance,” “Property Taxes (real, inventory or personal property),” “State Taxes on Business Income,” “Unreasonable Government Regulations,” “Locating Qualified Employees,” “Federal Taxes on Business Income,” “Cost and Availability of Liability Insurance,” “State/Local Paperwork,” “Finding and Keeping Skilled Employees,” and “Tax Complexity.” The top-10 issues in New York generally track the overall country, but New York small-business owners find taxes and costs of doing business to be higher than the rest of the country.

New York small businesses find the state and local tax burden to be critical issues. “Property Taxes (real, inventory or personal property)” is the second most burdensome problem and ranks two spots higher than the rest of the country. Thirty-eight percent of owners find property taxes to be a critical issue and 8 percent do not find it to be a problem at all. “State Taxes on Business Income” is the third most burdensome problem in New York and ranks four spots higher than the rest of the country (7th). Thirty-three percent of owners find state taxes to be a critical problem for their business. Only 8 percent do not consider state taxes to be a problem at all. New York ranked 49th in the country in the Tax Foundation’s 2020 State Business Tax Climate Index.¹⁵

Owners in New York also find employment costs to be more burdensome compared to the rest of the country. “Unemployment Compensation” ranks 15 spots higher (22nd) than the rest of the country (37th). Thirteen percent of owners find unemployment compensation to be a critical issue. The high cost of labor is also a burden for small-business owners as “Minimum Wage/”Living” Wage” ranks 13 spots higher (21st) than the rest of the country (34th). Nineteen percent of owners find the minimum wage to be a critical problem. New York’s minimum wage of \$11.80 is the seventh highest in the country.¹⁶

Beyond high wages, “Workers’ Compensation” ranks eleven spots higher (11th) compared to the rest of the country (22nd). Twenty-eight percent of owners find workers’ compensation to be a critical problem. “Mandatory Family or Sick Leave” ranks twelve spots higher (40th) than the rest of the country (52nd). Eleven percent of owners find family and sick leave policies to be a critical problem.

In addition, “Cost and Availability of Liability Insurance” ranks seven spots higher (7th) compared to the rest of the country (14th). Twenty-three percent find the cost and availability of liability insurance to be a critical problem.

¹⁵Jared Walczak, *2020 State Business Tax Climate Index*, <https://files.taxfoundation.org/20191021155857/2020-State-Business-Tax-Climate-Index-PDF.pdf>.

¹⁶ National Conference of State Legislatures, “State Minimum Wages”, <https://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.

The regulatory burden for small-business owners is also comparatively higher to the rest of the U.S. Both “Environmental Regulations (e.g., EPA)” (28th) and “Cost of Government Required Equipment/Procedures” (29th) rank 10 spots higher than the rest of the country. Sixteen percent of owners find environment regulation to be a critical problem. Fifteen percent find government required equipment and procedures to be a critical problem.

The “Cost of Outside Business Services (e.g., accountants, lawyers, consultants)” is the largest difference in ranking compared to the overall U.S. by 21 spots, 50th compared to 29th, respectively. Only 6 percent of owners find the cost of outside services to be a critical problem. Few owners find this a problem most likely due to the large number of businesses competing for business in this area and a large skilled workforce in New York and the surrounding area.

TABLE 20

Measures of Small Business Problem Importance - New York

Problem	NY Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Cost of Health Insurance	1	1	2.29	2.00	58.8	9.2
Property Taxes (real, inventory or personal property)	2	4	2.76	1.97	37.5	7.9
State Taxes on Business Income	3	7	2.81	1.85	32.7	7.8
Unreasonable Government Regulations	4	6	3.01	1.95	32.5	8.6
Locating Qualified Employees	5	2	3.03	2.16	36.9	14.8
Federal Taxes on Business Income	6	3	3.26	1.89	21.1	9.9
Cost and Availability of Liability Insurance	7	14	3.30	1.90	23.0	8.6
State/Local Paperwork	8	11	3.30	1.86	17.9	8.6
Finding and Keeping Skilled Employees	9	5	3.37	2.18	29.4	16.3
Tax Complexity	10	8	3.40	1.87	20.5	7.9
Workers' Compensation	11	22	3.43	2.10	28.0	15.3
Fixed Costs Too High	12	18	3.45	1.80	16.4	8.6
Uncertainty over Government Actions	13	10	3.48	1.90	19.6	8.5
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	14	19	3.58	1.88	15.7	9.8
Uncertainty over Economic Conditions	15	9	3.64	1.95	15.7	11.8
Electricity Costs (rates)	16	16	3.64	1.86	13.2	9.9
Frequent Changes in Federal Tax Laws and Rules	17	13	3.70	1.84	14.6	9.9
Cost of Supplies/Inventories	18	12	3.74	1.83	12.5	10.5
Poor Earnings (profits)	19	20	3.78	1.99	17.4	14.8
Finding Out about Regulatory Requirements	20	25	3.88	1.90	11.8	12.4
Minimum Wage/"Living" Wage	21	34	3.90	2.24	19.0	24.2
Unemployment Compensation	22	37	3.93	2.04	13.2	19.1

