

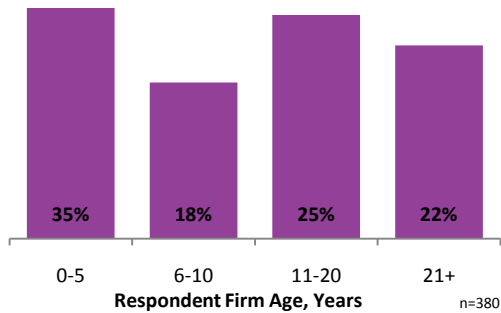
ABOUT THE FRBNY SMALL BUSINESS FINANCES POLL AND SAMPLE

In June and July 2010, the New York Fed's Office of Community Affairs polled 426 small business owners on their recent business performance, business financing choices, and borrowing experiences. The poll was conducted online and distributed through a network of civic and business partners. To view the poll questions, visit

http://www.newyorkfed.org/regional/2010_Facts_Trends_Vol_3_2_survey_questions.pdf.

1. AGE

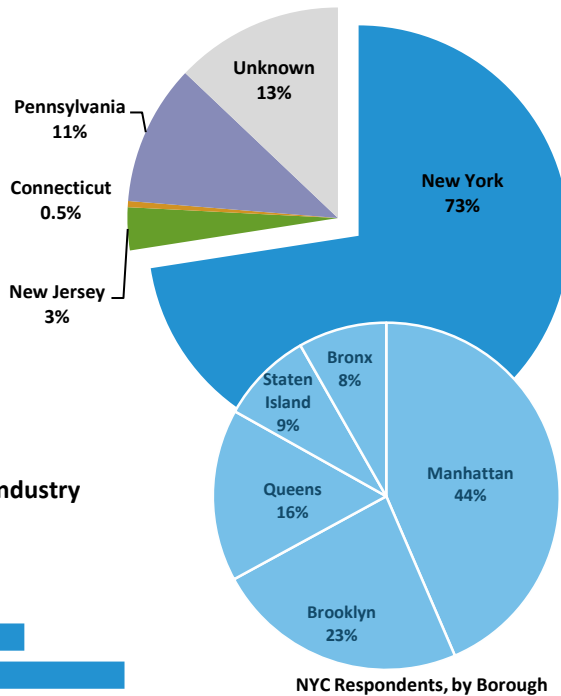
About half of the sample firms are 10 years or younger, while half are older.



2. GEOGRAPHY

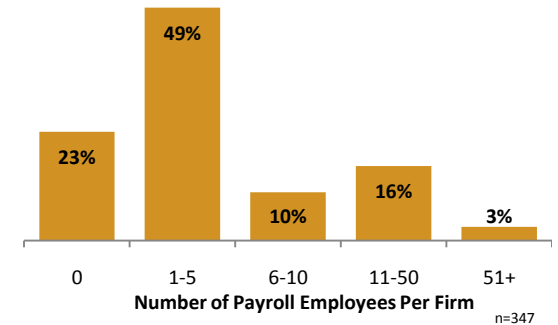
The NYC sample mirrors small business density by borough.

Small Business Respondents by State



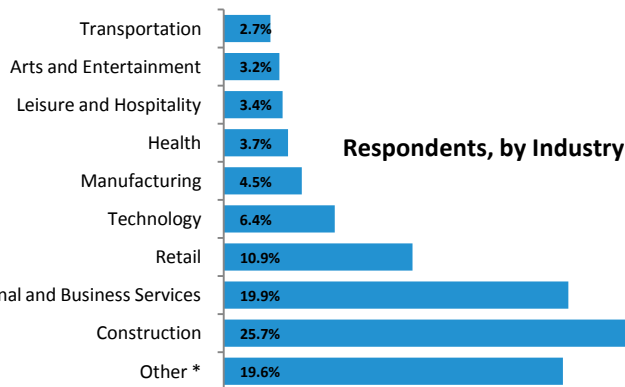
3. SIZE

70% employ fewer than 5 payroll employees, similar to the US small business population.



