

2024

ELEVENTH  
EDITION

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

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This is the 11th edition of *Small Business Problems and Priorities*. The first edition was published in 1982 followed by editions in 1986, 1991, 1996, 2000, 2004, 2008, 2012, 2016, 2020, and 2024. The volumes are among the NFIB Research Center's most popular publications and therefore have become a staple. A 12th edition is scheduled for publication in mid-2028.

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This publication is based on a research procedure that has remained fundamentally unchanged since its inception. A large sample of small business owners, all members of the National Federation of Independent Business (NFIB), is sent a mail questionnaire and two subsequent reminders. 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 2024 survey substituted two new potential problems for two that elicited minimal interest in the previous edition, "The Cost and Availability of Child Care" and "Credit Card Payment Processing Costs." Still, the list of potential business problems assessed in 2024 closely resembles the list produced in prior years. The publication format is also similar in all editions.

This 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 the most and least consensus, the relative importance of various problems clustered by topic, and changes in ranking from prior surveys. The remainder and bulk of the publication highlights owner assessments of the problem list by a variety of demographic categories.

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 NFIB's membership. NFIB was founded and continues to be operated on the principle that the membership governs. Policy positions are established by one-member, one-vote rather than by committee or other means. *Problems and Priorities* is designed to help accomplish that objective.

A second purpose for producing the survey is to provide those interested in small business issues a 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. *Problems and Priorities* provides a large, comprehensive dataset to evaluate their hypotheses.

*Problems and Priorities* is unique. The survey has a large number of respondents. Two thousand eight hundred and seventy-three (2,873) small business owners returned usable questionnaires out of 40,000 surveys mailed. The sizable response allows break-outs into a large number of respondent categories or groups with adequate response numbers 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 between each other.

The second characteristic making the study unique is that most surveys of this genre are limited to comparatively few issues. Problems and Priorities lists 75 issues, or 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 business operations. The combination provides broad context and allows readers 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 specific populations of small businesses is often helpful, but limiting in how the information is able to be used. Results of these type of surveys simply warrant 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 those small businesses in agriculture and related industries. The Census does not include agriculture in defining the small business population. Also, NFIB members are more likely to be located in the interior states and are less so represented on the East and West coasts or in major cities compared to the general population.

The data for Problems and 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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- The 10 most severe problems for small business owners of the 75 business problems assessed are in order: “Cost of Health Insurance,” “Cost of Supplies/Inventories,” “Uncertainty over Economic Conditions,” “Federal Taxes on Business Income,” “Locating Qualified Employees,” “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil,” “Unreasonable Government Regulations,” “Uncertainty over Government Actions,” “State Taxes on Business Income,” and “Electricity Costs (rates).” The “Cost of Health Insurance” remains the most severe problem for small business owners and is “critical” for 41 percent.
- 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,” “Out-of-State Sales Tax (e.g., internet sales),” “Costs and Frequency of Lawsuits/Threatened Lawsuits,” “Credit Rating/Record Errors,” “Winning Contracts from Federal/State/Local Governments,” “Bad Debts (not delinquencies) and/or Bankruptcies,” “Obtaining Long-Term (5 years or more) Business Loans,” “Obtaining Short-Term (less than 12 months or revolving) Business Loans,” and “Cost and Availability of Child Care.” “Exporting My Products/Services,” the least severe problem proves critical for 4 percent of small business owners, nearly unchanged since 2012.
- Small business owners evaluated most problems in the 2024 survey as they did in 2020, the date of the last Problems and Priorities survey. Among problems increasing in importance, “Interest Rates,” topped the list by rising 43 positions from a rank of 56th in 2020 to 13th in 2024. Four other problems rose 10 or more positions up the ranking starting with “Pricing My Goods/Services” moving up from 36th in 2020 to 21st in 2024. “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil” and “Real Estate Values” moved 13 and 12 positions respectively. The largest decline in the ranking is “Training Employees” and “Competition from Large Businesses,” which both fell 12 rankings.

## Small Business Problems and Priorities

The 2024 Small Business Problems and Priorities data were collected four years after the Covid-19 pandemic began. The health crisis and following state and federal policy responses created shocks that continue to reverberate through the economy, impacting small business. Immediately after the onset of the pandemic, the federal and many state governments severely restricted business activity and deployed extensive economic support programs for individuals and businesses, especially small businesses. The initial response to the pandemic prompted a short lived, but severe recession. Consumer spending fell dramatically, the household saving rate spiked to 33 percent, and as the economy opened back up, consumers returned but to a business environment with fewer employees. Since then, business owners have had to adjust business operations to accommodate an ongoing labor shortage and inflation. The effects of this massive economic disruption are still noticeable in owners' assessment of the list of 75 business problems. However, many top concerns among small business owners remain constant problems irrespective of the economic shifts over the last four years.

## Problems of Greatest Concern

The "Cost of Health Insurance" continues to be the number one small business problem, a position it has held since 1986. In 2024, 41 percent of small business owners cite the "Cost of Health Insurance" as critical, a 10-point decrease from 2020. Despite the decline, the percent who find it a critical problem beats the second highest ranking problem, "Cost of Supplies/Inventories" by 21 points. The percent of small businesses offering health insurance has steadily increased since 2017, reversing a nearly two decade long trend of declining offer rates, as shown in Chart 1. Non-offering small businesses are often at a competitive disadvantage attracting talent but overwhelmingly cite the cost of health insurance as the main reason they do not offer the benefit.

CHART 1

## Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000 - 2023

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



The problem “Cost of Supplies/Inventories” moved up in importance from ranking 12th in 2020 to its current second place ranking. Inflation and post-Covid supply chain disruptions have left many small business owners with higher costs. The percent of owners who find it a critical problem increased from 9 percent in 2020 to 20 percent in 2024. This move up the ranking tracks NFIB’s Small Business Economic Trends monthly survey that finds that still, one-in-five small business owners find inflation as the biggest problem in operating their business<sup>1</sup>.

“Uncertainty over Economic Conditions” and “Uncertainty over Government Actions” both moved up in importance from 2020. Small business owners rank “Uncertainty over Economic Conditions” as the 3rd most severe problem facing their business up from its ranking of 9th in 2020. Twenty-two percent of small business owners report it as critical. “Uncertainty over Government Actions” ranks 8th and is critical for 23 percent.

Tax-related issues continue to be problematic for small business owners. Two of the top 10 problems cited are tax-related. The most severely ranked tax problem is “Federal Taxes on Business Income.” It ranks 4th,

<sup>1</sup> <https://www.nfib.com/surveys/small-business-economic-trends/>



down one position from 2020. A quarter of small business owners think it is a critical problem, 5 points higher than four years ago. “State Taxes on Business Income,” ranks as the second most severe tax issue. This problem fell two positions from 7th in 2020 to its current position of 9th. Twenty-two percent report it as critical, up from 19 percent four years ago.

## CHART 2

### Tax Issues – Percent Critical in Ranking Order

	2024	2022	2020	2016	2012
Federal Taxes on Business Income	24.9	20.1	20.1	29.3	29.5
State Taxes on Business Income	21.8	18.7	18.7	22.7	23.8
Property Taxes (Real, Inventory, etc.)	21.8	20.6	20.6	22.7	24.4
Tax Complexity	18.8	16.2	16.2	27.2	28.8
Frequent Changes in Federal Tax Laws/Rules	16.3	10.8	11.8	20.7	24.0
Dealing with IRS/State Tax Agencies	13.1	9.8	9.8	16.0	16.2
FICA (Social Security Taxes)	10.5	8.3	8.3	12.9	13.8
Estate Tax	15.3	12.1	7.9	12.1	18.5

“Locating Qualified Employees” moved down in importance from ranking 2nd in 2020 to its current 5th place ranking. The percent finding it a critical problem decreased from 31 percent in 2020 to 28 percent in 2024.

The “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil” is the 6th most severe problem cited by small business owners, moving up from its 19th place ranking in 2020. Nearly a quarter (24 percent) report it as critical. Similarly, “Electricity Costs (rates)” is also a top issue for small business owners, ranking 10th in

2024 and reported critical by 16 percent.

“Unreasonable Government Regulations” moved down in importance from 2020 to 6th place. Nearly one-quarter (24 percent) of small business owners cite these regulations as critical.

## Problems of Least Concern

The 10 problems of least concern tend to be issues small business owners don't often experience.

“Exporting My Products/Services” holds onto the 75th ranking, a position held for nine of ten editions that it has been listed as a problem. It was ranked 74th in 2000. In 2024, only 4 percent of small business owners find exporting a critical problem, 1 point higher than in 2020. Fifty-three percent do not find it to be a problem. Small business owners tend to be uninterested in exporting, and if they are, they are able to find adequate resources to assist them.

“Importing My Products/Services” is the second least severe problem with a 74th ranking, the same spot it held in 2020 when the issue was introduced to the survey. Only 3 percent of owners find it a critical issue and 47 percent report that it is not a problem.

The 73rd ranked problem in the survey is “Out-of-State Sales Tax (e.g., internet sales),” an issue introduced to the questionnaire in 2016. Five percent find it a critical problem compared to 48 percent who do not find it a problem. This issue was ranked 72nd in 2020.

The 72nd ranking belongs to “Costs and Frequency of Lawsuits/Threatened Lawsuits,” which fell three positions from 2020. Only 6 percent of small business owners report that it is a critical issue for their business.

“Credit Rating/Record Errors” remains at the 71st ranking position, unchanged since 2016. Four percent report this problem as critical problem for their business.

“Winning Contracts from Federal/State/Local Governments” ranks 70th of the 75 listed problems, unchanged from 2020.

The 69th ranking belongs to “Bad Debts (not delinquencies) and/or Bankruptcies,” down from 66th place in 2020. Only 4 percent find this issue critical to their business.

“Obtaining Short-Term (less than 12 months or revolving) Business Loans” and “Obtaining Long-Term (5 years or more) Business Loans” remains generally unchanged from 2020. The former moved up to 67th and the latter moved down one ranking to 68th.

A new issue introduced this year to the questionnaire, “Cost and Availability of Child Care,” ranks 66th of the 75 listed problems. Seven percent of small business owners consider the issue critical compared to 40 percent who think it is not a problem.

**TABLE 1**

## Measures of Small Business Problem Importance (Cont'd)

Rank	Problem	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2020 Rank
1	Cost of Health Insurance	2.58	1.88	40.5	7.3	1
2	Cost of Supplies/Inventories	3.05	1.71	19.9	5.4	12
3	Uncertainty over Economic Conditions	3.06	1.75	22.2	5.3	9
4	Federal Taxes on Business Income	3.08	1.85	24.9	7.3	3
5	Locating Qualified Employees	3.18	2.06	28.0	12.0	2
6	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	3.19	1.88	24.0	6.9	19
7	Unreasonable Government Regulations	3.20	1.88	23.9	7.2	6
8	Uncertainty over Government Actions	3.27	1.89	22.8	7.3	10
9	State Taxes on Business Income	3.30	1.93	21.8	9.7	7
10	Electricity Costs (rates)	3.32	1.75	16.4	6.9	16
11	Property Taxes (real, inventory or personal property)	3.35	1.92	21.8	8.3	4
12	Tax Complexity	3.41	1.86	18.8	8.4	8
13	Interest Rates	3.47	2.03	21.7	12.1	56
14	Finding and Keeping Skilled Employees	3.50	2.09	24.2	12.5	5
15	Frequent Changes in Federal Tax Laws and Rules	3.62	1.84	16.3	8.5	13
16	Fixed Costs Too High	3.64	1.84	15.7	9.3	18
17	Cost and Availability of Liability Insurance	3.67	1.97	16.5	12.1	14
18	Federal Paperwork	3.73	1.90	13.2	11.2	15
19	State/Local Paperwork	3.73	1.86	12.5	10.7	11
20	Projecting Future Sales Changes	3.82	1.75	10.2	9.1	17
21	Pricing My Goods/Services	3.91	1.89	10.8	13.3	36
22	Credit Card Payment Processing Costs	3.93	2.13	16.7	19.7	51
23	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	3.94	1.78	8.5	11.0	29
24	Dealing with IRS/State Tax Agencies	3.95	1.90	13.1	11.4	23
25	Minimum Wage/"Living" Wage	3.95	2.13	17.5	18.7	34
26	FICA (Social Security Taxes)	3.99	1.90	10.5	14.9	28
27	Finding Out about Regulatory Requirements	4.01	1.87	9.3	14.0	25
28	Highly Variable Earnings (profits)	4.05	1.79	9.1	11.4	24

**TABLE 1**

## Measures of Small Business Problem Importance (Cont'd)

Rank	Problem	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2020 Rank
29	Workers' Compensation	4.05	2.00	13.0	17.0	22
30	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	4.10	1.88	10.4	13.9	33
31	Poor Earnings (profits)	4.10	1.91	11.8	13.2	20
32	Real Estate Values	4.11	1.97	12.3	16.1	44
33	Competition from Large Businesses	4.13	1.95	10.9	16.2	21
34	Cost of Government Required Equipment/Procedures	4.14	1.98	11.8	17.0	39
35	Unemployment Compensation	4.14	2.01	11.1	19.0	37
36	Health/Safety Regulations (e.g., OSHA)	4.17	2.02	10.1	20.3	41
37	Cash Flow	4.19	1.88	10.2	13.8	26
38	Controlling My Own Time	4.27	2.05	10.4	19.1	31
39	Telephone Costs and Service	4.28	1.76	7.0	13.3	30
40	Keeping Up on Business and Market Developments	4.31	1.73	5.5	13.2	42
41	Cyber Crime (viruses, hacking, etc.)	4.31	1.93	10.2	16.9	48
42	Employee Turnover	4.33	2.10	11.4	23.4	50
43	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	4.36	1.99	9.5	20.6	35
44	Training Employees	4.36	1.87	7.2	17.6	32
45	Environmental Regulations (e.g., EPA)	4.39	2.04	10.5	23.1	38
46	Ability to Cost-Effectively Advertise	4.41	1.86	6.8	18.2	40
47	Using Computer(s), the Internet or New Technology Effectively	4.43	1.90	6.7	20.7	46
48	Traffic, Highways, Roads, Bridges	4.44	2.06	10.1	24.2	47
49	Hiring/Firing/Employment Regulations	4.45	1.94	7.8	21.8	43
50	Obtaining Licenses, Permits, etc.	4.46	1.92	8.0	18.7	45
51	Poor Sales	4.49	1.93	8.0	20.7	49
52	Estate Tax	4.52	2.25	15.3	31.6	53
53	Handling Business Growth	4.56	1.75	4.6	18.3	55
54	Rules on Retirement Plans	4.58	1.91	6.6	23.3	54
55	Crime, including Identity Theft, Shoplifting, etc.	4.67	2.03	10.1	26.0	62
56	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	4.68	1.92	5.3	26.1	57
57	Reducing Energy Use in a Cost-Effective Manner	4.71	1.77	5.2	20.7	59

**TABLE 1**

## Measures of Small Business Problem Importance (Cont'd)

Rank	Problem	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"	2020 Rank
58	Delinquent Accounts/Late Payments	4.72	1.94	6.5	24.8	58
59	Mandatory Family or Sick Leave	4.77	2.01	8.7	29.5	52
60	Zoning/Land Use Regulations	4.77	1.93	7.0	26.9	60
61	Competition from Internet Businesses	4.79	2.06	7.8	31.7	61
62	Protecting Intellectual Property	4.82	1.93	7.4	28.2	64
63	Competition from Imported Products	4.89	2.07	8.0	34.9	65
64	Access to High-Speed Internet	5.01	2.11	8.4	40.0	63
65	Undocumented Workers	5.09	2.13	10.5	41.8	73
66	Cost and Availability of Child Care	5.12	2.00	6.9	40.2	new
67	Obtaining Short-Term (less than 12 months or revolving) Business Loans	5.21	1.89	5.5	37.8	68
68	Obtaining Long-Term (5 years or more) Business Loans	5.23	1.89	5.2	38.2	67
69	Bad Debts (not delinquencies) and/or Bankruptcies	5.28	1.81	4.0	36.9	66
70	Winning Contracts from Federal/State/Local Governments	5.33	1.93	4.9	45.5	70
71	Credit Rating/Record Errors	5.33	1.84	3.8	39.7	71
72	Costs and Frequency of Lawsuits/Threatened Lawsuits	5.36	1.91	5.5	42.0	69
73	Out-of-State Sales Tax (e.g., internet sales)	5.50	1.88	5.2	47.8	72
74	Importing My Products/Services	5.59	1.74	3.3	46.7	74
75	Exporting My Products/Services	5.65	1.82	4.1	53.2	75

## Largest Changes in Problem Ranking

The 2024 edition of Problems and Priorities includes several notable swings in issue importance from 2020 that reflect dramatic changes in the economy and government priorities impacting small businesses.

“Interest Rates” leads as it moved up 43 positions from 56th to 13th. The percent of owners assessing it as a critical issue has increased significantly from 6 percent in 2020 to 22 percent in 2024. Since 2022 the Federal Reserve has been increasing interest rates to combat post-Covid inflation. Although it is not a top-cited issue for small businesses, it is becoming increasingly difficult to navigate. NFIB’s December 2023 Financing Sales Survey found that 80 percent of small business owners reported high interest rates as their largest financing complaint.