TABLE 20

Measures of Small Business Problem Importance - New York (Cont'd)

Problem	NY Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Federal Paperwork	23	15	3.94	1.94	12.1	14.8
Highly Variable Earnings (profits)	24	24	3.95	1.92	13.8	13.8
Cash Flow	25	26	3.95	1.91	13.9	13.2
Locating Business Help When Needed	26	27	3.99	2.02	13.2	17.9
Projecting Future Sales Changes	27	17	4.06	1.81	7.2	13.2
Environmental Regulations (e.g., EPA)	28	38	4.08	2.17	16.6	23.8
Cost of Government Required Equipment/Procedures	29	39	4.09	2.09	14.6	20.5
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	30	33	4.10	1.93	10.7	17.3
Competition from Large Businesses	31	21	4.14	2.13	14.4	22.2
Real Estate Values	32	44	4.15	1.91	10.5	17.6
FICA (Social Security Taxes)	33	28	4.17	1.96	10.5	18.3
Dealing with IRS/State Tax Agencies	34	23	4.17	1.88	9.3	15.2
Telephone Costs and Service	35	30	4.22	1.77	5.9	13.1
Health/Safety Regulations (e.g., OSHA)	36	41	4.22	2.01	11.3	20.5
Controlling My Own Time	37	31	4.26	1.85	10.0	15.3
Hiring/Firing/Employment Regulations	38	43	4.26	2.00	9.8	22.2
Pricing My Goods/Services	39	36	4.27	1.89	7.9	15.8
Mandatory Family or Sick Leave	40	52	4.30	2.13	11.1	22.9
Ability to Cost-Effectively Advertise	41	40	4.38	1.94	9.2	18.4
Keeping Up on Business and Market Developments	42	42	4.41	1.79	6.6	15.1
Training Employees	43	32	4.43	1.94	7.2	19.6
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	44	35	4.46	2.07	10.6	28.5
Obtaining Licenses, Permits, etc.	45	45	4.46	2.04	8.7	26.7
Delinquent Accounts/Late Payments	46	58	4.57	1.97	7.9	25.0
Interest Rates	47	56	4.58	1.91	9.9	19.7
Using Computer(s), the Internet or New Technology Effectively	48	46	4.59	1.95	7.9	23.7
Sales Too Dependent on Health of One Business or Industry	49	51	4.59	2.11	10.6	29.1
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	50	29	4.61	1.87	6.0	22.0
Poor Sales	51	49	4.64	1.92	9.2	21.1
Reducing Energy Use in a Cost-Effective Manner	52	59	4.65	1.88	7.8	21.6

TABLE 20

Measures of Small Business Problem Importance - New York (Cont'd)