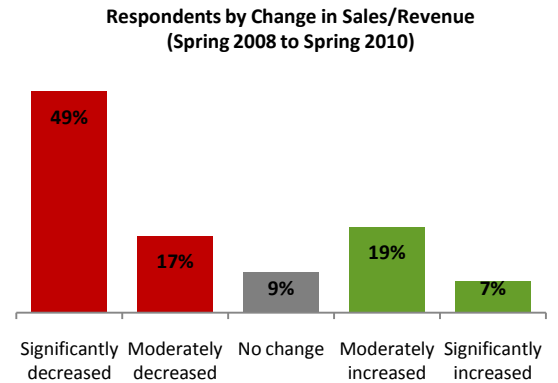
4. INDUSTRY

Construction and retail are a larger share of the sample than their composition of local industry.



5. SALES GROWTH

Over 60% saw their sales/revenue decline during and immediately after the recession.



*Other: includes industries comprising less than 3% of the sample, including Education, Finance, Personal Services, Information, and Wholesale.

SMALL BUSINESS FINANCES POLL

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FIRM PROFILE

- Are you a small business or self-employed?
- Which organization sent you the poll? _____
- Business name _____
- Business zip _____
- Please select the industry that best matches your firm's products/services:
 Arts and Entertainment Manufacturing Construction Wholesale Education Professional and Business Services Finance Retail Personal Services Technology Health Transportation Information Other
- In what year was your business established/purchased/acquired? ____
- How many employees do you currently employ? ____
- How many full-total employees (excluding yourself) did you employ 2 years ago? ____
- During the last 2 years, how would you describe your business' sales/revenues?
 - Significantly increase
 - Moderately increase
 - No change
 - Moderately decrease
 - Significantly decrease
- During the next 3 months, do you expect your sales/revenue to...?
- During the next 3 months, do you expect your number of employees to...?

FIRM FINANCES

Past Borrowing

12. Which of the following are currently the most important types of financing for your business?

Types of Financing (select 3)

- Business earnings
- Commercial bank loan or line of credit
- Loans from family/friends
- Home equity line
- Credit cards
- SBA/Government-guaranteed loan
- Nonprofit lender
- Payday lender
- Tax refund anticipation loan
- Trade credit
- Capital contribution from family/friends
- Gov't grants
- Private equity
- Other

13. Two years ago, which of the following were the most important types of financing for your business?

Same as above

Present Borrowing

14. During the last 6 months, did you attempt to borrow for business purposes?

QUESTIONS FOR BORROWERS

15. During the last 6 months, did you apply for the following types of credit and were you approved?

	Applied?	Approved?
Financing for a vehicle or equipment	<input type="checkbox"/>	<input type="checkbox"/>
New line of credit	<input type="checkbox"/>	<input type="checkbox"/>
Extension of existing line of credit	<input type="checkbox"/>	<input type="checkbox"/>
Business loan	<input type="checkbox"/>	<input type="checkbox"/>
New small business credit card	<input type="checkbox"/>	<input type="checkbox"/>
New personal business card for use in this business	<input type="checkbox"/>	<input type="checkbox"/>
Change in limit on existing credit card	<input type="checkbox"/>	<input type="checkbox"/>

16. During the last 6 months, has your business been able to get all of the credit needed?

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

- Finance order(s)
- Purchase equipment
- Start a business
- Expand business
- Pay employees
- Hire temporary workers
- Finance a previous loan/debt
- Pay off outstanding debts
- Bridge the gap between payables and receivables

Future Borrowing

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

19. Are you planning to pay down existing debt in the next 6 months?

20. In general, how much does credit availability affect your decisions to...?

- Increase inventories
- Purchase equipment
- Invest in technology or services
- Hire or re-hire employees
- Refinance/pay down debt
- Diversify business operations