The problem with the second largest change from 2020 is “Pricing My Goods/Services” which jumped 15 positions to 21st. The rising costs of supplies, inventories, labor costs, and energy have been challenging for small business owners in figuring out how much and how often to raise prices on their good and services and remain competitive.

Issues with the largest change that became less difficult in 2024 include “Training Employees” and “Competition from Large Businesses,” both of which fell 12 positions.

<sup>2</sup> NFIB, “Financing Sales Survey,” <https://strgnfibcom.blob.core.windows.net/nfibcom/Financing-Sales-Survey.pdf>

**TABLE 2**

## Largest Changes in Problem Ranking, 2020 to 2024

More Difficult in 2024	2024 Rank	2020 Rank	Ranks Changed
Interest Rates	13	56	43
Pricing My Goods/Services	21	36	15
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	6	19	13
Real Estate Values	32	44	12
Cost of Supplies/Inventories	2	12	10
Minimum Wage/"Living" Wage	25	34	9
Employee Turnover	42	50	8
Undocumented Workers	65	73	8
Cyber Crime (viruses, hacking, etc.)	41	48	7
Crime, including Identity Theft, Shoplifting, etc.	55	62	7
	<b>3</b>	<b>9</b>	<b>6</b>

### Uncertainty over Economic Conditions

Less Difficult in 2024	2024 Rank	2020 Rank	Ranks Changed
Training Employees	44	32	12
Competition from Large Businesses	33	21	12
Cash Flow	37	26	11
Poor Earnings (profits)	31	20	11
Telephone Costs and Service	39	30	9
Finding and Keeping Skilled Employees	14	5	9
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	43	35	8
State/Local Paperwork	19	11	8
Mandatory Family or Sick Leave	59	52	7
Environmental Regulations (e.g., EPA)	45	38	7
Controlling My Own Time	38	31	7

## 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 on 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 with the 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 2020 and two are new to the list.

“Cost of Supplies/Inventories” tops the list as the problem with the greatest consensus among small business owners with a standard deviation of 1.71. It also ranks as the second most important business problem for small business owners.

The vast majority of small business owners also agree on the severity of “Keeping Up on Business and Market Developments.” This problem ranks second for the greatest consensus and ranks 40th out of the 75 small business problems.

“Importing My Products/Services” ranks 3rd, after ranking the top issue with the greatest consensus in 2020. This problem is cited as one of the least critical issues for small business owners in 74th place. Most small business owners do not find this problem an issue in operating their business.



**TABLE 3**

## Problem Rank by Consensus on Problem Importance

<b>Greatest Consensus</b>	<b>Rank</b>	<b>Standard Deviation</b>	<b>Standard Deviation Rank</b>
Cost of Supplies/Inventories	1.71	1	2
Keeping Up on Business and Market Developments	1.73	2	40
Importing My Products/Services	1.74	3	74
Uncertainty over Economic Conditions	1.75	4	3
Projecting Future Sales Changes	1.75	5	20
Electricity Costs (rates)	1.75	6	10
Handling Business Growth	1.75	7	53
Telephone Costs and Service	1.76	8	39
Reducing Energy Use in a Cost-Effective Manner	1.77	9	57
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	1.78	10	23

<b>Least Consensus</b>	<b>Rank</b>	<b>Standard Deviation</b>	<b>Standard Deviation Rank</b>
Estate Tax	2.25	75	52
Credit Card Payment Processing Costs	2.13	74	22
Undocumented Workers	2.13	73	65
Minimum Wage/"Living" Wage	2.13	72	25
Access to High-Speed Internet	2.11	71	64
Employee Turnover	2.10	70	42
Finding and Keeping Skilled Employees	2.09	69	14
Competition from Imported Products	2.07	68	63
Locating Qualified Employees	2.06	67	5
Competition from Internet Businesses	2.06	66	61

Problems tied for 4th with a standard deviation of 1.75 are “Uncertainty over Economic Conditions,” “Projecting Future Sales Changes,” “Electricity Costs (rates),” and “Handling Business Growth.” The 8th ranked problem of greatest consensus is “Telephone Costs and Service,” followed by “Reducing Energy Use in a Cost-Effective Manner.” “Cost of Outside Business Services (e.g., accountants, lawyers, consultants)” rounds out the top 10 with a standard deviation of 1.78.

## **b. Problem Areas of Least Consensus**

Of the top 10 problems yielding the least consensus of the 75 problems, seven are the same as in 2020 and three are new.

The problem with the greatest variance in severity is “Estate Tax.” This problem has held the top position for least consensus since 1996. The estate tax ranks 52nd and has a standard deviation of 2.25. Fifteen percent of small business owners find it a critical issue and 32 percent find it not a problem. Three variables, firm size, age of the business, and industry are largely responsible for this difference. Because the age and size of a business are often associated with each other, as the business grows the owner moves closer to retirement. This causes estate planning to become a larger priority and concern for the business owner.

“Credit Card Payment Processing Costs,” shares second place with “Undocumented Workers” and “Minimum Wage/Living Wage.” “Credit Card Payment Processing Costs” rank 22nd of the 75 small business problems with 17 percent reporting it a critical problem compared to 20 percent reporting it not a problem. This issue, along with “Undocumented Workers,” is new to the list of problems with the least consensus. “Minimum Wage/Living Wage” ranks the 25th most critical problem, whereas “Undocumented Workers” is further down the list at 65th.

## **Problem Cluster**

Small business problems tend to fall within one of 10 problem clusters. Each cluster contains all the survey’s problems related to that topic, although 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 the 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
<b>Taxes</b>			
Federal Taxes on Business Income	4	3.08	24.9
State Taxes on Business Income	9	3.30	21.8
Property Taxes (real, inventory or personal property)	11	3.35	21.8
Tax Complexity	12	3.41	18.8
Frequent Changes in Federal Tax Laws and Rules	15	3.62	16.3
Dealing with IRS/State Tax Agencies	24	3.95	13.1
FICA (Social Security Taxes)	26	3.99	10.5
Estate Tax	52	4.52	15.3
Out-of-State Sales Tax (e.g., internet sales)	73	5.50	5.2
<b>Employees</b>			
Cost of Health Insurance	1	2.58	40.5
Locating Qualified Employees	5	3.18	28.0
Finding and Keeping Skilled Employees	14	3.50	24.2
Minimum Wage/"Living" Wage	25	3.95	17.5
Workers' Compensation	29	4.05	13.0
Unemployment Compensation	35	4.14	11.1
Health/Safety Regulations (e.g., OSHA)	36	4.17	10.1
Employee Turnover	42	4.33	11.4
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	43	4.36	9.5
Training Employees	44	4.36	7.2
Hiring/Firing/Employment Regulations	49	4.45	7.8
Rules on Retirement Plans	54	4.58	6.6
Mandatory Family or Sick Leave	59	4.77	8.7
Undocumented Workers	65	5.09	10.5
Cost and Availability of Child Care	66	5.12	6.9

**TABLE 4**

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

Problem	Rank	Mean	% "Critical" Problem
<b>Costs</b>			
Cost of Health Insurance	1	2.58	40.5
Cost of Supplies/Inventories	2	3.05	19.9
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	6	3.19	24.0
Electricity Costs (rates)	10	3.32	16.4
Interest Rates	13	3.47	21.7
Fixed Costs Too High	16	3.64	15.7
<b>Costs</b>			
Cost and Availability of Liability Insurance	17	3.67	16.5
Credit Card Payment Processing Costs	22	3.93	16.7
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	23	3.94	8.5
Minimum Wage/"Living" Wage	25	3.95	17.5
Workers' Compensation	29	4.05	13.0
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	30	4.10	10.4
Cost of Government Required Equipment/Procedures	34	4.14	11.8
Unemployment Compensation	35	4.14	11.1
Telephone Costs and Service	39	4.28	7.0
Ability to Cost-Effectively Advertise	46	4.41	6.8
Reducing Energy Use in a Cost-Effective Manner	57	4.71	5.2
Delinquent Accounts/Late Payments	58	4.72	6.5
Cost and Availability of Child Care	66	5.12	6.9
Bad Debts (not delinquencies) and/or Bankruptcies	69	5.28	4.0
Costs and Frequency of Lawsuits/Threatened Lawsuits	72	5.36	5.5
<b>Regulations</b>			
Unreasonable Government Regulations	7	3.20	23.9
Uncertainty over Government Actions	8	3.27	22.8
Frequent Changes in Federal Tax Laws and Rules	15	3.62	16.3
Federal Paperwork	18	3.73	13.2

**TABLE 4**

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

Problem	Rank	Mean	% "Critical" Problem
<b>Regulations</b>			
State/Local Paperwork	19	3.73	12.5
Dealing with IRS/State Tax Agencies	24	3.95	13.1
Minimum Wage/"Living" Wage	25	3.95	17.5
Finding Out about Regulatory Requirements	27	4.01	9.3
Cost of Government Required Equipment/Procedures	34	4.14	11.8
Health/Safety Regulations (e.g., OSHA)	36	4.17	10.1
Environmental Regulations (e.g., EPA)	45	4.39	10.5
Hiring/Firing/Employment Regulations	49	4.45	7.8
Obtaining Licenses, Permits, etc.	50	4.46	8.0
Rules on Retirement Plans	54	4.58	6.6
Mandatory Family or Sick Leave	59	4.77	8.7
Zoning/Land Use Regulations	60	4.77	7.0
Undocumented Workers	65	5.09	10.5
<b>Information</b>			
Uncertainty over Economic Conditions	3	3.06	22.2
Uncertainty over Government Actions	8	3.27	22.8
Projecting Future Sales Changes	20	3.82	10.2
Pricing My Goods/Services	21	3.91	10.8
Finding Out about Regulatory Requirements	27	4.01	9.3
Keeping Up on Business and Market Developments	40	4.31	5.5
Using Computer(s), the Internet or New Technology Effectively	47	4.43	6.7
Credit Rating/Record Errors	71	5.33	3.8
<b>Management</b>			
Projecting Future Sales Changes	20	3.82	10.2
Poor Earnings (profits)	31	4.10	11.8
Cash Flow	37	4.19	10.2
Controlling My Own Time	38	4.27	10.4
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	43	4.36	9.5
Poor Sales	51	4.49	8.0
Handling Business Growth	53	4.56	4.6
Bad Debts (not delinquencies) and/or Bankruptcies	69	5.28	4.0

**TABLE 4**

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

Problem	Rank	Mean	% "Critical" Problem
<b>Technology</b>			
Telephone Costs and Service	39	4.28	7.0
Keeping Up on Business and Market Developments	40	4.31	5.5
Cyber Crime (viruses, hacking, etc.)	41	4.31	10.2
Using Computer(s), the Internet or New Technology Effectively	47	4.43	6.7
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	56	4.68	5.3
Competition from Internet Businesses	61	4.79	7.8
Access to High-Speed Internet	64	5.01	8.4
<b>Competitors/Competition/Markets</b>			
Uncertainty over Economic Conditions	3	3.06	22.2
Finding and Keeping Skilled Employees	14	3.50	24.2
Projecting Future Sales Changes	20	3.82	10.2
Pricing My Goods/Services	21	3.91	10.8
Competition from Large Businesses	33	4.13	10.9
Keeping Up on Business and Market Developments	40	4.31	5.5
Ability to Cost-Effectively Advertise	46	4.41	6.8
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	56	4.68	5.3
Competition from Internet Businesses	61	4.79	7.8
Protecting Intellectual Property	62	4.82	7.4
Competition from Imported Products	63	4.89	8.0
Importing My Products/Services	74	5.59	3.3
Exporting My Products/Services	75	5.65	4.1
<b>Finance</b>			
Interest Rates	13	3.47	21.7
Frequent Changes in Federal Tax Laws and Rules	15	3.62	16.3
Highly Variable Earnings (profits)	28	4.05	9.1
Poor Earnings (profits)	31	4.10	11.8
Cash Flow	37	4.19	10.2

**TABLE 4**

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

Problem	Rank	Mean	
<b>Finance</b>			
Estate Tax	52	4.52	15.3
Obtaining Short-Term (less than 12 months or revolving) Business Loans	67	5.21	5.5
Obtaining Long-Term (5 years or more) Business Loans	68	5.23	5.2
Bad Debts (not delinquencies) and/or Bankruptcies	69	5.28	4.0
Credit Rating/Record Errors	71	5.33	3.8
<b>Public Services/Responsibility</b>			
Finding Out about Regulatory Requirements	27	4.01	9.3
Cyber Crime (viruses, hacking, etc.)	41	4.31	10.2
Traffic, Highways, Roads, Bridges	48	4.44	10.1
Obtaining Licenses, Permits, etc.	50	4.46	8.0
Crime, including Identity Theft, Shoplifting, etc.	55	4.67	10.1
Protecting Intellectual Property	62	4.82	7.4
Winning Contracts from Federal/State/Local Governments	70	5.33	4.9

## Changes in Problem Ranking Over Time

The series of eleven Problems and Priorities surveys spans 42 years from 1982 to 2024. During this period, the U.S. economy has experienced a wide range of business conditions causing some problems to become less and some more severe. This is attributed to business cycles, technology, and general changes in the economy.

Six of the 11 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 recession that began in December of 2007 and a few months before the financial crisis. 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. The 2024 edition was conducted in February - April 2024, four years after the initial outbreak of the Covid-19 pandemic, public policy responses to the pandemic, and related economic shocks that followed including a steep but short-lived health-crisis-driven recession and subsequent economic recovery. The four remaining surveys conducted in 1986, 1996, 2000 and 2004 also occurred in relatively strong economies.

Table 5 presents all evaluated problems in each of the eleven surveys in rank order. The majority of listed problems in the survey have remained the same over the survey's 42-year history. However, occasionally problems found to be uninteresting are replaced with more topical ones.



# Small Business Problems & Priorities

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982**

	2024 (February/ April)	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	Cost of Health Insurance	Interest Rates
2	Cost of Supplies/ Inventories	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	Uncertainty over Economic Conditions	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	Federal Taxes on Business Income	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	Locating Qualified Employees	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	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	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	Unreasonable Government Regulations	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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	<b>2024 (February/ April)</b>	<b>2020 (February/ March)</b>	<b>2016 (January/ April)</b>	<b>2012 (January/ April)</b>	<b>2008 (January/ March)</b>	<b>2004 (January/ February)</b>	<b>2000 (February/ March)</b>	<b>1996 (May/ June)</b>	<b>1991 (October/ November)</b>	<b>1986 (January)</b>	<b>1982 (November)</b>
8	Uncertainty over Government Actions	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	State Taxes on Business Income	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	Electricity Costs (rates)	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	Property Taxes (real, inventory or personal property)	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	Tax Complexity	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	Interest Rates	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	Finding and Keeping Skilled Employees	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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Frequent Changes in Federal Tax Laws and Rules	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	Fixed Costs Too High	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	Cost and Availability of Liability Insurance	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	Federal Paperwork	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	State/Local Paperwork	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	Projecting Future Sales Changes	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	Pricing My Goods/Services	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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Credit Card Payment Processing Costs	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	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	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	Dealing with IRS/State Tax Agencies	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	Minimum Wage/"Living" Wage	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	FICA (Social Security Taxes)	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	Finding Out about Regulatory Requirements	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	Highly Variable Earnings (profits)	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

# Small Business Problems & Priorities

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Workers' Compensation	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	Physical Facilities Costs, such as Rent/ Mortgage/ Maintenance	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	Poor Earnings (profits)	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	Real Estate Values	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	Competition from Large Businesses	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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	<b>2024 (February/ April)</b>	<b>2020 (February/ March)</b>	<b>2016 (January/ April)</b>	<b>2012 (January/ April)</b>	<b>2008 (January/ March)</b>	<b>2004 (January/ February)</b>	<b>2000 (February/ March)</b>	<b>1996 (May/ June)</b>	<b>1991 (October/ November)</b>	<b>1986 (January)</b>	<b>1982 (November)</b>
34	Cost of Government Required Equipment/ Procedures	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	Unemployment Compensation	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	Health/Safety Regulations (e.g., OSHA)	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	Cash Flow	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	Controlling My Own Time	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	Telephone Costs and Service	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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Keeping Up on Business and Market Developments	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	Cyber Crime (viruses, hacking, etc.)	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	Employee Turnover	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	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	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	Training Employees	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

**ELEVENTH  
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**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Environmental Regulations (e.g., EPA)	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	Ability to Cost-Effectively Advertise	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	Using Computer(s), the Internet or New Technology Effectively	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	Traffic, Highways, Roads, Bridges	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	Hiring/Firing/ Employment Regulations	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

**ELEVENTH  
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in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

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50	Obtaining Licenses, Permits, etc.	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	Poor Sales	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	Estate Tax	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	Handling Business Growth	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	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

# Small Business Problems & Priorities

**ELEVENTH  
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**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	Crime, including Identity Theft, Shoplifting, etc.	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	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	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	Reducing Energy Use in a Cost-Effective Manner	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	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	Mandatory Family or Sick Leave	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' Comp 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

**ELEVENTH  
EDITION**

**TABLE 5**

**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	2024 (February/ April)	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	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	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	Protecting Intellectual Property	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	Competition from Imported Products	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	Access to High- Speed Internet	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	Undocumented Workers	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

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**Rank Order of Small Business Problems  
in 2024, 2020, 2016, 2012, 2008, 2004, 2000, 1996, 1991, 1986 and 1982 (Cont'd)**

	<b>2024 (February/ April)</b>	<b>2020 (February/ March)</b>	<b>2016 (January/ April)</b>	<b>2012 (January/ April)</b>	<b>2008 (January/ March)</b>	<b>2004 (January/ February)</b>	<b>2000 (February/ March)</b>	<b>1996 (May/ June)</b>	<b>1991 (October/ November)</b>	<b>1986 (January)</b>	<b>1982 (November)</b>
66	Cost and Availability of Child Care	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 Short-Term (less than 12 months or revolving) Business Loans	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 Long-Term (5 years or more) Business Loans	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	Bad Debts (not delinquencies) and/or Bankruptcies	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	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

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	2024 (February/ April)	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	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	Costs and Frequency of Lawsuits/ Threatened Lawsuits	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	Out-of-State Sales Tax (e.g., internet sales)	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	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	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 except for in the current 2024 edition.