Problem	NY Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Traffic, Highways, Roads, Bridges	53	47	4.73	2.14	11.4	31.5
Rules on Retirement Plans	54	54	4.73	1.91	5.3	28.3
Employee Turnover	55	50	4.74	2.06	9.2	31.4
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	56	57	4.83	1.86	3.4	29.5
Handling Business Growth	57	55	4.85	1.81	4.0	27.2
Zoning/Land Use Regulations	58	60	4.86	2.05	6.6	34.2
Access to High-Speed Internet	59	63	4.88	2.23	12.5	40.8
Cyber Crime (viruses, hacking, etc.)	60	48	4.92	2.00	7.9	32.2
Competition from Internet Businesses	61	61	4.96	2.06	6.5	37.3
Estate Tax	62	53	5.01	2.11	10.5	39.5
Protecting Intellectual Property	63	64	5.06	2.10	9.3	38.0
Competition from Imported Products	64	65	5.16	2.19	11.1	47.1
Crime, including Identity Theft, Shoplifting, etc.	65	62	5.24	1.95	8.6	36.2
Obtaining Short-Term (less than 12 months or revolving) Business Loans	66	68	5.30	2.01	7.9	44.7
Winning Contracts from Federal/State/Local Governments	67	70	5.43	2.05	5.9	53.3
Obtaining Long-Term (5 years or more) Business Loans	68	67	5.44	1.91	5.9	48.4
Bad Debts (not delinquencies) and/or Bankruptcies	69	66	5.49	1.72	3.3	40.1
Undocumented Workers	70	73	5.54	2.15	10.7	59.7
Costs and Frequency of Lawsuits/Threatened Lawsuits	71	69	5.54	1.84	4.6	48.4
Out-of-State Sales Tax (e.g., internet sales)	72	72	5.78	1.77	3.3	56.7
Credit Rating/Record Errors	73	71	5.81	1.59	2.6	51.0
Importing My Products/Services	74	74	5.83	1.63	4.6	53.0
Exporting My Products/Services	75	75	6.24	1.47	2.0	71.3

TABLE 21

Largest Differences in Problem Ranking Between NY and US

More Difficult in New York	NY Rank	US Rank	Rank Difference
Unemployment Compensation	22	37	15
Minimum Wage/"Living" Wage	21	34	13
Real Estate Values	32	44	12
Mandatory Family or Sick Leave	40	52	12
Delinquent Accounts/Late Payments	46	58	12
Workers' Compensation	11	22	11
Environmental Regulations (e.g., EPA)	28	38	10
Cost of Government Required Equipment/Procedures	29	39	10
Interest Rates	47	56	9
Cost and Availability of Liability Insurance	7	14	7

Less Difficult in New York	NY Rank	US Rank	Rank Difference
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	50	29	-21
Cyber Crime (viruses, hacking, etc.)	60	48	-12
Dealing with IRS/State Tax Agencies	34	23	-11
Training Employees	43	32	-11
Projecting Future Sales Changes	27	17	-10
Competition from Large Businesses	31	21	-10
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	44	35	-9
Estate Tax	62	53	-9
Federal Paperwork	23	15	-8
Uncertainty over Economic Conditions	15	9	-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 an owner is having a problem selling their product in another country, it is a critical problem for them.

Perhaps the most important aspect of this report is that it helps policymakers and others identify which is which; which problems are widely shared and which problems are more targeted. While one can sympathize with the targeted issues and work to alleviate those concerns, effective government should 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. However, the federal and state governments are comprised of many specialized regulators and this report might be helpful in identifying where they might focus their specialized tools more effectively from their "customer's" perspective.

Policymakers characteristically focus only on the problems they and their immediate colleagues create for small-business owners. 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. This point holds across most policy topics.

Methodological Appendix

The survey on which Problems and Priorities is based was conducted from February through March of 2020 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, NY, 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 2,552 useable responses by the March cut-off date for a response rate of 13 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.

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 roughly 300,000 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 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	61.7%	42.6%
5 - 9 Employees	16.8%	23.0%
10 - 19 Employees	10.5%	18.1%
20 - 99 Employees	9.1%	14.5%
100 or More Employees	1.8%	1.8%
Industry		
Agriculture, Forestry, Fishing	0.4%	16.5%
Construction	11.7%	16.8%
Manufacturing	4.1%	12.1%
Wholesale	5.0%	3.2%
Retail	10.8%	18.9%
Transportation/Warehousing	3.1%	3.2%
Finance, Insurance, Real Estate, Rental	9.2%	6.5%
Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist.	31.8%	7.3%
Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs.	22.9%	15.5%