SMALL BUSINESS FINANCES POLL

ACKNOWLEDGEMENTS

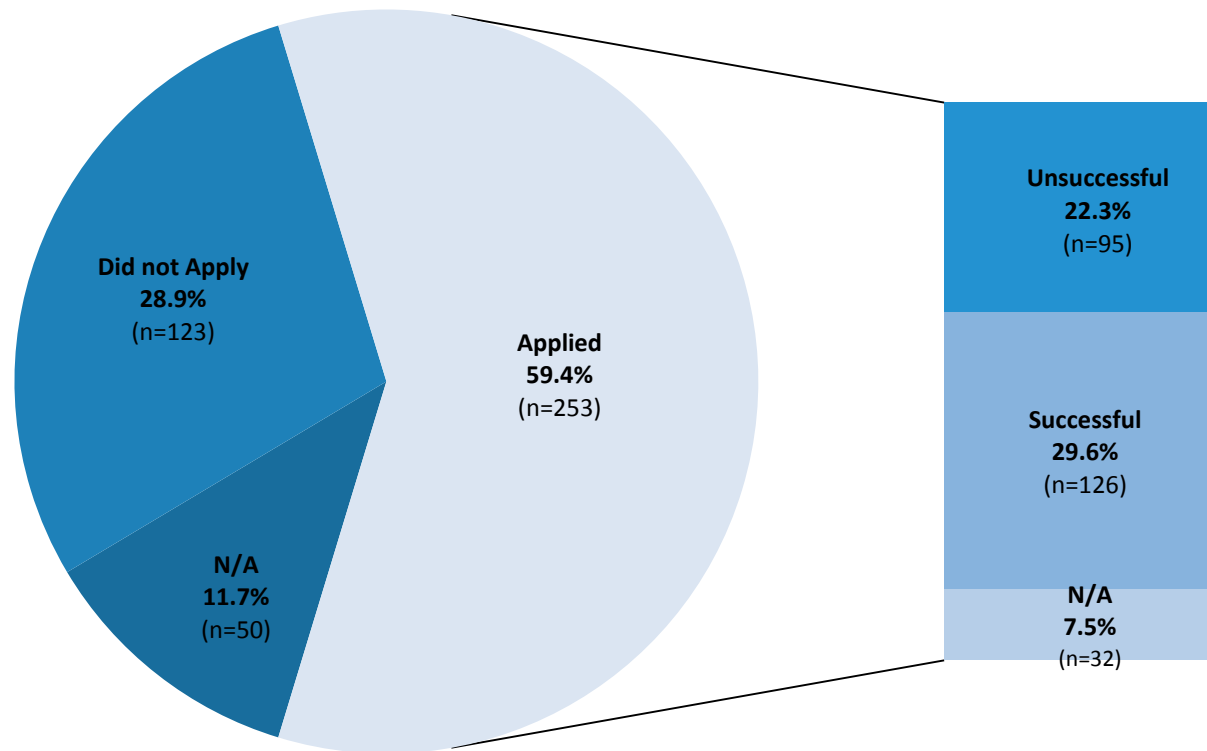
The Community Affairs Office thanks the local government and nonprofit organizations that distributed the poll to their members.

- Accion USA
- Ben Franklin Technology Partners of Pennsylvania
- The Bronx Overall Economic Development Corporation
- The Brooklyn Chamber of Commerce
- The Business Council of New York State
- Community Development Corporation of Long Island
- Community First Fund
- Cooperative Business Assistance Corporation
- The Entrepreneurs Forum of Greater Philadelphia
- The Manhattan Chamber of Commerce
- New Jersey Economic Development Authority
- New York Business Development Corporation
- The New York City Council
- The New York City Department of Consumer Affairs
- The New York State Small Business Development Centers
- Queens Economic Development Corporation
- The Staten Island Chamber of Commerce
- The Staten Island Economic Development Corporation
- Working Today–Freelancers Union

SMALL BUSINESS FINANCES POLL

CREDIT APPLICATIONS AND SUCCESS RATES

The poll found evidence of comparatively strong credit demand. Of the 59 percent of respondents that applied for credit, about half were successful obtaining at least one credit product and thereby met at least some of their credit needs.