During recession periods, “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, 20th and most recently 31st. “Poor Earnings (profits)” eased in severity in 1996, 2000, 2020, and again in 2024, at its least critical rating ever reported. However, it increased in severity in 2008, 2012, and 2016.

The rank of “Poor Sales” follows a similar pattern and continued to ease in severity in 2024. Over the past ten surveys it has ranked 29th, 27th, 26th, 48th, 50th, 33rd, 35th, 26th, 45th, 49th, and 51st in 2024. The dramatic increase in severity in 2008 and 2012 illustrates the magnitude of the recession. The current ranking is similar to the 2020 ranking but is the least severe of all years published. “Projecting Future Sales Changes” is also more of a burden in recessions versus expansions with the exception of the 2020 survey. Beginning in 1982, the problem ranked as follows: 10th, 22nd, 21st, 27th, 26th, 25th, 20th, 17th, 18th, 17th, and now in 20th position.

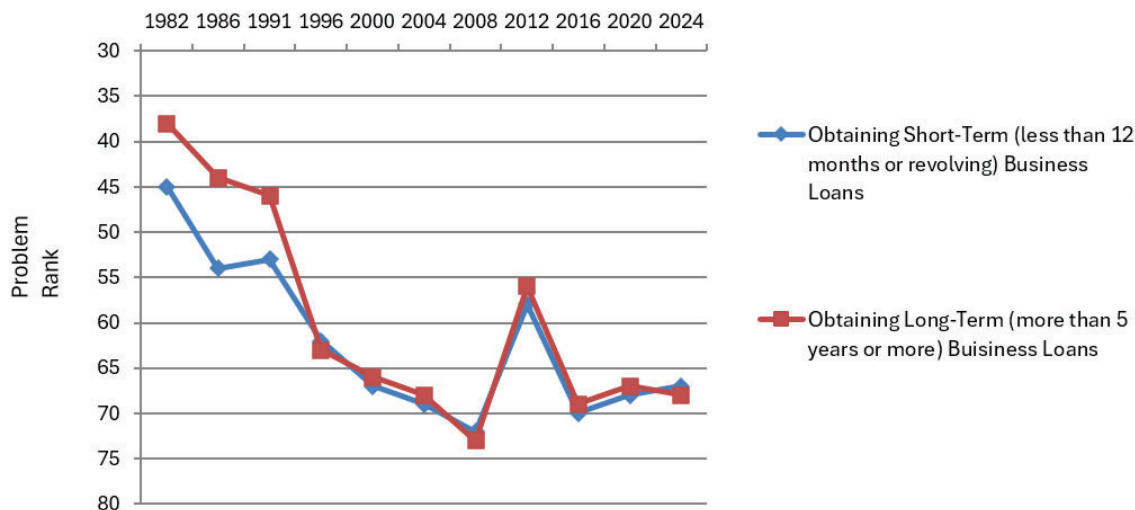
Two other business cycle related problems are “Obtaining Short-Term (less than 12 months or revolving) Business Loans” and “Obtaining Long-Term (more than 5 years or more) Business Loans.” The rankings over time for the former are 45th, 54th, 53rd, 64th, 69th, 70th, 72nd, 58th, 70th, 68th and most recently 67th. The latter ranked 38th, 44th, 46th, 63rd, 66th, 68th, 56th, 69th, 67th, and 68th in 2024. Both problems’ rankings have hardly changed from 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.

## CHART 4

### Financing Problem Rankings, 1982-2020

Obtaining Short-Term (less than 12 months or revolving) Business Loans and Obtaining Long-Term (more than 5 years or more) Business Loans, 1982-2024



#### b. Problems Increasing in Importance

Small business owners are increasingly burdened by higher minimum wage costs. “Minimum Wage/‘Living’ Wage” has moved from its ranking of 63rd in 1986 to 25th in 2024. Although the federal minimum wage has increased seven times over this period, the last time it was changed was 2009. Therefore state and local minimum/living wage rates are likely the main contributors to the recent escalation in problem severity.

“Cyber Crime (viruses, hacking, etc.)” is another problem that has increased in severity for small business owners. The problem was first introduced in 2012 and ranked 63rd. The following editions have it ranked 51st, 48th, and 41st in 2024. Ten percent of small business owners cite this problem as critical in 2024. As technology becomes more commonly used and advanced, small business owners have seen the threat of cyber crime increasing.

#### c. Problems Decreasing in Importance

Two cost-related problems have seen significant declines in severity over the years. These include “Telephone Costs and Services” and “FICA (Social Security Taxes).” Telephone communication has evolved quite a bit over the past few decades with new services and price options for small business owners. Over the past surveys, “Telephone Costs and Services” ranked 4th, 5th, 15th, 18th, 15th, 16th, 24th, 33rd, 33rd, 30th, and now 39th in 2024.

“FICA (Social Security Taxes)” has also declined in severity over recent years; although in 2024, it rose two rankings. Introduced in 1991, this problem has declined 20 positions from its highest ranking. The problem ranked 6th, 5th, 5th, 13th, 19th, 24th, 21st, 28th, and now 26th.

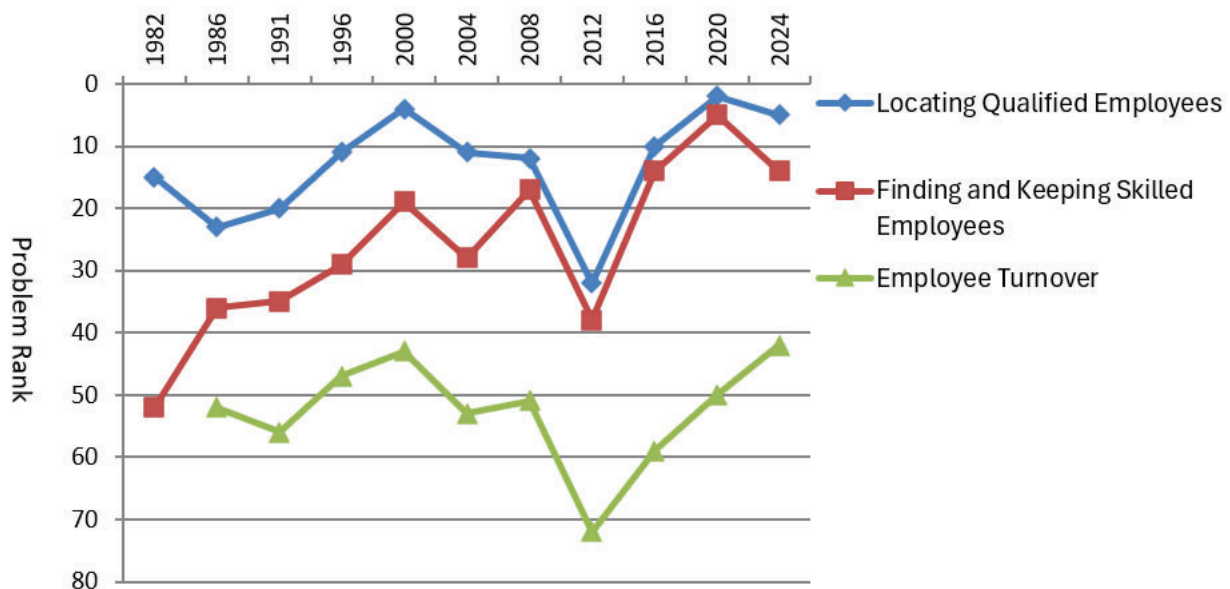
<sup>3</sup> United States Department of Labor, Wage and Hour Division, <http://www.dol.gov/whd/minwage/chart.htm>,

Another issue that has declined in importance over the recent years is “Delinquent Accounts/Late Payments.” Since 1982, this problem ranked 16th, 21st, 28th, 40th, 44th, 34th, 45th, 46th, 54th, and 58th in 2020 and 2024. Over the past few decades there has been an increase in financing options and expanded use of credit cards that has eased many payment issues previously faced by small business owners.

Finally, “Cash Flow” is another problem of declining importance. Since 2004 it has fallen 30 positions. In 2004 this problem ranked 7th place and has ranked 11th, 13th, 25th, 26th, and now 37th since. Cash flow issues may be due to lack of cash reserve, costly borrowing, uncontrolled business growth, and/or inaccurate estimating and accounting practices. New and advanced accounting software and payment solutions have likely contributed to the severity of this issue declining.

CHART 5

Locating Qualified Employees, Finding and Keeping Skilled Employees and Employee Turnover, 1982 - 2024





## Problems and Priorities for Small Business Classifications

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

The selected business classifications picked for the survey represent the most widely used classifications and a few that are unique. The classifications include firm size, industry, sales change, primary customer, population density, years of ownership, gender, and legal structure.

## Employee Size of Business

One of the most notable differentiating characteristics of small firms is the employee size of the business. There are two areas that show the greatest variation in rank: cost and the number of employees.

Cost-related problems affect smaller businesses more than larger ones due to economies of scale. Larger businesses have more purchasing power than smaller ones and are more able to absorb unexpected changes in business costs.

# Problems & Priorities for Small Business Classifications

ELEVENTH  
EDITION

**TABLE 6**

**Measures of Small Business Problem Importance by Number of Employees**

	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
1 Cost of Health Insurance	2	3.07	31.6	1	2.73	36.6	1	2.49	45.1	1	2.39	45.8	1	2.30	43.3	1	2.26	40.9	1	2.00	48.2
2 Cost of Supplies/ Inventories	1	3.02	23.5	2	3.03	20.3	4	3.10	19.1	6	3.07	17.2	7	3.03	19.3	5	2.99	21.5	6	3.11	25.9
3 Uncertainty over Economic Conditions	3	3.08	21.9	3	3.03	22.7	5	3.10	22.6	3	2.96	22.1	6	3.00	19.5	6	3.12	20.4	9	3.21	21.4
4 Federal Taxes on Business Income	8	3.35	21.4	4	3.04	25.5	3	3.02	27.8	5	3.02	21.9	3	2.86	25.9	11	3.29	24.7	14	3.27	26.8
5 Locating Qualified Employees	47	4.67	13.1	11	3.39	24.4	2	2.87	33.0	2	2.63	33.8	2	2.56	36.5	2	2.43	28.0	2	2.59	37.5
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	4	3.10	28.5	5	3.21	25.3	8	3.27	21.1	7	3.09	24.2	10	3.21	20.9	9	3.27	16.1	10	3.21	23.2
7 Unreasonable Government Regulations	6	3.25	24.6	7	3.28	23.2	10	3.34	23.1	8	3.13	23.1	5	2.94	23.9	4	2.95	25.0	3	2.59	35.7
8 Uncertainty over Government Actions	7	3.34	22.8	8	3.28	23.1	11	3.37	22.5	10	3.26	19.7	8	3.07	24.8	7	3.12	23.7	5	2.79	23.2
9 State Taxes on Business Income	9	3.40	21.6	9	3.36	22.7	7	3.19	22.3	9	3.25	20.6	13	3.29	22.6	14	3.43	18.3	7	3.18	23.2
10 Electricity Costs (rates)	11	3.42	16.9	6	3.22	18.7	9	3.30	16.3	13	3.41	13.2	14	3.36	13.7	17	3.49	12.9	24	3.61	23.2
11 Property Taxes (real, inventory or personal property)	5	3.14	28.6	10	3.37	22.0	12	3.41	21.8	11	3.36	19.2	11	3.24	20.9	19	3.51	15.2	13	3.25	18.2

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
EDITION**

**TABLE 6**

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	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
12 Tax Complexity	10	3.41	20.1	13	3.48	19.0	13	3.42	17.9	12	3.39	17.7	12	3.28	19.6	12	3.31	17.6	12	3.24	29.1
13 Interest Rates	12	3.55	24.4	12	3.43	23.1	14	3.49	21.6	14	3.46	18.8	16	3.48	17.3	18	3.50	26.1	8	3.18	25.5
14 Finding and Keeping Skilled Employees	56	4.96	9.1	19	3.79	20.2	6	3.12	28.4	4	2.96	29.2	4	2.88	32.3	3	2.83	25.0	4	2.71	39.3
15 Frequent Changes in Federal Tax Laws and Rules	14	3.72	15.7	15	3.55	18.0	15	3.65	16.3	18	3.65	13.8	19	3.60	14.0	24	3.62	15.4	15	3.32	17.9
16 Fixed Costs Too High	15	3.80	16.7	14	3.53	17.9	18	3.72	13.9	16	3.57	14.9	21	3.62	12.9	22	3.53	17.4	26	3.64	12.7
17 Cost and Availability of Liability Insurance	17	3.88	15.3	16	3.64	17.6	17	3.70	14.6	15	3.53	18.6	18	3.59	16.5	23	3.61	11.8	33	3.73	17.9
18 Federal Paperwork	18	3.88	14.9	17	3.66	13.0	21	3.80	12.4	24	3.74	11.4	27	3.78	13.5	31	3.74	12.0	17	3.42	12.7
19 State/Local Paperwork	19	3.89	14.1	18	3.72	12.7	19	3.72	12.2	23	3.74	11.5	20	3.61	11.1	26	3.69	8.6	28	3.68	14.3
20 Projecting Future Sales Changes	16	3.87	11.6	21	3.88	11.4	22	3.80	9.1	20	3.73	8.7	25	3.75	7.5	30	3.74	10.9	29	3.68	14.3
21 Pricing My Goods/ Services	22	3.95	14.3	25	3.98	10.2	26	3.98	9.8	21	3.73	10.0	26	3.78	10.2	21	3.51	16.1	32	3.73	17.9
22 Credit Card Payment Processing Costs	40	4.43	13.5	26	3.98	17.5	16	3.68	17.5	27	3.77	16.7	32	3.85	16.0	38	4.05	15.2	46	4.23	14.3
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	25	4.07	9.3	24	3.97	9.0	27	4.00	7.0	25	3.75	8.4	35	3.99	6.4	29	3.71	8.8	16	3.41	18.5

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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	
24	Dealing with IRS/State Tax Agencies	24	4.07	12.7	23	3.96	12.3	24	3.94	13.1	38	4.02	10.9	30	3.83	16.0	28	3.71	16.1	25	3.62	21.4
25	Minimum Wage/"Living" Wage	44	4.54	11.2	22	3.95	16.8	23	3.90	16.5	28	3.80	20.2	23	3.71	20.8	32	3.80	18.5	19	3.52	30.4
26	FICA (Social Security Taxes)	27	4.15	13.0	20	3.87	11.9	25	3.98	9.3	32	3.95	10.5	39	4.09	7.8	44	4.24	4.4	44	4.20	8.9
27	Finding Out about Regulatory Requirements	26	4.10	10.8	27	4.02	9.8	30	4.07	7.5	33	3.96	9.5	33	3.91	8.2	34	3.84	10.9	40	4.11	8.9
28	Highly Variable Earnings (profits)	20	3.91	13.7	28	4.07	9.2	31	4.09	7.5	37	4.01	7.4	36	4.01	8.6	37	4.04	8.7	37	4.04	12.7
29	Workers' Compensation	59	5.15	7.8	40	4.34	10.7	20	3.79	13.9	17	3.59	16.4	15	3.45	15.0	8	3.23	21.7	11	3.24	18.5
30	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	29	4.21	9.6	31	4.16	10.7	35	4.14	11.3	30	3.93	9.1	28	3.82	9.8	39	4.14	8.6	35	3.96	10.7
31	Poor Earnings (profits)	21	3.92	15.9	30	4.11	11.5	36	4.15	11.9	39	4.06	10.3	37	4.07	9.8	46	4.30	15.2	45	4.21	14.3
32	Real Estate Values	13	3.70	20.4	29	4.09	14.5	32	4.10	10.0	45	4.27	9.1	44	4.18	10.2	48	4.39	5.4	41	4.16	7.1
33	Competition from Large Businesses	33	4.25	11.9	34	4.23	9.8	28	4.00	11.7	36	4.00	11.3	41	4.16	9.8	36	4.02	8.6	34	3.79	17.9
34	Cost of Government Required Equipment/Procedures	35	4.36	10.9	36	4.29	12.0	40	4.21	11.4	31	3.94	11.0	31	3.84	11.6	33	3.80	11.0	20	3.52	14.3