1 Source of figures: <https://www.census.gov/programs-surveys/subs.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 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 Critical Problem	2	3	4	5	6	7 Not a Problem	Total
1 Cost of Health Insurance	50.6	20.4	9.8	5.0	3.0	3.1	8.0	100%
2 Locating Qualified Employees	30.5	18.0	13.9	11.6	6.7	6.2	13.1	100%
3 Finding and Keeping Skilled Employees	25.5	18.2	15.2	11.3	7.9	8.8	13.2	100%
4 Property Taxes (real, inventory or personal property)	20.6	19.6	17.8	15.2	8.4	8.6	9.8	100%
5 Federal Taxes on Business Income	20.1	19.0	20.5	16.2	9.6	6.3	8.2	100%
6 Unreasonable Government Regulations	18.8	18.0	17.9	18.1	10.5	8.1	8.6	100%
7 State Taxes on Business Income	18.7	18.3	19.1	16.0	9.3	7.8	10.9	100%
8 Tax Complexity	16.2	18.8	18.6	20.3	9.9	7.7	8.4	100%
9 Uncertainty over Government Actions	14.7	15.9	19.6	20.0	10.9	9.1	9.8	100%
10 Uncertainty over Economic Conditions	14.0	16.9	18.8	20.2	12.7	9.8	7.5	100%
11 Competition from Large Businesses	13.4	14.7	15.0	13.6	12.1	12.1	19.0	100%
12 Minimum Wage/"Living" Wage	13.2	10.8	13.1	15.5	9.9	12.7	24.8	100%
13 Cost and Availability of Liability Insurance	13.1	14.7	16.5	18.7	11.3	10.6	14.9	100%
14 Estate Tax	12.1	10.3	9.6	12.4	7.2	12.9	35.6	100%
15 Poor Earnings (profits)	11.5	12.7	15.3	18.9	13.4	14.8	13.4	100%
16 State/Local Paperwork	11.3	16.7	20.2	21.1	10.3	10.1	10.3	100%
17 Workers' Compensation	11.1	13.7	16.4	18.1	11.0	10.8	18.9	100%
18 Cash Flow	10.8	11.7	15.3	18.0	14.6	15.2	14.5	100%
19 Frequent Changes in Federal Tax Laws and Rules	10.8	16.3	18.2	20.3	12.0	10.4	12.1	100%
20 Mandatory Family or Sick Leave	10.7	9.0	9.6	14.0	10.6	16.0	30.1	100%
21 Locating Business Help When Needed	10.6	12.6	14.7	19.0	11.5	14.8	16.8	100%
22 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	10.1	13.1	13.3	15.9	10.9	15.1	21.5	100%
23 Employee Turnover	9.8	10.0	12.7	13.4	8.6	17.5	28.1	100%
24 Dealing with IRS/State Tax Agencies	9.8	12.1	15.7	20.6	14.0	14.4	13.4	100%
25 Competition from Internet Businesses	9.6	8.3	9.4	11.1	9.5	16.0	36.1	100%
26 Environmental Regulations (e.g., EPA)	9.5	11.5	13.7	17.1	11.5	13.5	23.2	100%
27 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	9.4	13.4	17.8	20.1	12.7	13.0	13.6	100%
28 Cost of Supplies/Inventories	9.3	14.4	20.9	22.7	12.9	9.7	10.0	100%
29 Controlling My Own Time	9.2	12.0	15.0	18.5	11.9	13.1	20.3	100%
30 Federal Paperwork	9.1	13.8	19.6	19.9	14.0	11.7	12.0	100%
31 Electricity Costs (rates)	9.0	12.6	20.8	20.8	13.6	11.3	12.0	100%
32 Fixed Costs Too High	8.9	12.9	17.9	21.8	14.4	11.4	12.8	100%

APPENDIX TABLE 2

Distribution of Responses to Small Business Problem Severity (Cont'd)