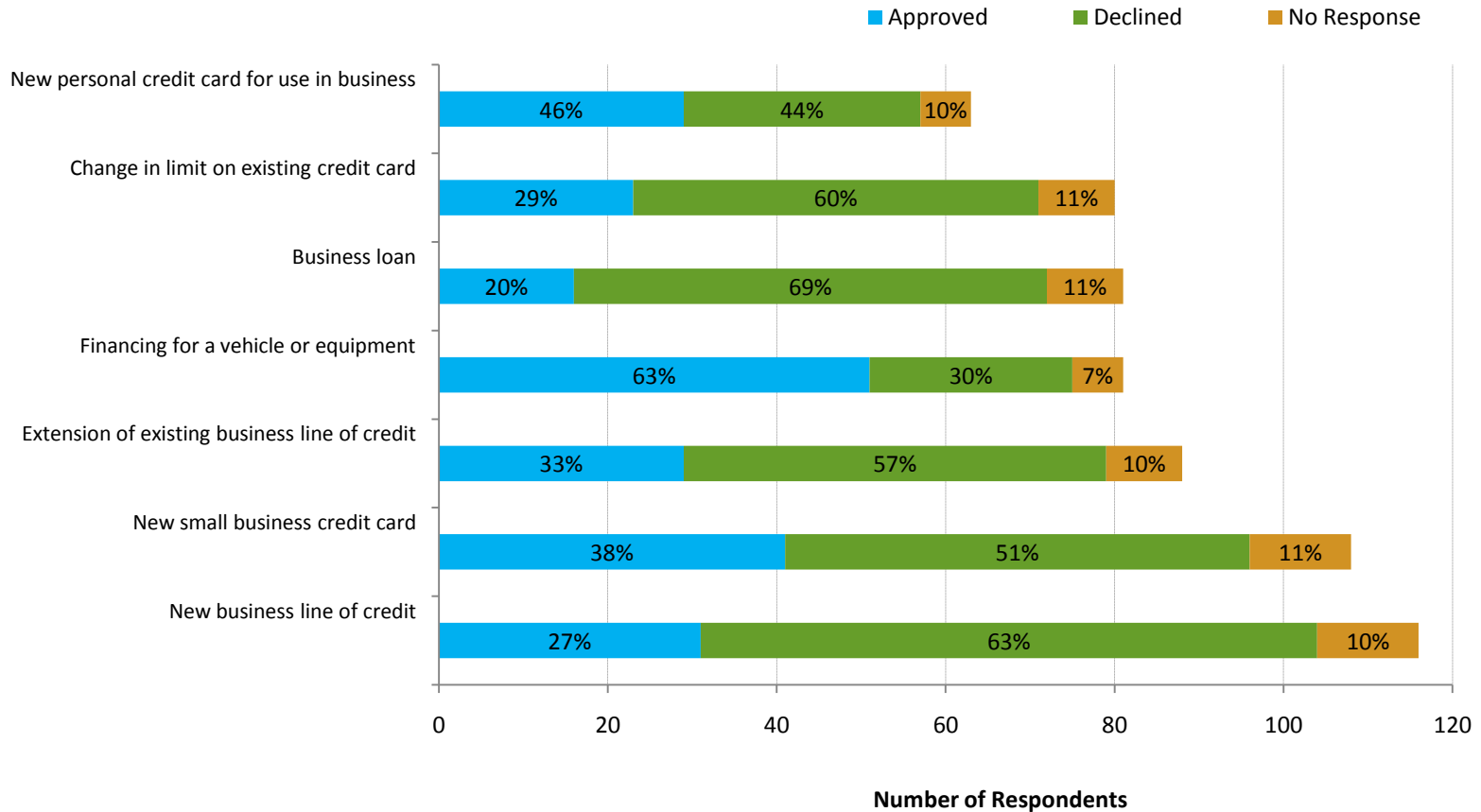


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SMALL BUSINESS FINANCES POLL