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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
35 Unemployment Compensation	53	4.92	10.1	43	4.38	9.7	29	4.03	10.1	19	3.68	14.1	22	3.66	10.4	27	3.70	18.5	27	3.66	14.3
36 Health/Safety Regulations (e.g., OSHA)	46	4.62	7.8	37	4.31	9.8	39	4.19	8.4	34	3.99	11.0	29	3.82	10.3	16	3.48	16.5	30	3.70	17.9
37 Cash Flow	30	4.21	9.5	33	4.18	11.3	37	4.15	10.8	41	4.15	8.8	43	4.18	9.4	47	4.38	11.8	49	4.32	5.4
38 Controlling My Own Time	45	4.56	10.9	35	4.24	11.0	42	4.29	10.1	40	4.07	11.2	40	4.14	9.9	40	4.15	8.6	63	4.79	5.4
39 Telephone Costs and Service	28	4.16	8.8	32	4.17	9.2	46	4.38	5.9	46	4.28	3.8	48	4.40	5.4	53	4.44	7.5	52	4.41	7.1
40 Keeping Up on Business and Market Developments	38	4.41	5.9	38	4.32	5.2	43	4.29	5.9	44	4.25	5.9	46	4.21	4.4	49	4.39	3.2	36	4.02	12.5
41 Cyber Crime (viruses, hacking, etc.)	43	4.52	9.9	44	4.42	8.6	44	4.34	9.7	42	4.16	12.2	38	4.07	11.2	25	3.67	17.2	31	3.71	16.4
42 Employee Turnover	67	5.41	6.6	57	4.76	7.6	33	4.10	12.6	22	3.73	14.1	17	3.52	20.1	13	3.33	16.1	23	3.61	16.1
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	73	5.71	3.1	61	4.85	6.5	34	4.10	10.1	26	3.76	13.0	9	3.20	16.1	10	3.28	17.2	18	3.43	11.1
44 Training Employees	72	5.57	4.0	52	4.62	6.3	38	4.16	6.8	29	3.87	9.3	24	3.71	10.7	20	3.51	12.9	22	3.57	3.6

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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
45 Environmental Regulations (e.g., EPA)	34	4.32	15.2	48	4.50	10.4	52	4.54	8.3	43	4.22	10.8	42	4.17	11.1	42	4.16	6.5	43	4.20	12.5
46 Ability to Cost-Effectively Advertise	49	4.74	6.6	39	4.33	8.2	41	4.28	7.4	50	4.38	6.2	51	4.50	3.1	58	4.65	6.5	51	4.36	7.3
47 Using Computer(s), the Internet or New Technology Effectively	37	4.39	8.8	42	4.38	6.1	49	4.49	6.8	47	4.31	7.6	53	4.52	4.5	54	4.46	6.6	57	4.65	9.3
48 Traffic, Highways, Roads, Bridges	31	4.23	11.0	47	4.46	10.5	53	4.58	8.3	49	4.36	9.5	49	4.45	10.7	57	4.65	10.8	42	4.16	12.5
49 Hiring/Firing/Employment Regulations	69	5.49	5.3	51	4.62	6.5	45	4.37	7.0	35	3.99	10.3	34	3.96	10.8	15	3.47	10.9	39	4.11	7.1
50 Obtaining Licenses, Permits, etc.	36	4.38	7.7	45	4.45	8.8	50	4.50	6.7	53	4.53	6.2	50	4.49	9.2	45	4.29	6.5	47	4.29	10.7
51 Poor Sales	32	4.25	11.0	41	4.37	9.3	48	4.49	7.6	57	4.70	4.7	56	4.59	6.0	64	4.92	6.5	53	4.55	8.9
52 Estate Tax	23	4.06	23.0	46	4.46	17.3	60	4.84	10.5	60	4.75	12.6	55	4.55	11.6	43	4.17	18.5	21	3.56	25.5
53 Handling Business Growth	55	4.95	3.1	55	4.73	4.8	47	4.38	6.1	48	4.36	3.4	47	4.30	4.5	41	4.15	3.3	50	4.33	1.8
54 Rules on Retirement Plans	39	4.41	11.2	49	4.55	7.4	55	4.68	4.5	54	4.56	6.4	57	4.64	5.8	59	4.65	4.3	55	4.61	1.8
55 Crime, including Identity Theft, Shoplifting, etc.	48	4.70	11.5	56	4.74	10.5	58	4.73	8.3	56	4.68	8.2	52	4.51	10.7	35	4.01	16.1	58	4.71	5.5
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	54	4.94	5.0	53	4.64	6.3	51	4.51	5.4	58	4.71	3.4	60	4.72	5.1	56	4.59	8.8	65	4.80	3.6

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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
57 Reducing Energy Use in a Cost-Effective Manner	52	4.84	6.5	59	4.79	4.3	59	4.77	5.1	51	4.44	6.6	54	4.53	5.1	61	4.80	3.3	54	4.58	7.3
58 Delinquent Accounts/ Late Payments	61	5.23	4.0	54	4.72	6.0	54	4.58	8.7	55	4.60	5.2	59	4.68	7.4	50	4.39	7.5	59	4.73	9.1
59 Mandatory Family or Sick Leave	71	5.54	4.4	64	4.97	7.9	57	4.69	8.7	52	4.45	9.8	45	4.20	11.9	51	4.41	10.9	38	4.09	18.2
60 Zoning/Land Use Regulations	42	4.46	9.3	62	4.86	7.2	61	4.86	7.1	63	4.87	4.5	58	4.64	7.5	60	4.78	6.5	56	4.63	8.9
61 Competition from Internet Businesses	58	5.09	5.6	50	4.58	8.4	56	4.69	9.8	62	4.87	7.0	65	5.20	3.7	67	5.01	9.7	62	4.73	14.3
62 Protecting Intellectual Property	51	4.77	10.0	60	4.83	9.0	62	4.91	4.8	59	4.74	6.4	61	4.82	5.5	52	4.42	10.9	64	4.79	12.5
63 Competition from Imported Products	41	4.45	13.4	58	4.78	9.0	63	4.97	7.1	67	5.08	4.5	66	5.22	5.1	66	5.00	7.6	67	5.05	10.9
64 Access to High-Speed Internet	50	4.76	9.9	63	4.87	7.7	64	5.07	9.0	65	5.05	10.0	69	5.28	6.4	73	5.51	6.5	74	5.62	1.8
65 Undocumented Workers	57	5.06	12.7	65	5.11	11.6	66	5.18	8.4	66	5.05	9.4	68	5.27	7.5	55	4.48	18.5	60	4.73	16.4
66 Cost and Availability of Child Care	65	5.32	6.7	69	5.35	5.4	65	5.08	7.0	61	4.86	10.0	62	4.86	8.5	63	4.90	3.3	61	4.73	3.6

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
EDITION**

**TABLE 6**

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

	<b>None</b> <i>n</i> = 263			<b>1-4 Employees</b> <i>n</i> = 800			<b>5-9 Employees</b> <i>n</i> = 575			<b>10-19 Employees</b> <i>n</i> = 451			<b>20-49 Employees</b> <i>n</i> = 281			<b>50-99 Employees</b> <i>n</i> = 81			<b>100 or More Employees</b> <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 Short-Term (less than 12 months or revolving) Business Loans	63	5.27	6.4	66	5.12	5.9	67	5.24	5.0	70	5.23	4.3	70	5.36	3.7	70	5.24	6.5	69	5.32	5.4
68	Obtaining Long-Term (5 years or more) Business Loans	62	5.27	5.0	67	5.22	5.6	69	5.32	5.1	69	5.21	5.5	64	5.19	3.7	69	5.19	5.4	68	5.14	3.6
69	Bad Debts (not delinquencies) and/or Bankruptcies	74	5.73	3.1	70	5.35	3.8	68	5.25	4.9	64	5.04	4.4	63	5.13	3.4	65	4.99	2.2	70	5.36	5.5
70	Winning Contracts from Federal/State/Local Governments	75	5.78	3.1	72	5.36	6.0	71	5.37	4.6	68	5.11	4.3	67	5.24	5.5	68	5.09	4.3	71	5.38	5.4
71	Credit Rating/Record Errors	64	5.31	4.3	68	5.24	4.0	70	5.33	4.5	72	5.35	2.0	72	5.56	3.7	71	5.32	5.5	73	5.54	3.6
72	Costs and Frequency of Lawsuits/Threatened Lawsuits	68	5.44	6.5	71	5.36	4.5	73	5.60	4.0	71	5.24	5.7	71	5.38	6.1	62	4.84	9.8	48	4.31	18.5
73	Out-of-State Sales Tax (e.g., internet sales)	66	5.34	7.5	73	5.46	5.0	74	5.65	4.5	73	5.45	5.7	74	5.78	2.7	72	5.48	5.4	66	4.98	10.9
74	Importing My Products/Services	70	5.50	4.0	74	5.55	2.9	72	5.57	3.5	74	5.63	3.4	73	5.73	3.4	75	5.88	0.0	75	5.68	7.1
75	Exporting My Products/Services	60	5.21	7.8	75	5.59	4.3	75	5.78	3.5	75	5.82	2.3	75	5.91	1.7	74	5.67	4.4	72	5.47	7.3



“FICA (Social Security Taxes)” is cited as one of the problems that is more severe for smaller firms than larger firms. This issue ranks 27th for firms with no employees and 44th for firms with 100 or more employees. As the number of employees increased, the rankings declined (apart from the group with no employees). There was a 24-ranking difference between those firms with 1-4 employees (20th) and those with over 100.

The problem of “Cash Flow” is another issue that is more severe for firms with a smaller number of employees. For firms with no employees, cash flow ranks 30th compared to 49th for firms with 100 or more employees. The percent of firms with no employees who cite this as a critical problem is 10 percent, double that of those with 100 or more employees.

“Real Estate Values” has a ranking difference of 28 positions between those with no employees and those with more than 100. While “Real Estate Values” ranks 32nd overall it is the 13th most severe problem for firms with no employees. For firms with employees, the ranks range from 29th (1-4 employees) to 48th (50-99 employees). There are a few possible explanations as to why “Real Estate Values” is more of a severe issue for smaller businesses. One explanation may be that smaller business owners are more likely to use their home as collateral to access credit whereas larger businesses own more assets to use as collateral for borrowing purposes. Another reason may be because the type of industries most affected by real estate values, such as construction and real estate agents, are typically those with fewer employees.

The severity of employment issues is also associated with firm size. Employment issues are much more burdensome for larger businesses than smaller ones, and both find them much more burdensome than non-employer firms.

One of the most significant differences between firm size occurs for the problem of “Managing Employees (e.g., performance, absenteeism, appearance, etc.)” While it ranks 43rd overall, non-employer firms rank it 73rd out of the 75 listed problems. Firms with over 100 employees rank it 18th and the problem is most severe for those with 20-49 employees (9th).

“Workers’ Compensation” is an employment-related issue that has a significant variation between those with no employees and those with over 100. While “Workers’ Compensation” ranks 29th overall, businesses with over 100 employees rank it as the 11th most critical problem. Non-employer businesses rank “Workers’ Compensation” as the 59th. The issue is most severe for businesses with 50-99 employees, a position of 8th.

“Unemployment Compensation” follows a similar pattern. Owners with no employees rank the problem 53rd, 43rd for those with 1-4 employees, and 27th for those with 100 or more employees. The problem is most burdensome for businesses with 10-19 employees.

Many of the problems at the top of the list vary little by firm size including “Cost of Health Insurance,” “Uncertainty over Economic Conditions,” 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

**ELEVENTH  
EDITION**

**TABLE 7**

**Measures of Small Business Problem Importance by Industry**

		Agr., Forestry, Fish <i>n=396</i>			Construction <i>n=403</i>			Manufacturing <i>n=291</i>			Wholesale <i>n=76</i>			Retail <i>n=453</i>			Transportation/ Warehousing <i>n=77</i>			Finance, Insur., Real Estate, Rental <i>n=157</i>			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n=174</i>			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n=371</i>		
		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	2.53	39.9	1	2.42	42.1	1	2.58	40.5	1	2.76	30.7	1	2.79	38.9	1	2.30	43.5	1	2.48	41.2	1	2.54	41.3	1	2.69	41.7
2	Cost of Supplies/ Inventories	3	2.69	25.1	4	2.88	22.2	4	3.02	18.2	6	3.42	11.0	2	2.96	19.2	6	2.89	20.0	45	4.50	7.3	15	3.72	13.6	2	2.88	23.1
3	Uncertainty over Economic Conditions	6	2.81	23.1	6	3.02	22.9	2	2.92	25.5	4	3.39	14.1	3	3.14	22.1	2	2.58	29.0	2	2.95	24.4	8	3.46	14.6	7	3.20	21.6
4	Federal Taxes on Business Income	9	3.02	24.4	5	2.99	29.0	5	3.02	26.5	2	3.23	16.2	4	3.15	21.9	10	3.09	22.6	4	3.13	28.0	3	3.10	23.0	6	3.13	24.9
5	Locating Qualified Employees	23	3.74	20.0	2	2.76	35.4	3	2.93	31.5	5	3.42	19.2	8	3.33	23.5	3	2.64	36.8	10	3.63	21.5	2	2.98	35.0	3	3.04	29.7
6	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	2	2.64	34.9	3	2.86	29.0	11	3.33	16.9	10	3.56	11.9	10	3.39	20.2	4	2.67	33.0	19	3.85	15.8	21	3.88	18.2	9	3.27	21.9
7	Unreasonable Government Regulations	5	2.80	32.1	8	3.15	24.5	8	3.21	21.6	3	3.34	14.6	12	3.50	20.4	5	2.79	31.1	3	3.11	26.2	4	3.17	20.5	12	3.43	21.6
8	Uncertainty over Government Actions	7	2.94	27.7	10	3.29	21.7	6	3.17	25.1	9	3.56	13.0	11	3.42	21.2	7	2.99	23.1	6	3.37	23.0	5	3.34	20.2	11	3.41	22.6
9	State Taxes on Business Income	14	3.31	19.6	9	3.23	24.0	10	3.32	19.5	7	3.48	19.8	9	3.33	20.4	9	3.07	19.6	15	3.80	24.2	10	3.54	19.6	4	3.07	25.3

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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**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
10 Electricity Costs (rates)	12	3.18	18.2	14	3.52	13.0	7	3.19	17.5	14	3.80	7.0	6	3.28	18.3	17	3.42	17.9	11	3.63	11.6	11	3.56	15.1	5	3.10	19.5
11 Property Taxes (real, inventory or personal property)	4	2.78	31.1	13	3.39	22.0	12	3.35	19.1	15	3.81	11.2	7	3.31	21.8	18	3.42	15.2	8	3.46	25.2	12	3.67	18.3	14	3.59	18.3
12 Tax Complexity	10	3.11	21.1	11	3.34	19.5	13	3.39	16.4	11	3.66	9.3	15	3.67	17.5	12	3.16	17.1	5	3.27	23.6	6	3.43	16.3	13	3.57	19.9
13 Interest Rates	8	3.01	28.4	12	3.36	24.3	14	3.52	21.2	8	3.50	21.0	14	3.66	19.1	11	3.09	24.5	9	3.53	19.1	20	3.86	14.7	19	3.73	19.3
14 Finding and Keeping Skilled Employees	39	4.14	13.7	7	3.08	32.7	9	3.24	27.8	18	3.90	15.8	13	3.64	20.3	14	3.19	27.1	14	3.79	19.4	9	3.46	28.2	8	3.25	28.2
15 Frequent Changes in Federal Tax Laws and Rules	15	3.36	17.8	18	3.68	14.6	18	3.75	13.4	16	3.81	8.2	24	3.86	14.2	15	3.28	18.1	7	3.44	21.0	7	3.45	17.0	17	3.69	18.4
16 Fixed Costs Too High	11	3.14	21.6	19	3.69	14.1	17	3.70	13.0	24	4.00	6.3	18	3.76	14.0	16	3.38	18.3	21	3.88	12.3	22	3.89	14.7	18	3.70	17.4
17 Cost and Availability of Liability Insurance	20	3.56	16.9	15	3.58	17.9	20	3.83	14.9	20	3.96	11.2	17	3.73	14.3	8	3.03	28.6	30	4.25	13.4	14	3.72	15.0	15	3.64	17.4
18 Federal Paperwork	17	3.47	13.3	22	3.80	13.0	15	3.58	14.2	13	3.79	6.0	23	3.86	12.2	22	3.69	13.2	13	3.73	15.2	18	3.78	14.0	21	3.85	14.1
19 State/Local Paperwork	18	3.50	12.6	17	3.61	12.9	19	3.76	12.1	17	3.86	8.9	26	3.96	10.7	24	3.71	8.3	17	3.83	14.0	17	3.74	14.8	20	3.80	13.3
20 Projecting Future Sales Changes	21	3.59	12.9	23	3.83	9.4	16	3.63	9.8	12	3.70	8.2	22	3.83	11.6	32	3.86	8.5	24	4.08	7.3	26	3.97	8.5	25	3.98	8.9