	1 Critical Problem	2	3	4	5	6	7 Not a Problem	Total
33 Access to High-Speed Internet	8.7	8.5	9.0	11.1	8.1	13.4	41.2	100%
34 Highly Variable Earnings (profits)	8.5	12.4	16.5	22.3	13.3	13.2	13.9	100%
35 Cost of Government Required Equipment/Procedures	8.4	11.0	15.1	17.7	11.7	14.8	21.4	100%
36 FICA (Social Security Taxes)	8.3	11.0	17.3	23.0	12.0	12.1	16.2	100%
37 Traffic, Highways, Roads, Bridges	8.3	10.3	13.6	15.5	11.1	15.0	26.1	100%
38 Projecting Future Sales Changes	8.1	12.6	20.2	23.5	13.1	11.5	11.1	100%
39 Poor Sales	7.9	8.7	12.3	16.8	15.5	17.7	21.1	100%
40 Real Estate Values	7.9	9.9	13.4	20.5	13.3	14.5	20.5	100%
41 Health/Safety Regulations (e.g., OSHA)	7.9	10.8	14.0	21.4	10.9	13.4	21.4	100%
42 Unemployment Compensation	7.8	9.8	17.3	19.8	10.9	13.9	20.5	100%
43 Finding Out about Regulatory Requirements	7.7	13.3	16.9	21.2	13.1	12.5	15.3	100%
44 Cyber Crime (viruses, hacking, etc.)	7.5	9.3	14.1	16.5	11.6	19.3	21.8	100%
45 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	7.4	10.5	16.5	20.4	13.0	15.2	17.1	100%
46 Ability to Cost-Effectively Advertise	7.3	11.8	14.9	17.1	14.7	14.3	19.9	100%
47 Pricing My Goods/Services	7.2	11.7	15.1	19.7	13.4	15.4	17.3	100%
48 Training Employees	7.0	12.2	17.2	19.1	10.9	14.9	18.6	100%
49 Hiring/Firing/Employment Regulations	6.9	11.7	15.1	18.3	11.5	14.3	22.2	100%
50 Obtaining Licenses, Permits, etc.	6.8	11.0	13.4	18.6	11.2	17.5	21.5	100%
51 Sales Too Dependent on Health of One Business or Industry	6.8	9.8	12.4	17.6	12.1	15.9	25.4	100%
52 Zoning/Land Use Regulations	6.6	7.8	11.3	14.9	11.2	16.2	32.0	100%
53 Competition from Imported Products	6.6	7.0	9.2	11.1	8.8	14.9	42.5	100%
54 Undocumented Workers	6.2	4.3	4.8	7.3	6.0	14.4	57.2	100%
55 Interest Rates	6.0	7.6	12.0	18.2	12.9	19.7	23.6	100%
56 Using Computer(s), the Internet or New Technology Effectively	5.7	10.3	14.8	17.2	12.8	18.1	21.2	100%
57 Delinquent Accounts/Late Payments	5.6	8.3	12.8	14.6	13.6	19.0	26.1	100%
58 Protecting Intellectual Property	5.6	6.6	9.4	15.8	10.4	17.5	34.7	100%
59 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	5.5	8.4	12.6	18.4	11.1	16.8	27.1	100%
60 Crime, including Identity Theft, Shoplifting, etc.	5.2	6.7	10.5	14.8	12.4	21.9	28.5	100%
61 Rules on Retirement Plans	5.2	8.3	13.2	19.1	12.1	16.2	26.0	100%
62 Telephone Costs and Service	5.1	11.0	18.1	22.6	15.4	14.5	13.4	100%
63 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	5.0	12.2	18.9	22.6	13.9	13.7	13.7	100%

APPENDIX TABLE 2

Distribution of Responses to Small Business Problem Severity (Cont'd)

	1 Critical Problem	2	3	4	5	6	7 Not a Problem	Total
64 Out-of-State Sales Tax (e.g., internet sales)	4.8	5.0	6.4	9.3	7.1	15.1	52.3	100%
65 Obtaining Long-Term (5 years or more) Business Loans	4.7	5.2	6.4	11.0	9.5	18.4	44.9	100%
66 Obtaining Short-Term (less than 12 months or revolving) Business Loans	4.6	4.5	7.1	11.3	9.3	18.1	45.1	100%
67 Costs and Frequency of Lawsuits/Threatened Lawsuits	4.5	5.4	7.5	8.9	8.9	20.3	44.5	100%
68 Winning Contracts from Federal/State/Local Governments	4.3	5.3	6.9	12.2	7.2	13.2	50.8	100%
69 Keeping Up on Business and Market Developments	4.1	8.2	17.5	23.1	16.3	16.3	14.5	100%
70 Reducing Energy Use in a Cost-Effective Manner	3.7	6.1	12.0	20.9	16.3	18.6	22.3	100%
71 Handling Business Growth	3.4	7.7	13.5	20.9	14.5	18.5	21.6	100%
72 Bad Debts (not delinquencies) and/or Bankruptcies	3.3	5.2	9.5	12.5	12.0	19.7	37.9	100%
73 Exporting My Products/Services	3.1	3.1	3.6	7.4	6.5	13.7	62.6	100%
74 Credit Rating/Record Errors	2.8	4.2	6.3	12.4	10.1	21.4	42.8	100%
75 Importing My Products/Services	2.3	2.2	4.1	9.2	7.9	17.4	56.8	100%

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

Please Do Not Remove Address Label
(Needed for compiling geographical information)

THANK YOU FOR YOUR HELP!!!

If the postage-paid, addressed envelope for returning the questionnaire has been misplaced, please return to:

Small Business Problems and Priorities
NFIB Research Foundation
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