CREDIT APPLICATIONS AND OUTCOMES

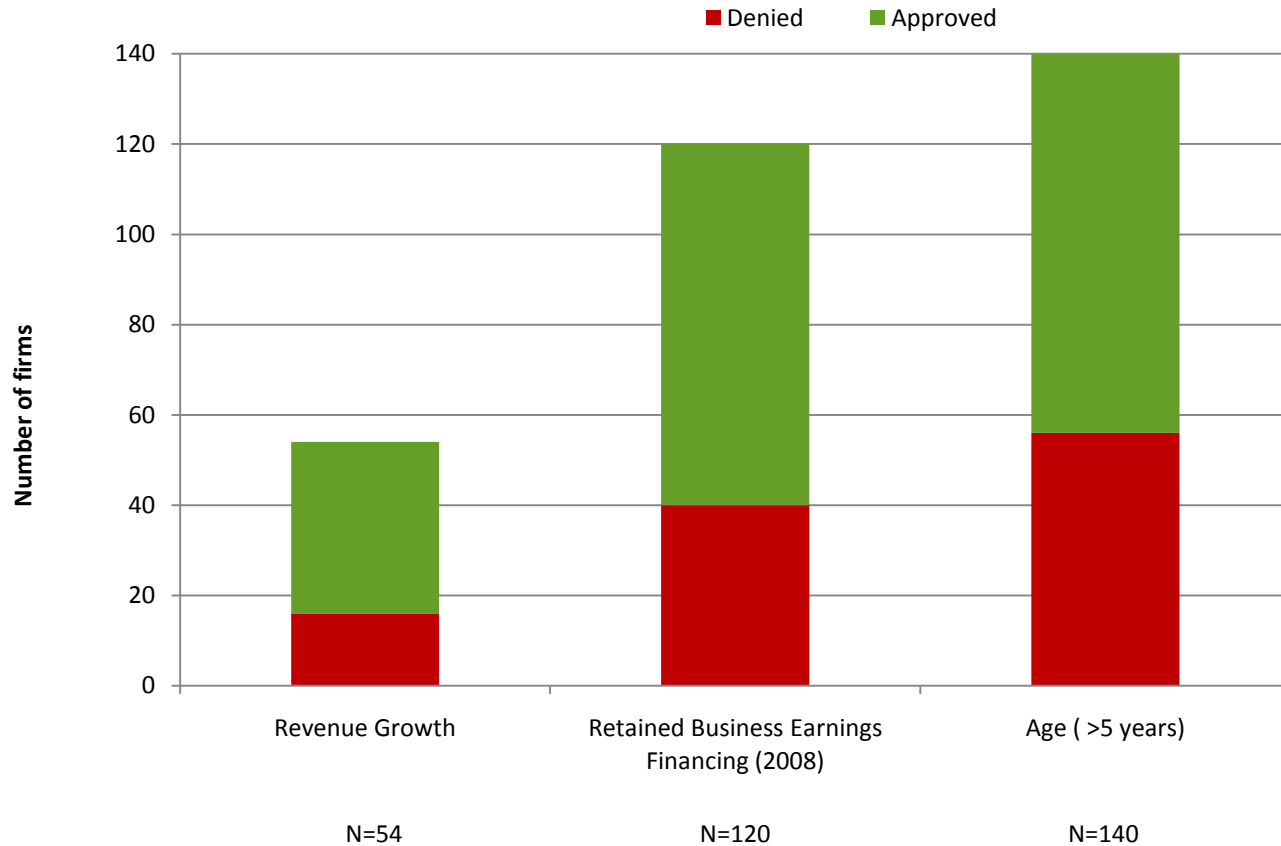
The most frequently requested credit product was a business line of credit, yet it had a denial rate of 63 percent. With the exception of vehicle or equipment financing, which had the highest approval rate of 63 percent, products that require collateral pledges seem harder for applicants to obtain in an environment of depressed asset and real estate values.



SMALL BUSINESS FINANCES POLL

KEYS TO SUCCESS AND CREDIT APPROVAL*

Successful applicants tended to be firms that had generated positive sales/revenue growth, firms that were sufficiently successful two years ago to be able to self-fund their needs through retained earnings, and firms that were at least five years old.



*Success in obtaining at least 1 credit product.