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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**TABLE 7**

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

	Agr., Forestry, Fish <i>n=396</i>			Construction <i>n=403</i>			Manufacturing <i>n=291</i>			Wholesale <i>n=76</i>			Retail <i>n=453</i>			Transportation/ Warehousing <i>n=77</i>			Finance, Insur., Real Estate, Rental <i>n=157</i>			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n=174</i>			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n=371</i>		
	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 Pricing My Goods/ Services	22	3.71	14.3	25	3.88	10.7	23	3.94	9.2	27	4.06	10.4	27	3.97	9.2	28	3.79	8.5	46	4.52	8.0	16	3.72	10.1	22	3.89	11.9
22 Credit Card Payment Processing Costs	50	4.60	9.5	38	4.19	12.2	40	4.33	11.1	33	4.19	8.2	5	3.17	26.2	45	4.30	13.1	51	4.60	9.2	19	3.83	17.4	10	3.30	25.6
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	28	3.79	7.9	27	3.92	9.6	27	3.99	7.0	19	3.91	4.2	25	3.92	8.7	23	3.69	6.7	16	3.82	10.4	30	4.05	8.1	30	4.08	9.0
24 Dealing with IRS/ State Tax Agencies	29	3.84	12.1	21	3.78	16.0	22	3.92	14.9	40	4.30	9.1	32	4.11	9.9	30	3.85	11.5	18	3.84	18.4	28	4.00	12.3	28	4.05	12.1
25 Minimum Wage/"Living" Wage	38	4.11	15.2	37	4.18	14.4	29	4.02	12.9	45	4.38	9.3	21	3.82	18.8	31	3.86	17.3	26	4.15	17.8	13	3.69	19.3	16	3.65	24.4
26 FICA (Social Security Taxes)	34	3.93	10.7	26	3.90	12.4	38	4.24	10.0	23	3.98	7.3	28	4.06	7.0	34	3.95	7.7	25	4.12	10.6	29	4.04	10.1	27	4.03	11.5
27 Finding Out about Regulatory Requirements	25	3.75	9.3	29	4.01	9.0	30	4.04	9.8	30	4.12	7.1	39	4.26	8.4	20	3.48	15.9	27	4.16	7.9	23	3.91	10.4	31	4.09	9.8
28 Highly Variable Earnings (profits)	27	3.76	13.3	30	4.06	8.9	24	3.94	8.6	38	4.28	7.1	31	4.10	8.8	33	3.89	4.8	43	4.48	5.6	37	4.30	4.9	29	4.06	9.4
29 Workers' Compensation	48	4.49	9.1	16	3.60	18.5	21	3.86	9.9	26	4.05	11.1	33	4.13	12.9	21	3.61	17.9	53	4.63	7.4	38	4.31	10.1	23	3.95	15.8

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
EDITION**

**TABLE 7**

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

	Agr., Forestry, Fish <i>n=396</i>			Construction <i>n=403</i>			Manufacturing <i>n=291</i>			Wholesale <i>n=76</i>			Retail <i>n=453</i>			Transportation/ Warehousing <i>n=77</i>			Finance, Insur., Real Estate, Rental <i>n=157</i>			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n=174</i>			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n=371</i>		
	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
30 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	30	3.85	12.4	44	4.28	9.5	26	3.96	8.7	28	4.07	6.9	30	4.10	11.5	29	3.84	12.3	42	4.48	6.7	35	4.29	8.7	26	4.02	11.6
31 Poor Earnings (profits)	26	3.75	15.4	39	4.20	11.5	31	4.04	10.6	42	4.32	6.2	29	4.09	11.7	38	4.02	10.7	50	4.58	8.0	43	4.34	9.0	32	4.10	13.3
32 Real Estate Values	16	3.41	21.3	28	3.98	13.4	44	4.39	8.2	48	4.43	5.0	44	4.36	8.7	37	3.98	10.5	23	3.99	14.6	49	4.51	6.8	40	4.36	12.0
33 Competition from Large Businesses	32	3.92	12.8	43	4.27	8.6	36	4.16	9.0	25	4.01	9.1	19	3.76	16.6	44	4.19	9.3	28	4.18	9.1	42	4.34	7.3	45	4.45	10.0
34 Cost of Government Required Equipment/Procedures	24	3.75	14.3	31	4.09	12.6	28	4.00	13.1	21	3.97	14.1	45	4.38	10.8	19	3.45	17.3	41	4.43	13.0	34	4.27	10.6	41	4.38	7.9
35 Unemployment Compensation	49	4.57	8.0	24	3.86	14.0	25	3.95	12.1	22	3.98	9.2	42	4.31	8.5	35	3.96	13.2	37	4.37	10.9	31	4.18	10.3	24	3.97	13.1
36 Health/Safety Regulations (e.g., OSHA)	33	3.92	11.2	20	3.71	13.0	32	4.06	11.1	35	4.22	8.3	52	4.56	6.5	26	3.76	16.2	57	4.81	5.6	41	4.33	6.9	43	4.42	10.1
37 Cash Flow	37	4.02	10.0	32	4.09	11.5	35	4.12	10.5	41	4.30	9.0	34	4.13	13.0	39	4.11	11.1	52	4.60	6.1	44	4.34	5.9	39	4.34	8.9
38 Controlling My Own Time	45	4.38	9.8	45	4.28	10.3	47	4.41	9.9	51	4.54	6.1	37	4.20	11.5	42	4.16	8.6	33	4.29	9.8	25	3.96	12.7	34	4.18	11.8

# Problems & Priorities for Small Business Classifications

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**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
39 Telephone Costs and Service	43	4.20	7.5	47	4.35	7.9	48	4.43	5.5	53	4.59	1.0	38	4.22	7.9	47	4.31	1.9	31	4.25	5.5	47	4.43	5.0	33	4.14	9.6
40 Keeping Up on Business and Market Developments	40	4.15	3.7	49	4.41	7.7	45	4.39	4.3	31	4.15	6.0	40	4.26	4.5	49	4.34	7.6	29	4.20	8.0	33	4.22	3.2	42	4.42	5.8
41 Cyber Crime (viruses, hacking, etc.)	46	4.38	9.5	40	4.21	10.9	37	4.23	11.7	52	4.56	8.0	48	4.46	7.2	46	4.30	11.2	12	3.70	20.0	27	4.00	12.9	47	4.52	8.1
42 Employee Turnover	61	4.90	5.6	35	4.14	11.0	39	4.28	15.2	43	4.33	8.2	41	4.29	11.6	27	3.78	17.9	38	4.40	11.7	32	4.18	13.4	36	4.24	13.7
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	60	4.89	7.3	34	4.13	9.0	34	4.10	9.5	29	4.11	8.1	43	4.32	9.2	40	4.11	10.4	48	4.54	7.4	45	4.36	10.1	37	4.30	13.3
44 Training Employees	59	4.84	5.0	33	4.13	7.8	33	4.07	9.8	49	4.48	4.0	51	4.55	5.4	41	4.14	10.3	32	4.26	9.1	24	3.96	9.4	38	4.31	7.8
45 Environmental Regulations (e.g., EPA)	13	3.26	22.6	42	4.24	10.9	43	4.38	11.1	50	4.54	6.1	59	4.78	5.5	25	3.73	17.1	66	5.14	8.1	67	5.26	3.7	54	4.69	7.1
46 Ability to Cost-Effectively Advertise	62	5.04	2.5	52	4.51	6.6	54	4.65	5.1	54	4.61	1.0	20	3.77	12.2	58	4.63	3.8	22	3.96	9.8	50	4.56	4.6	35	4.21	8.0
47 Using Computer(s), the Internet or New Technology Effectively	44	4.33	6.0	50	4.41	9.2	59	4.84	3.2	44	4.36	6.2	46	4.39	6.1	56	4.55	3.9	35	4.36	4.4	40	4.32	10.4	46	4.49	6.1

# Problems & Priorities for Small Business Classifications

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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			
48	Traffic, Highways, Roads, Bridges			31	3.89	11.5	53	4.56	10.1	53	4.63	9.4	34	4.19	8.0	58	4.77	6.5	13	3.17	28.0	47	4.52	9.1	59	4.82	8.1	48	4.56	9.9
49	Hiring/Firing/ Employment Regulations			57	4.78	5.1	46	4.34	9.4	49	4.45	7.2	32	4.16	6.2	50	4.54	7.4	36	3.96	8.6	34	4.31	9.3	36	4.30	8.1	44	4.44	8.5
50	Obtaining Licenses, Permits, etc.			36	4.01	9.2	36	4.16	10.8	57	4.78	5.6	58	4.84	9.2	57	4.76	6.4	43	4.18	6.7	40	4.41	7.3	51	4.62	5.9	52	4.67	7.3
51	Poor Sales			42	4.17	9.4	60	4.84	5.8	46	4.40	7.0	36	4.25	5.9	35	4.16	10.9	54	4.51	6.6	49	4.56	6.1	61	4.87	3.6	51	4.66	9.1
52	Estate Tax			19	3.51	28.4	58	4.72	12.7	52	4.59	14.5	56	4.76	9.2	60	4.80	11.4	59	4.63	11.3	44	4.48	16.0	58	4.80	8.7	57	4.81	13.8
53	Handling Business Growth			54	4.69	4.4	41	4.21	6.7	51	4.55	2.7	46	4.38	2.0	55	4.71	4.8	48	4.32	0.9	59	4.85	1.8	46	4.37	6.8	56	4.72	4.6
54	Rules on Retirement Plans			47	4.48	6.4	51	4.46	5.5	56	4.71	6.3	57	4.82	3.0	56	4.72	5.8	60	4.71	1.9	39	4.41	11.0	48	4.44	7.2	53	4.69	8.1
55	Crime, including Identity Theft, Shoplifting, etc.			52	4.62	9.5	54	4.61	12.2	63	5.08	5.5	60	4.94	5.1	47	4.42	9.3	52	4.40	13.2	55	4.78	12.9	56	4.70	10.3	58	4.82	9.9
56	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)			64	5.09	2.4	59	4.77	4.5	60	4.86	5.5	55	4.61	4.2	36	4.19	7.5	63	4.93	3.8	36	4.36	9.8	52	4.64	3.7	55	4.72	5.4



# Problems & Priorities for Small Business Classifications

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**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	
57	Reducing Energy Use in a Cost-Effective Manner	51	4.61	4.9	62	4.88	5.3	41	4.35	4.4	61	4.97	0.0	53	4.64	5.4	53	4.46	4.8	65	5.07	6.2	62	4.97	4.7	49	4.62	6.3
58	Delinquent Accounts/Late Payments	68	5.16	3.7	48	4.35	9.1	50	4.50	8.2	37	4.27	6.9	61	4.83	6.1	50	4.38	6.5	58	4.83	9.1	39	4.31	8.1	61	4.99	4.8
59	Mandatory Family or Sick Leave	66	5.12	6.3	56	4.65	8.6	55	4.67	11.1	65	5.16	5.1	54	4.69	8.8	51	4.39	8.6	62	4.96	7.4	53	4.67	9.9	50	4.64	10.8
60	Zoning/Land Use Regulations	35	4.00	12.5	55	4.63	7.7	61	4.93	6.3	69	5.28	1.0	63	5.06	5.2	62	4.88	1.9	61	4.92	10.9	64	5.12	5.9	62	5.00	5.0
61	Competition from Internet Businesses	69	5.33	4.7	71	5.23	5.0	62	4.97	4.7	47	4.42	5.1	16	3.71	18.3	71	5.34	1.9	20	3.87	13.4	57	4.78	5.9	63	5.09	6.0
62	Protecting Intellectual Property	55	4.71	8.9	63	4.89	6.5	58	4.79	6.0	62	5.00	6.1	62	4.98	6.3	57	4.60	6.7	56	4.80	9.2	54	4.68	7.8	59	4.84	7.6
63	Competition from Imported Products	41	4.15	12.3	67	5.11	6.2	42	4.36	9.4	39	4.29	11.0	49	4.52	12.4	73	5.48	3.8	73	5.90	1.8	73	5.81	1.8	66	5.26	5.8
64	Access to High-Speed Internet	53	4.67	11.4	70	5.19	8.4	67	5.33	7.1	73	5.36	4.0	64	5.11	6.8	64	4.95	8.6	64	5.02	7.3	55	4.69	9.7	60	4.97	9.2
65	Undocumented Workers	58	4.83	13.2	57	4.67	14.7	69	5.39	6.7	63	5.02	9.2	69	5.40	7.5	68	5.18	9.8	67	5.28	7.3	70	5.37	8.1	64	5.18	10.9
66	Cost and Availability of Child Care	65	5.10	5.7	66	5.08	8.3	64	5.13	5.9	67	5.27	3.1	65	5.24	5.8	70	5.33	3.8	60	4.90	11.7	60	4.83	10.8	65	5.21	6.4

# Problems & Priorities for Small Business Classifications

**ELEVENTH  
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**TABLE 7**

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

	Agr., Forestry, Fish <i>n=396</i>			Construction <i>n=403</i>			Manufacturing <i>n=291</i>			Wholesale <i>n=76</i>			Retail <i>n=453</i>			Transportation/ Warehousing <i>n=77</i>			Finance, Insur., Real Estate, Rental <i>n=157</i>			Prof.,Sci., Tech., Ed., Svcs., Health, Soc. Assist. <i>n=174</i>			Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs. <i>n=371</i>			
	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	
67	Obtaining Short-Term (less than 12 months or revolving) Business Loans	67	5.12	5.9	64	5.02	6.4	68	5.37	3.9	75	5.39	4.0	68	5.34	5.1	67	5.15	4.6	68	5.37	5.5	65	5.15	4.4	68	5.30	6.2
68	Obtaining Long-Term (5 years or more) Business Loans	63	5.09	5.7	69	5.18	5.2	66	5.27	5.1	72	5.32	4.0	67	5.33	5.8	61	4.77	5.7	69	5.52	4.3	71	5.38	3.2	67	5.29	4.8
69	Bad Debts (not delinquencies) and/or Bankruptcies	74	5.49	2.4	65	5.04	4.6	71	5.40	3.6	59	4.89	2.1	66	5.32	4.8	55	4.54	8.7	70	5.71	1.9	66	5.25	3.8	69	5.36	4.9
70	Winning Contracts from Federal/State/Local Governments	75	5.61	4.4	61	4.84	7.1	65	5.17	3.1	64	5.12	6.1	73	5.51	3.7	65	4.96	4.7	72	5.87	3.7	69	5.28	4.1	72	5.53	5.2
71	Credit Rating/Record Errors	70	5.35	3.1	68	5.15	4.5	72	5.52	2.4	70	5.29	5.1	72	5.50	2.7	69	5.30	5.6	63	4.99	8.0	68	5.28	3.6	70	5.42	3.7
72	Costs and Frequency of Lawsuits/Threatened Lawsuits	73	5.41	5.3	72	5.28	7.7	73	5.55	5.5	74	5.36	4.0	74	5.59	3.1	66	5.03	5.7	54	4.71	10.4	63	5.11	4.5	71	5.53	4.0
73	Out-of-State Sales Tax (e.g., internet sales)	72	5.40	4.8	74	5.62	4.1	70	5.39	7.4	68	5.27	4.0	70	5.45	4.8	72	5.34	2.8	71	5.74	4.3	72	5.58	4.1	73	5.66	6.3
74	Importing My Products/Services	71	5.38	4.4	73	5.54	3.9	75	5.60	2.0	71	5.29	4.0	71	5.46	3.8	74	5.69	2.9	74	5.98	3.7	74	5.83	1.8	74	5.76	2.1
75	Exporting My Products/Services	56	4.75	8.8	75	5.89	3.0	74	5.55	3.6	66	5.21	7.1	75	5.80	3.4	75	5.72	1.9	75	6.11	3.7	75	6.06	1.4	75	5.94	2.1

## 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. Another difference is that its products tend to be more dependent on international markets than 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 52nd overall and 19th for the industry, the most severe of any of the reported industries. The ranking climbed three positions from 22nd in 2020 with 20 percent of owners claiming it is a critical problem, to 19th position with 28 percent finding it critical.

Regulations are problematic for small businesses in general, however owners in the agriculture-related industries rank “Environmental Regulations (e.g., EPA)” and “Zoning/Land Use Regulations” more severely than the overall population. Small businesses in this industry rank “Environmental Regulations (e.g., EPA)” 13th in severity compared to 45th overall. Twenty-three percent of small business owners in the Agriculture, Forestry and Fishing industry report it a critical problem. “Zoning/Land Use Regulations” is also more of a concern for those in this industry. It ranks 35th for those businesses compared to 60th for overall, a difference of 25 positions.

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 63rd overall but 41st for those in the industry. Twelve percent cite it as critical. And while “Exporting My Products/Services” ranks last for the overall population it ranks 56th for the industry.

Additionally, there were also some problems with a significant variation that appeared less of a concern for those in the agriculture industry than overall. “Credit Card Payment Processing Costs” ranks 50th for firms in the agriculture industry and 22nd overall. Similarly, “Finding and Keeping Skilled Employees” ranks 39th for these firms compared to 14th. These issues seem to be less problematic for agriculture-related firms.

## b. Construction

The differences between the construction industry and overall small business population are much smaller than those in agriculture. Firms in the construction industry report “Health/Safety Regulations (e.g., OSHA)” as the 20th most severe problem facing their business, compared to 36th overall. Construction firms face significant safety regulations due to the nature of the work. This is also true for “Obtaining Licenses, Permits, etc.,” which ranks 36th for construction firms but 50th overall.

While all small firms experience labor-related challenges, firms in the construction industry have reported these issues as more severe. “Locating Qualified Employees” ranks second for firms in the construction industry, with 35 percent finding it a critical issue compared to 28 percent of the overall population. Another labor-related problem, “Finding and Keeping Skilled Employees,” also follows this trend with

33 percent in the industry finding it a critical issue compared to the overall reading of 24 percent. This is also true for “Employee Turnover,” which proves to be more difficult for construction firms with a ranking of 35th for the industry and 42nd overall. Of all industries, construction ranks “Undocumented Workers” the most severe. It ranks 57th for the industry and 65th overall. The percent of small businesses in the construction industry citing it a critical problem is 15 percent, 4 points higher than for the overall population.

## c. Manufacturing

For small businesses in the manufacturing sector the problem with the greatest variation between the industry and overall population is “Competition from Imported Products.” It ranks 63rd overall and 42nd for the industry, up from 47th in 2020.

Another problem that affects manufacturing firms more than the overall business population is “Reducing Energy Use in a Cost-Effective Manner.” Of all the industries manufacturing ranks this issue the most severe at 41st. This is 16 positions higher than the overall small business population ranking of 57th.

Manufacturing firms also have a more difficult time training and managing employees. “Training Employees” ranks 44th overall and 33rd for the industry, with 10 percent citing it a critical problem. “Managing Employees (e.g., performance, absenteeism, appearance, etc.)” followed with a nine-position difference between overall and the industry ranking. Manufacturing firms rank this issue 34th compared to 43rd overall.

## d. Wholesale Trade

The difference in problem ranking between small businesses in the wholesale trade industry and the overall population involves problems related to competition and payments.

The largest variation in problem ranking for the wholesale trade industry is “Competition from Imported Products,” which ranks 63rd overall compared to 39th in the industry. Eleven percent of firms in the industry cite this issue as a critical problem. The other two competition-related problems, “Competition from Internet Businesses” and “Competition from Large Businesses” also prove to be more difficult for the wholesale trade industry compared to general small business population. “Competition from Internet Businesses” ranks 61st overall but 47th for the industry, 14 positions higher. Similarly, “Competition from Large Businesses” ranks 33rd overall, 25th for the industry, and is critical for 9 percent of them.

The wholesale trade industry also tends to have more difficulties with payment-related issues compared to the overall population. The second largest difference in problem ranking for this industry is “Delinquent Accounts/Late Payments.” This problem ranks 58th overall and 37th for the wholesale trade industry. Despite the large difference in severity for this industry, the severity has fallen from 2020, when it ranked 22nd. Another payment-related issue that is more difficult for small businesses in the wholesale trade industry is “Bad Debts (not delinquencies) and/or Bankruptcies.” The industry ranks this problem 59th compared to 69th overall.

## e. Retail Trade

“Competition from Internet Businesses” continues to be more problematic for the retail industry than the general business population and ranks more severe than any other industry. This issue ranks 61st overall and 16th for the industry. Eighteen percent report it as a critical problem for their business compared to the overall reading of 8 percent.

The retail sector also reports more difficulties with advertising and promoting business products and services compared to the overall firm. The “Ability to Cost-Effectively Advertise” ranks 20th for small retail businesses, which is 26 rankings higher than overall and also the most severe of all industries. Twelve percent of small businesses in this sector cite this as a critical problem. A similar problem, “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.),” ranks 56th overall and 36th for the industry. The only other industry ranking this issue this severe was Finance and Real Estate.

The fourth problem with the greatest difference in severity for the retail sector compared to overall is “Credit Card Payment Processing Costs.” The retail sector has the most severe ranking (5th) of all industries and is 17 positions above the overall population ranking of 22nd. Over a quarter (26 percent) of small businesses in this industry cite this as critical, the highest of all industries (except for non-professional services which was also 26 percent).

Small retail businesses also tend to struggle with competing with larger firms. “Competition from Large Businesses” ranks much more difficult for retail firms than overall, with a ranking of 19th for the industry compared to 33rd overall. Although there is a 14-position difference between both groups, the problem has declined in severity from the last report when it ranked 4th for the industry.

## **f. Transportation/Warehousing**

The problem with the largest rank difference from the general population in transportation/warehousing is “Traffic, Highways, Roads, and Bridges.” This problem ranks 48th overall, 13th for the industry and is critical for 28 percent of them. Although its severity has eased for the industry since 2020, when it was ranked 6th.

Another problem that has a notable difference in rank is “Environmental Regulations (e.g., EPA)” with a ranking of 45th for the overall population and 25th for the industry. Seventeen percent of small business owners in this industry report this as a critical problem.

Finally, “Cost of Government Required Equipment/Procedures” ranks 34th overall and 19th for the transportation/warehousing industry. Seventeen percent of the industry cite it as a critical problem. Small businesses in transportation/warehousing rank this problem the most severe of any other industry.

## **g. Finance, Insurance, Real Estate, Rental**

The problem with the largest rank difference from the general population in the finance, insurance, real estate, rental industry is “Competition from Internet Businesses.” It ranks 20th place for the industry, but 61st overall. Thirteen percent of small business owners in the industry report it as a critical problem, the second highest of all industries following retail. Tax preparation and other financial software competes with small businesses in the finance sector. Additionally, online mortgage and interest rate services are likely to affect many firms in the real estate industry.

“Cyber Crime (viruses, hacking, etc.)” is also a much bigger problem for this industry, since financial information is often a target for theft and hacking. The problem ranks 12th for the industry, the most severe ranking of any of the industries, and ranks 41st for the overall population. Although this issue is more severe for this industry the ranking has eased from 3rd place in 2020.

Two closely related problems that rank notably higher in the financial services industry than the general population are the “Ability to Cost-Effectively Advertise” and “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)” Both problems however eased from 2020 for the industry. The “Ability to Cost-Effectively Advertise” ranks 22nd for the industry, 46th overall, and 10 percent find it a critical problem. This problem ranked 14th for the industry in 2020. Owners in the finance industry also find “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)” a more burdensome problem than the general population, with a ranking of 36th for the industry compared to 56th overall. This was a significant ranking decline for the industry from 2020, which was at 18th place.

## **h. Professional Services**

The professional services sector includes legal, engineering, management, accounting, advertising, architectural, private education, health services and social assistance services. The problem with the most notable difference between this industry and the general business population is “Training Employees.” This problem ranks 24th for the industry and 44th for overall.

Owners in this sector also have a harder time getting paid which is reflected in the industry’s ranking of “Delinquent Accounts/Late Payments.” This problem ranks 58th overall, 39th for the industry, and 8 percent find it critical.

Finally, “Cyber Crime (viruses, hacking, etc.)” proves to be more difficult for firms in the professional services sector than the overall population. The overall ranking for this problem is 41st, while it ranks 27th for 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, convenience stores, and temporary help agencies. Although these services are diverse, they are all labor-intensive. This sector generally follows the ranking of the overall population with a few exceptions.

The problem of “Credit Card Payment Processing Costs” is more burdensome for non-professional services than the overall population, with a ranking of 10th compared to 22nd overall. Over a quarter (26 percent) of small businesses in this sector cite this as a critical problem. Another problem with a notable difference between the sector and overall population is “Unemployment Compensation,” which ranks 35th overall, 24th for the industry, and 13 percent cite it a critical problem. Lastly is the problem, “Ability to Cost-Effectively Advertise”, which ranks 46th overall and 35th for the sector. Although it is worth noting this is a significant drop for the industry from 2020 when it ranked 17th.

## **Primary Customer**

Another distinguishing characteristic of small businesses is their customer base. The survey asked respondents to identify their primary market and presented them with five options from which to select. They were: one or two firms, one or two industries, business in general, the public, and government. These results appear in Table 8.

Over half (53 percent) of small businesses surveyed primarily sell to the public. Nineteen percent sell to business in general and 16 percent sell to one or two industries. Eight percent sell to one or two firms and a mere 3 percent sell to government/non-profit organizations.

**TABLE 8**

## Measures of Small Business Problem Importance by Primary Customer

	One of two firms n=190			One or two industries n=309			Business in general n=493			The public n=1402			Government n=74		
	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	2.70	31.6	1	2.67	34.1	1	2.46	41.6	1	2.55	43.8	1	2.74	32.3
2 Cost of Supplies/Inventories	2	2.89	18.5	2	2.89	16.4	5	3.13	18.2	4	3.04	22.3	6	3.38	12.5
3 Uncertainty over Economic Conditions	3	3.04	19.7	3	3.08	20.5	2	3.02	20.0	3	2.99	24.4	11	3.53	17.9
4 Federal Taxes on Business Income	7	3.32	21.7	7	3.16	20.2	4	3.07	23.8	2	2.96	27.4	7	3.40	21.7
5 Locating Qualified Employees	6	3.19	25.8	6	3.14	24.2	3	3.07	29.3	6	3.20	28.7	2	3.10	33.0
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	9	3.35	19.9	9	3.34	21.0	8	3.22	24.2	5	3.06	26.1	19	3.71	17.7
7 Unreasonable Government Regulations	5	3.17	20.3	4	3.08	22.1	6	3.16	24.4	9	3.25	25.2	3	3.25	16.7
8 Uncertainty over Government Actions	10	3.35	17.1	10	3.39	19.5	7	3.16	23.7	7	3.23	24.6	13	3.60	17.9
9 State Taxes on Business Income	4	3.16	20.3	8	3.29	19.1	9	3.29	20.3	11	3.31	23.5	4	3.30	20.8
10 Electricity Costs (rates)	8	3.33	14.1	5	3.09	14.1	13	3.48	14.6	10	3.30	18.1	10	3.52	15.6
11 Property Taxes (real, inventory or personal property)	13	3.47	15.6	14	3.53	17.7	11	3.42	21.6	8	3.24	24.2	9	3.52	20.8
12 Tax Complexity	14	3.50	16.0	13	3.48	15.6	10	3.36	17.8	12	3.36	21.3	8	3.50	15.6
13 Interest Rates	11	3.36	18.2	12	3.45	18.9	12	3.44	22.2	15	3.49	22.8	16	3.66	20.7
14 Finding and Keeping Skilled Employees	17	3.57	18.0	17	3.66	20.1	14	3.49	24.2	13	3.39	26.5	23	3.85	18.9
15 Frequent Changes in Federal Tax Laws and Rules	19	3.60	11.9	16	3.65	13.8	15	3.60	13.1	16	3.60	18.2	14	3.63	21.5
16 Fixed Costs Too High	18	3.58	12.3	23	3.71	14.5	18	3.64	13.1	17	3.61	17.0	12	3.57	20.4
17 Cost and Availability of Liability Insurance	16	3.56	14.8	15	3.56	16.7	16	3.61	14.9	18	3.69	17.5	18	3.69	22.2
18 Federal Paperwork	12	3.37	12.6	11	3.40	13.1	17	3.64	13.0	22	3.90	13.4	15	3.65	14.1
19 State/Local Paperwork	15	3.54	11.4	19	3.68	12.1	19	3.67	12.8	19	3.81	12.6	5	3.36	13.5
20 Projecting Future Sales Changes	24	3.85	8.4	24	3.71	9.1	20	3.80	9.1	20	3.83	11.1	24	3.85	7.3
21 Pricing My Goods/Services	21	3.72	8.0	20	3.68	10.8	23	3.94	9.1	23	3.93	11.9	34	4.07	12.0
22 Credit Card Payment Processing Costs	62	4.79	3.6	58	4.58	8.0	37	4.19	12.7	14	3.45	22.9	35	4.17	12.8
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	22	3.78	6.7	22	3.70	6.9	26	4.00	6.8	25	3.97	9.8	25	3.87	9.4
24 Dealing with IRS/State Tax Agencies	28	3.96	10.7	31	3.97	9.8	22	3.89	14.1	24	3.95	14.0	26	3.89	10.9
25 Minimum Wage/"Living" Wage	29	4.01	15.5	32	3.98	12.9	38	4.22	14.1	21	3.83	20.3	22	3.84	15.2
26 FICA (Social Security Taxes)	25	3.86	7.7	18	3.67	12.5	24	3.95	10.0	31	4.10	10.1	20	3.78	17.4
27 Finding Out about Regulatory Requirements	20	3.69	7.9	25	3.73	8.0	21	3.87	10.6	35	4.18	9.8	17	3.68	8.3



**TABLE 8**

**Measures of Small Business Problem Importance by Primary Customer (Cont'd)**

	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
28 Highly Variable Earnings (profits)	27	3.94	8.3	27	3.83	7.7	30	4.09	8.4	29	4.06	9.8	36	4.22	9.8
29 Workers' Compensation	37	4.13	8.7	38	4.12	10.8	25	3.97	11.5	26	4.01	14.5	32	4.02	20.4
30 Physical Facilities Costs, such as Rent/ Mortgage/Maintenance	32	4.09	7.0	35	4.08	8.3	33	4.12	10.2	28	4.04	11.6	42	4.31	8.5
31 Poor Earnings (profits)	38	4.19	7.1	41	4.17	9.4	35	4.15	10.6	27	4.02	14.4	40	4.27	7.3
32 Real Estate Values	30	4.02	11.8	42	4.22	9.4	36	4.16	12.1	30	4.07	13.2	51	4.46	10.4
33 Competition from Large Businesses	40	4.26	7.1	33	3.99	9.4	28	4.06	10.8	34	4.14	12.4	27	3.95	11.7
34 Cost of Government Required Equipment/Procedures	35	4.12	8.1	34	4.07	11.8	27	4.03	12.5	37	4.19	11.8	28	4.00	14.0
35 Unemployment Compensation	33	4.09	9.6	26	3.81	11.4	31	4.10	11.3	39	4.26	11.1	29	4.00	11.5
36 Health/Safety Regulations (e.g., OSHA)	23	3.79	9.2	21	3.69	10.6	29	4.08	10.5	44	4.41	10.1	21	3.80	7.6
37 Cash Flow	31	4.08	11.9	44	4.24	7.5	32	4.11	10.9	36	4.18	11.1	44	4.36	6.3
38 Controlling My Own Time	44	4.35	7.1	37	4.11	12.2	45	4.34	8.3	38	4.25	10.8	38	4.25	15.2
39 Telephone Costs and Service	48	4.40	4.9	55	4.50	3.9	47	4.40	5.6	32	4.12	8.8	50	4.43	5.3
40 Keeping Up on Business and Market Developments	39	4.22	4.4	40	4.14	6.0	46	4.39	4.0	42	4.34	5.8	31	4.01	9.7
41 Cyber Crime (viruses, hacking, etc.)	53	4.50	5.7	45	4.26	9.4	34	4.14	12.6	43	4.35	10.2	41	4.27	8.3
42 Employee Turnover	51	4.46	9.4	30	3.96	8.5	43	4.32	10.6	45	4.42	13.0	33	4.04	9.8
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	50	4.44	7.1	47	4.29	7.5	42	4.31	8.2	41	4.34	10.7	58	4.54	10.8
44 Training Employees	55	4.58	4.4	50	4.42	5.0	40	4.26	7.5	40	4.31	8.4	52	4.46	5.2
45 Environmental Regulations (e.g., EPA)	26	3.88	14.7	29	3.94	11.1	48	4.41	10.6	49	4.56	9.8	60	4.58	11.8
46 Ability to Cost-Effectively Advertise	64	4.89	4.0	60	4.64	5.2	57	4.66	3.7	33	4.13	9.1	43	4.36	8.7
47 Using Computer(s), the Internet or New Technology Effectively	41	4.27	6.3	36	4.11	7.0	50	4.43	6.4	47	4.54	6.7	49	4.41	10.3
48 Traffic, Highways, Roads, Bridges	34	4.10	10.8	28	3.89	13.9	41	4.27	11.1	53	4.69	8.5	54	4.48	10.5
49 Hiring/Firing/Employment Regulations	45	4.36	4.9	46	4.28	7.4	39	4.26	7.8	48	4.56	8.2	48	4.40	11.0
50 Obtaining Licenses, Permits, etc.	49	4.41	7.6	57	4.54	7.3	49	4.42	7.8	46	4.46	8.0	45	4.36	8.3
51 Poor Sales	42	4.29	7.8	39	4.13	8.3	56	4.65	6.8	50	4.56	8.6	39	4.26	7.4
52 Estate Tax	36	4.12	16.2	43	4.22	14.7	52	4.46	15.9	55	4.71	14.8	57	4.53	11.7
53 Handling Business Growth	54	4.53	3.1	49	4.41	3.9	51	4.45	3.3	51	4.62	5.4	37	4.22	7.3
54 Rules on Retirement Plans	46	4.38	7.4	48	4.31	5.0	53	4.50	6.1	56	4.72	7.1	55	4.48	5.3



**TABLE 8**

## Measures of Small Business Problem Importance by Primary Customer (Cont'd)

	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
55 Crime, including Identity Theft, Shoplifting, etc.	43	4.35	11.8	52	4.46	10.3	54	4.63	9.6	58	4.77	9.8	61	4.70	9.9
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	61	4.79	4.1	56	4.52	5.3	62	4.86	2.5	52	4.63	6.4	46	4.37	4.2
57 Reducing Energy Use in a Cost-Effective Manner	56	4.59	4.8	61	4.65	5.0	59	4.72	3.5	57	4.73	5.4	63	4.80	6.6
58 Delinquent Accounts/Late Payments	52	4.48	8.8	51	4.44	5.5	44	4.32	8.4	62	4.97	6.1	53	4.47	7.3
59 Mandatory Family or Sick Leave	59	4.73	8.0	63	4.72	7.2	55	4.64	8.9	59	4.80	9.3	70	5.07	6.5
60 Zoning/Land Use Regulations	58	4.66	8.4	59	4.62	6.7	60	4.73	6.2	60	4.85	7.1	64	4.82	7.5
61 Competition from Internet Businesses	68	5.06	6.1	64	4.75	4.6	63	4.89	6.1	54	4.70	10.0	56	4.52	5.4
62 Protecting Intellectual Property	65	4.92	5.0	62	4.65	7.7	61	4.74	5.8	61	4.91	7.6	47	4.39	13.0
63 Competition from Imported Products	47	4.39	10.1	53	4.47	8.0	58	4.72	7.3	65	5.18	7.3	59	4.56	10.6
64 Access to High-Speed Internet	57	4.63	12.2	54	4.48	10.0	68	5.17	7.4	64	5.17	7.6	72	5.11	7.6
65 Undocumented Workers	60	4.77	11.7	65	4.76	9.7	65	5.05	9.1	66	5.27	10.9	65	4.84	10.5
66 Cost and Availability of Child Care	73	5.31	4.4	69	4.95	4.8	67	5.14	6.6	63	5.14	7.9	73	5.16	5.2
67 Obtaining Short-Term (less than 12 months or revolving) Business Loans	63	4.87	6.5	70	4.96	4.3	70	5.21	4.9	67	5.35	5.9	68	5.00	3.1
68 Obtaining Long-Term (5 years or more) Business Loans	71	5.08	5.0	71	4.97	5.7	69	5.19	4.2	68	5.36	5.4	62	4.79	4.3
69 Bad Debts (not delinquencies) and/or Bankruptcies	69	5.07	4.9	74	5.13	3.6	66	5.09	3.9	69	5.42	3.9	74	5.32	4.4
70 Winning Contracts from Federal/State/Local Governments	70	5.07	5.8	67	4.90	4.1	64	4.98	7.7	72	5.72	3.4	30	4.00	9.4
71 Credit Rating/Record Errors	66	4.93	6.3	72	5.06	2.3	72	5.30	3.2	70	5.50	3.9	69	5.00	5.4
72 Costs and Frequency of Lawsuits/Threatened Lawsuits	67	5.05	7.3	68	4.95	5.2	71	5.30	6.4	71	5.57	5.0	66	4.96	4.3
73 Out-of-State Sales Tax (e.g., internet sales)	72	5.28	6.4	73	5.11	5.4	73	5.42	3.6	73	5.72	5.6	67	4.97	5.3
74 Importing My Products/Services	75	5.36	3.1	75	5.23	2.7	74	5.54	3.0	74	5.79	3.2	71	5.10	3.1
75 Exporting My Products/Services	74	5.34	3.7	66	4.82	7.0	75	5.71	2.9	75	5.94	3.6	75	5.35	5.4

The ranking for firms that sell to the public is similar to the overall ranking. Part of the reason is that most of the respondents fall into this category; however there are some exceptions. The problem “Ability to Cost-Effectively Advertise” has a 13-ranking difference between firms that sell to the public and the overall population. Firms that sell to the public rank this problem 33rd compared to 46th overall. Nine percent of firms in this category report this problem as critical. Another problem, “Credit Card Payment Processing Costs,” also appears to be more difficult for this category than overall. It ranks 14th for firms that sell to the public compared to 22nd overall. For firms that sell to business in general, the problem “Delinquent Accounts/Late Payments” is more severe than the overall population, with a ranking difference of 14 positions. It ranks 58th overall, 44th for those that sell to business in general, and is critical for 8 percent. For firms that sell to government agencies and/or non-profit organizations, “Winning Contracts from Federal/State/Local Governments” is significantly more difficult. While the overall business population ranks 70th overall and 30th for firms that sell to the government.

## Sales Change

Thirty-six percent of small business owners experience declining sales over the last three years, fewer than in 2020. Many problems for this group are ranked differently than those firms with an increase in sales. Small businesses with declining sales find problems related to sales to be the most severe. The problems with the greatest rank difference between those with decreasing sales of 10% or more and the overall population are “Poor Sales,” “Poor Earnings (profits),” and “Cash Flow.” “Poor Sales” leads with a 35-rank difference between the overall population (51st) and this group (16th) and 19 percent citing it a critical problem. By contrast, firms with increasing sales of 50% or more rank this problem 63rd. A closely related problem, “Poor Earnings (profits)” ranks 31st overall and 12th for firms with declining sales of 10% or more. Lastly, the problem of “Cash Flow” is also more severe for these firms with a ranking of 37th overall compared to 22nd for this group.

On the other side, small businesses with increasing sales find employee-related problems and those related to business growth to be more problematic. “Handling Business Growth” is significantly more severe for those with increasing sales of 50% or more than the overall population. This problem ranks 53rd overall and 22nd for this group. Firms with increasing sales may often expand their business and/or hire more employees. This can make employee-related problems more prevalent and/or severe. Firms with increasing sales of 50% or more rank “Training Employees” 17th, whereas it ranks 44th overall. Similarly, “Managing Employees (e.g., performance, absenteeism, appearance, etc.)” ranks 34th for firms with increasing sales of 10-24%, but 43rd overall.

# Problems & Priorities for Small Business Classifications

ELEVENTH  
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	2	2.50	43.2	2	2.92	30.7	1	2.56	41.5	1	2.49	41.4	1	2.77	37.9	1	2.33	48.3	1	2.56	47.9
2 Cost of Supplies/Inventories	4	2.72	28.5	1	2.90	16.0	4	3.13	18.5	5	3.24	17.6	6	3.36	19.1	10	3.13	25.0	9	3.23	20.0
3 Uncertainty over Economic Conditions	1	2.48	36.0	5	3.26	17.9	2	3.01	22.4	6	3.26	15.9	7	3.43	14.7	11	3.20	23.7	5	3.10	26.6
4 Federal Taxes on Business Income	5	2.85	31.6	7	3.41	18.4	3	3.10	22.9	2	3.00	25.0	3	3.13	23.1	3	2.90	40.0	4	3.10	30.9
5 Locating Qualified Employees	13	3.30	28.4	6	3.30	20.6	5	3.14	28.8	3	3.06	30.2	2	2.85	30.1	9	3.10	31.7	16	3.61	26.6
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	3	2.71	34.8	8	3.43	21.5	8	3.19	23.6	7	3.32	19.3	14	3.71	13.7	12	3.27	25.4	2	2.88	30.4
7 Unreasonable Government Regulations	8	3.01	27.6	9	3.48	17.6	7	3.18	24.7	4	3.20	22.8	4	3.27	22.6	4	2.92	25.0	13	3.49	24.7
8 Uncertainty over Government Actions	6	2.97	28.8	16	3.72	15.9	6	3.16	24.0	10	3.38	19.6	5	3.28	23.2	5	2.92	33.3	10	3.25	29.0
9 State Taxes on Business Income	10	3.10	27.1	4	3.25	18.3	12	3.41	20.6	11	3.39	21.1	8	3.44	21.5	13	3.31	25.4	3	2.99	26.6
10 Electricity Costs (rates)	7	3.00	23.0	3	3.17	13.8	9	3.28	16.3	13	3.58	13.2	12	3.64	10.3	33	4.10	15.5	7	3.18	25.8
11 Property Taxes (real, inventory or personal property)	9	3.08	28.2	10	3.56	16.8	10	3.35	21.2	12	3.44	20.1	11	3.59	18.1	8	3.05	21.7	6	3.13	29.0
12 Tax Complexity	14	3.30	21.8	18	3.74	12.0	11	3.36	18.1	8	3.32	20.3	15	3.80	14.1	2	2.85	31.7	11	3.33	26.1
13 Interest Rates	11	3.12	30.6	12	3.58	17.5	15	3.60	18.0	14	3.62	19.8	10	3.52	18.8	6	3.02	32.2	8	3.22	32.3
14 Finding and Keeping Skilled Employees	20	3.48	26.6	23	3.86	19.7	13	3.47	24.0	9	3.33	24.7	9	3.50	19.3	7	3.03	28.8	15	3.60	28.0
15 Frequent Changes in Federal Tax Laws and Rules	18	3.40	20.2	21	3.85	11.0	14	3.58	16.0	15	3.64	14.5	17	3.91	14.2	15	3.48	25.0	12	3.48	24.2
16 Fixed Costs Too High	15	3.31	21.5	14	3.69	14.4	16	3.67	14.2	17	3.73	13.3	21	4.02	12.4	14	3.40	21.7	17	3.65	18.5
17 Cost and Availability of Liability Insurance	19	3.43	24.7	11	3.57	15.1	17	3.80	14.5	18	3.74	14.2	13	3.68	14.2	23	3.82	11.7	19	3.86	20.4
18 Federal Paperwork	25	3.67	16.4	13	3.61	10.1	18	3.81	11.5	19	3.76	12.3	18	3.91	12.5	20	3.76	18.6	20	3.88	19.6
19 State/Local Paperwork	24	3.59	16.0	24	3.86	8.1	19	3.81	12.3	16	3.71	11.5	16	3.90	11.3	19	3.75	10.0	14	3.55	19.4
20 Projecting Future Sales Changes	17	3.37	15.7	19	3.75	12.7	21	3.88	8.7	22	4.04	5.7	29	4.24	5.6	16	3.48	16.7	21	3.97	10.9

# Problems & Priorities for Small Business Classifications

ELEVENTH  
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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 Pricing My Goods/Services	23	3.54	17.3	17	3.73	8.6	25	3.99	8.7	23	4.04	9.1	26	4.18	10.9	37	4.20	13.3	24	4.00	14.0
22 Credit Card Payment Processing Costs	30	3.79	21.3	32	4.06	14.8	23	3.91	14.7	21	3.92	15.6	19	3.96	17.5	27	3.95	26.7	26	4.05	15.1
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	28	3.75	11.4	20	3.76	7.9	22	3.90	8.0	25	4.12	6.7	28	4.20	7.9	31	4.02	11.7	33	4.20	9.8
24 Dealing with IRS/State Tax Agencies	29	3.79	15.6	38	4.12	9.7	28	4.06	10.6	20	3.86	14.5	20	3.98	11.4	24	3.88	20.7	22	3.97	18.0
25 Minimum Wage/"Living" Wage	27	3.74	22.1	25	3.88	15.5	20	3.85	18.3	27	4.15	14.7	23	4.07	15.8	46	4.35	23.3	32	4.18	17.6
26 FICA (Social Security Taxes)	33	3.91	12.4	15	3.70	9.4	27	4.00	8.0	26	4.13	10.3	31	4.25	11.4	32	4.09	12.1	30	4.16	16.3
27 Finding Out about Regulatory Requirements	32	3.85	10.4	22	3.85	10.0	26	3.99	8.2	31	4.23	7.7	22	4.05	11.9	29	3.98	5.1	39	4.47	11.0
28 Highly Variable Earnings (profits)	21	3.51	17.4	31	4.06	8.7	35	4.14	6.3	30	4.22	6.6	44	4.53	5.1	28	3.97	11.9	29	4.14	8.7
29 Workers' Compensation	38	4.00	14.8	42	4.21	10.9	24	3.91	13.8	24	4.09	11.5	30	4.24	10.2	35	4.12	15.0	27	4.05	17.2
30 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	31	3.83	16.2	39	4.15	9.7	31	4.12	7.2	29	4.22	7.8	25	4.16	10.8	30	4.02	13.6	25	4.01	18.3
31 Poor Earnings (profits)	12	3.22	22.9	30	4.01	12.6	36	4.16	9.1	46	4.55	7.0	52	4.71	7.9	41	4.24	16.9	28	4.07	10.9
32 Real Estate Values	35	3.94	16.4	48	4.30	11.1	32	4.12	12.1	28	4.15	9.4	24	4.16	12.6	18	3.69	16.9	34	4.22	13.3
33 Competition from Large Businesses	26	3.69	19.4	37	4.12	9.0	30	4.10	10.6	39	4.37	7.5	35	4.31	5.1	40	4.22	15.3	31	4.18	9.7
34 Cost of Government Required Equipment/Procedures	37	3.99	17.0	46	4.28	9.0	34	4.13	10.5	33	4.24	9.0	27	4.19	12.6	25	3.88	15.3	18	3.80	22.8
35 Unemployment Compensation	43	4.21	11.4	27	3.92	10.9	29	4.09	11.9	32	4.24	9.4	32	4.28	10.2	38	4.20	10.0	38	4.33	18.3
36 Health/Safety Regulations (e.g., OSHA)	41	4.13	13.1	28	3.95	9.2	37	4.21	7.9	37	4.29	9.8	37	4.34	9.7	21	3.78	13.3	37	4.31	14.3
37 Cash Flow	22	3.53	19.6	33	4.07	7.8	38	4.23	9.2	49	4.58	7.1	48	4.60	5.1	39	4.20	10.0	35	4.24	10.8
38 Controlling My Own Time	42	4.18	14.6	43	4.27	8.3	39	4.24	9.8	36	4.28	9.5	33	4.28	10.2	42	4.25	11.7	40	4.49	9.8

# Problems & Priorities for Small Business Classifications

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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 Telephone Costs and Service	34	3.93	12.5	49	4.31	6.6	45	4.36	5.2	41	4.41	4.8	42	4.47	5.7	56	4.74	5.2	23	3.98	12.0
40 Keeping Up on Business and Market Developments	36	3.98	8.7	36	4.11	5.7	43	4.35	4.9	45	4.51	3.9	43	4.48	4.5	45	4.33	8.3	41	4.53	6.4
41 Cyber Crime (viruses, hacking, etc.)	44	4.22	11.5	56	4.48	6.3	33	4.12	10.7	38	4.34	11.0	41	4.45	10.8	26	3.90	18.3	50	4.91	6.5
42 Employee Turnover	49	4.37	15.0	29	3.96	12.0	41	4.29	11.3	40	4.41	9.7	38	4.35	9.1	43	4.27	11.7	61	5.09	9.9
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	50	4.46	11.1	51	4.37	7.9	40	4.28	9.6	34	4.25	10.0	36	4.33	8.6	36	4.13	5.0	51	4.92	8.6
44 Training Employees	51	4.46	7.0	57	4.48	5.5	42	4.30	7.1	35	4.27	7.8	34	4.31	6.8	17	3.60	16.7	53	4.97	4.3
45 Environmental Regulations (e.g., EPA)	39	4.12	16.8	55	4.44	6.4	44	4.35	10.8	42	4.50	9.2	46	4.57	7.4	49	4.45	11.7	48	4.85	8.8
46 Ability to Cost-Effectively Advertise	40	4.13	10.4	41	4.19	7.1	50	4.54	5.4	48	4.57	4.6	45	4.56	4.0	44	4.28	12.1	36	4.30	13.3
47 Using Computer(s), the Internet or New Technology Effectively	46	4.26	8.6	35	4.10	7.0	48	4.47	6.1	50	4.60	5.7	51	4.65	6.4	47	4.42	6.8	54	4.98	6.6
48 Traffic, Highways, Roads, Bridges	45	4.24	13.3	40	4.15	11.5	47	4.40	9.9	52	4.66	7.9	53	4.75	5.1	53	4.64	10.2	46	4.81	10.6
49 Hiring/Firing/Employment Regulations	53	4.47	9.2	44	4.27	7.9	46	4.37	8.1	43	4.50	6.8	47	4.57	5.6	34	4.10	13.8	58	5.04	7.7
50 Obtaining Licenses, Permits, etc.	48	4.35	8.7	53	4.40	7.7	54	4.61	6.7	44	4.50	7.6	39	4.38	7.9	50	4.47	10.0	42	4.62	12.1
51 Poor Sales	16	3.32	19.0	26	3.89	8.2	55	4.65	5.9	64	5.24	3.1	65	5.20	4.0	63	5.15	5.0	47	4.82	9.6
52 Estate Tax	47	4.29	20.2	60	4.56	12.6	49	4.53	13.7	51	4.65	13.3	49	4.61	17.0	51	4.47	21.7	43	4.68	15.1
53 Handling Business Growth	58	4.65	6.1	58	4.48	6.2	52	4.59	4.3	47	4.56	2.3	40	4.40	7.5	22	3.80	5.1	49	4.87	2.2
54 Rules on Retirement Plans	54	4.55	8.5	52	4.39	7.1	51	4.59	5.5	53	4.66	5.0	58	4.89	4.5	48	4.42	11.9	52	4.96	7.6
55 Crime, including Identity Theft, Shoplifting, etc.	55	4.58	11.2	47	4.28	10.4	56	4.65	9.9	55	4.83	9.3	57	4.86	7.9	59	4.97	8.3	56	5.03	10.6
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	57	4.58	7.6	34	4.09	6.2	60	4.78	4.2	54	4.75	4.6	62	4.97	3.4	64	5.18	5.0	69	5.50	5.6

# Problems & Priorities for Small Business Classifications

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	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 Reducing Energy Use in a Cost-Effective Manner	52	4.47	7.1	61	4.57	5.8	57	4.70	4.2	58	4.87	4.0	56	4.85	4.0	55	4.73	6.7	59	5.04	7.5
58 Delinquent Accounts/Late Payments	61	4.67	9.2	50	4.31	6.5	59	4.74	6.9	59	4.91	4.6	54	4.75	4.0	54	4.70	6.7	44	4.75	13.0
59 Mandatory Family or Sick Leave	63	4.81	9.1	62	4.65	8.7	53	4.59	9.7	57	4.84	7.2	61	4.95	8.5	52	4.63	11.7	67	5.34	6.6
60 Zoning/Land Use Regulations	62	4.73	8.5	65	4.85	5.9	58	4.70	8.5	56	4.83	5.1	50	4.61	7.4	61	5.00	6.9	62	5.12	5.4
61 Competition from Internet Businesses	60	4.67	10.4	45	4.27	9.6	62	4.89	7.1	61	4.99	5.6	59	4.93	6.9	71	5.38	6.9	63	5.13	6.7
62 Protecting Intellectual Property	59	4.65	9.0	64	4.75	7.7	61	4.86	6.3	60	4.94	6.4	55	4.84	4.5	57	4.82	6.7	45	4.75	16.5
63 Competition from Imported Products	56	4.58	13.0	54	4.42	8.3	63	4.97	7.2	65	5.26	5.2	60	4.94	2.8	69	5.32	10.2	55	5.02	12.0
64 Access to High-Speed Internet	66	4.99	8.5	59	4.51	10.1	66	5.13	8.1	62	5.16	7.7	67	5.21	6.2	65	5.22	6.7	66	5.29	7.4
65 Undocumented Workers	67	5.10	11.9	63	4.70	10.0	65	5.12	10.2	66	5.31	9.1	63	5.08	13.0	62	5.03	15.0	64	5.18	13.0
66 Cost and Availability of Child Care	68	5.16	8.5	70	4.96	5.1	64	5.06	6.6	63	5.23	6.7	64	5.14	9.0	68	5.29	6.8	65	5.18	5.4
67 Obtaining Short-Term (less than 12 months or revolving) Business Loans	65	4.95	8.4	67	4.92	5.8	70	5.37	4.0	67	5.46	4.1	70	5.32	6.8	60	4.97	8.3	57	5.03	4.3
68 Obtaining Long-Term (5 years or more) Business Loans	64	4.88	9.6	72	5.02	4.0	69	5.35	3.4	71	5.54	4.2	69	5.27	5.1	58	4.86	11.9	60	5.05	4.4
69 Bad Debts (not delinquencies) and/or Bankruptcies	69	5.21	5.2	69	4.95	5.7	67	5.31	3.4	68	5.47	2.8	68	5.25	4.0	70	5.34	5.2	72	5.64	2.2
70 Winning Contracts from Federal/State/Local Governments	72	5.36	6.1	71	4.99	5.8	71	5.37	4.3	69	5.49	3.8	71	5.32	4.0	66	5.22	8.5	70	5.59	5.5
71 Credit Rating/Record Errors	70	5.29	5.3	66	4.89	4.2	68	5.35	3.4	72	5.61	3.1	66	5.20	2.3	72	5.50	3.3	68	5.38	2.2
72 Costs and Frequency of Lawsuits/Threatened Lawsuits	71	5.30	6.7	68	4.94	5.4	72	5.44	5.3	70	5.51	5.0	72	5.37	4.0	67	5.28	10.0	73	5.70	8.6
73 Out-of-State Sales Tax (e.g., internet sales)	73	5.48	5.0	73	5.09	6.7	73	5.59	5.1	73	5.64	4.7	73	5.49	5.7	73	5.70	6.7	74	5.78	4.3
74 Importing My Products/Services	74	5.51	3.6	74	5.22	4.4	74	5.65	3.5	74	5.74	2.8	74	5.63	1.7	74	5.87	1.7	75	5.78	3.3
75 Exporting My Products/Services	75	5.54	5.4	75	5.22	4.8	75	5.75	3.6	75	5.88	2.2	75	5.86	3.4	75	5.98	1.7	71	5.59	7.7

## Population Density

The area where a small business is located is another characteristic worth mentioning. Small businesses owners in highly urban areas experience more severe issues with “Employee Turnover,” “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.),” and “Crime, including Identity Theft, Shoplifting, etc.,” to name a few. “Employee Turnover” has a 29-ranking difference between those in highly urban areas compared to those in rural areas. Those businesses in highly urban areas rank this issue at 29th compared to 58th for rural businesses. This difference may be because of the industries dominant in these areas and that there may be more employment opportunities in more urban areas. Another problem that is more severe for highly urban businesses is “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)” with a ranking of 33rd for highly urban areas and 61st for rural areas. Small businesses in highly urban areas may be more competitive due to the high concentration of businesses in the area. Lastly, “Crime, including Identity Theft, Shoplifting, etc.” ranks 38th for highly urban businesses, 60th for rural, and 55th overall.

Small businesses in rural areas experience an increased level of severity for another set of problems. “Environmental Regulations (e.g., EPA)” is the problem with the greatest difference in severity between highly urban and rural small business. Those in rural areas rank this issue 26th versus 60th in highly urban areas and 45th for the overall population. Sixteen percent of rural small business owners report it a critical problem. “Real Estate Values” is also more burdensome for rural businesses with a ranking of 21st, and 47th for highly urban areas. Lasty and not surprisingly, “Access to High-Speed Internet” continues to rank more severe for rural areas. It ranks 49th for businesses in rural areas, 72nd for highly urban areas, and 64th for the overall population.

**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	2.86	32.9	1	2.75	31.1	1	2.69	34.4	1	2.46	44.8	1	2.66	42.0
2 Cost of Supplies/Inventories	4	2.92	25.2	2	3.11	15.2	2	3.02	14.3	6	3.15	19.0	3	2.81	24.8
3 Uncertainty over Economic Conditions	5	3.16	21.9	7	3.40	14.1	3	3.17	18.7	3	2.97	24.1	4	2.87	25.9
4 Federal Taxes on Business Income	8	3.28	24.7	6	3.29	21.2	5	3.27	19.8	2	2.94	26.4	5	2.99	26.1
5 Locating Qualified Employees	3	2.90	30.3	3	3.12	26.5	4	3.19	23.3	4	3.07	29.6	13	3.52	26.6
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	20	3.60	20.3	25	3.85	15.2	9	3.43	19.3	5	3.10	24.1	2	2.81	30.4
7 Unreasonable Government Regulations	2	2.89	26.8	4	3.25	19.5	6	3.30	20.7	10	3.31	23.3	6	3.03	28.3
8 Uncertainty over Government Actions	9	3.36	19.5	10	3.62	16.9	10	3.44	15.9	7	3.22	24.3	7	3.05	27.3
9 State Taxes on Business Income	6	3.18	24.8	8	3.40	16.9	7	3.33	17.9	9	3.30	22.2	12	3.33	22.0
10 Electricity Costs (rates)	7	3.21	21.4	5	3.29	12.3	8	3.36	11.1	12	3.38	16.1	11	3.30	18.7
11 Property Taxes (real, inventory or personal property)	17	3.49	24.3	14	3.67	15.5	13	3.55	17.0	11	3.35	20.5	8	3.05	27.2
12 Tax Complexity	10	3.40	21.5	15	3.70	12.2	14	3.60	16.8	13	3.45	18.8	9	3.18	20.6
13 Interest Rates	15	3.47	25.3	11	3.64	14.9	19	3.72	13.6	14	3.49	21.4	10	3.25	27.5
14 Finding and Keeping Skilled Employees	16	3.48	22.1	12	3.66	19.2	11	3.50	21.2	8	3.24	28.0	18	3.71	21.4
15 Frequent Changes in Federal Tax Laws and Rules	18	3.53	17.4	19	3.74	14.1	17	3.68	13.4	15	3.62	16.2	15	3.54	17.5
16 Fixed Costs Too High	13	3.43	20.8	24	3.85	10.5	18	3.70	12.0	16	3.64	15.3	14	3.52	19.4
17 Cost and Availability of Liability Insurance	14	3.46	20.8	21	3.78	13.2	12	3.54	15.6	18	3.67	16.7	17	3.69	17.2
18 Federal Paperwork	11	3.41	14.2	9	3.61	8.3	16	3.65	13.1	20	3.84	13.9	19	3.71	13.6
19 State/Local Paperwork	22	3.62	13.4	16	3.70	8.7	15	3.63	9.8	19	3.82	12.6	16	3.67	14.3
20 Projecting Future Sales Changes	23	3.68	13.5	26	3.89	6.9	22	3.85	8.3	22	3.86	8.9	20	3.76	12.1
21 Pricing My Goods/Services	28	3.74	13.1	13	3.66	8.9	21	3.84	7.5	25	3.97	10.3	23	3.88	13.4
22 Credit Card Payment Processing Costs	52	4.16	16.1	30	4.03	11.5	33	4.07	11.6	17	3.66	20.2	36	4.21	14.9
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	12	3.41	15.0	22	3.79	7.1	20	3.83	6.7	26	4.02	7.7	27	3.97	9.0
24 Dealing with IRS/State Tax Agencies	26	3.73	20.5	44	4.22	6.4	29	3.98	10.8	24	3.93	14.1	22	3.85	13.4
25 Minimum Wage/"Living" Wage	31	3.81	23.1	27	3.89	14.8	31	4.01	12.7	21	3.84	18.8	35	4.17	15.1



**TABLE 10**

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

	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
26 FICA (Social Security Taxes)	24	3.69	17.4	20	3.75	8.5	24	3.87	9.8	27	4.06	9.4	31	4.09	11.7
27 Finding Out about Regulatory Requirements	27	3.73	12.3	18	3.72	7.9	28	3.97	6.1	32	4.14	9.2	28	3.98	10.2
28 Highly Variable Earnings (profits)	32	3.82	14.8	37	4.15	6.2	30	4.00	5.4	31	4.10	9.5	25	3.96	9.6
29 Workers' Compensation	30	3.79	20.8	40	4.17	9.8	26	3.92	15.0	23	3.90	14.6	42	4.37	10.3
30 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	40	4.00	13.6	35	4.13	8.6	25	3.92	9.8	30	4.10	9.7	34	4.13	10.2
31 Poor Earnings (profits)	43	4.03	12.2	48	4.30	9.3	37	4.12	8.7	28	4.07	13.0	24	3.91	13.8
32 Real Estate Values	47	4.13	17.4	50	4.35	7.1	34	4.09	10.4	36	4.24	10.4	21	3.83	16.7
33 Competition from Large Businesses	44	4.05	13.5	36	4.13	9.0	42	4.25	9.2	29	4.09	10.9	33	4.11	12.1
34 Cost of Government Required Equipment/Procedures	34	3.87	17.9	47	4.27	8.7	46	4.28	6.8	37	4.24	11.0	29	4.00	13.0
35 Unemployment Compensation	19	3.56	18.1	17	3.72	14.0	23	3.87	10.0	34	4.19	10.4	47	4.53	9.1
36 Health/Safety Regulations (e.g., OSHA)	21	3.61	17.5	28	3.95	7.0	32	4.04	9.6	43	4.30	10.0	39	4.32	10.3
37 Cash Flow	45	4.06	14.8	39	4.16	8.5	35	4.10	8.7	38	4.25	9.5	30	4.05	11.5
38 Controlling My Own Time	41	4.02	14.6	34	4.09	11.7	40	4.19	7.4	42	4.29	10.0	41	4.35	10.6
39 Telephone Costs and Service	53	4.22	7.5	56	4.50	4.0	47	4.36	6.0	40	4.28	6.3	32	4.10	9.2
40 Keeping Up on Business and Market Developments	54	4.23	4.1	31	4.03	7.2	39	4.18	4.3	45	4.35	6.1	40	4.34	4.8
41 Cyber Crime (viruses, hacking, etc.)	42	4.03	16.1	51	4.37	8.0	50	4.38	4.0	41	4.28	10.5	44	4.44	9.4
42 Employee Turnover	29	3.74	16.4	23	3.83	11.8	27	3.95	11.6	39	4.27	13.2	58	4.80	8.8
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	61	4.40	8.9	43	4.20	8.3	36	4.12	9.9	33	4.18	10.2	52	4.70	9.0
44 Training Employees	49	4.14	10.7	54	4.41	4.2	38	4.13	7.0	35	4.19	8.8	51	4.69	5.4
45 Environmental Regulations (e.g., EPA)	60	4.37	12.3	57	4.50	6.9	55	4.46	7.2	48	4.59	9.0	26	3.96	16.4
46 Ability to Cost-Effectively Advertise	51	4.16	9.7	42	4.18	6.0	52	4.40	7.1	44	4.30	7.1	53	4.72	4.9
47 Using Computer(s), the Internet or New Technology Effectively	39	3.95	15.0	41	4.17	6.7	44	4.25	5.2	49	4.60	5.1	43	4.39	7.7
48 Traffic, Highways, Roads, Bridges	25	3.72	16.9	29	4.02	9.6	45	4.26	8.3	52	4.66	9.8	45	4.48	10.6
49 Hiring/Firing/Employment Regulations	36	3.91	16.5	32	4.07	8.4	41	4.23	6.8	46	4.48	7.1	57	4.77	6.8
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

**TABLE 10**

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

	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
51 Poor Sales	55	4.24	10.8	38	4.15	6.6	43	4.25	10.0	51	4.65	7.6	46	4.52	8.1
52 Estate Tax	59	4.27	20.1	58	4.57	9.8	56	4.53	12.2	55	4.76	12.7	37	4.23	20.3
53 Handling Business Growth	37	3.91	12.1	52	4.38	4.0	51	4.39	3.4	50	4.62	4.2	54	4.73	3.7
54 Rules on Retirement Plans	48	4.14	7.4	53	4.39	7.6	54	4.42	3.0	53	4.68	6.8	50	4.68	6.2
55 Crime, including Identity Theft, Shoplifting, etc.	38	3.94	20.0	45	4.22	14.0	48	4.37	9.1	60	4.88	7.7	60	4.91	8.8
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	33	3.86	16.3	33	4.08	5.7	53	4.42	5.0	58	4.82	4.4	61	5.02	3.9
57 Reducing Energy Use in a Cost-Effective Manner	68	4.63	9.2	61	4.66	5.6	61	4.71	3.7	56	4.76	4.6	55	4.75	4.1
58 Delinquent Accounts/Late Payments	35	3.89	16.1	46	4.25	5.9	49	4.37	7.7	59	4.83	5.7	62	5.07	5.5
59 Mandatory Family or Sick Leave	64	4.46	9.0	55	4.46	8.6	58	4.63	8.1	54	4.71	10.2	64	5.20	6.6
60 Zoning/Land Use Regulations	65	4.50	12.2	67	4.89	3.8	62	4.72	4.1	62	5.03	6.2	48	4.54	9.1
61 Competition from Internet Businesses	57	4.26	12.2	49	4.33	6.9	59	4.65	7.7	57	4.79	8.5	63	5.15	6.1
62 Protecting Intellectual Property	56	4.24	15.3	63	4.77	4.3	63	4.78	4.5	61	4.92	6.7	59	4.85	8.0
63 Competition from Imported Products	58	4.26	10.7	62	4.70	6.6	60	4.69	5.7	63	5.14	6.9	56	4.76	10.2
64 Access to High-Speed Internet	72	4.90	9.6	69	4.91	7.2	67	4.98	6.0	65	5.30	6.5	49	4.58	12.7
65 Undocumented Workers	50	4.14	19.2	59	4.60	10.8	65	4.92	9.1	69	5.41	9.2	65	5.21	10.2
66 Cost and Availability of Child Care	74	5.09	7.5	73	5.05	4.0	64	4.90	7.3	64	5.16	8.0	66	5.24	6.2
67 Obtaining Short-Term (less than 12 months or revolving) Business Loans	62	4.41	10.1	70	4.92	4.4	71	5.13	5.0	67	5.33	5.3	68	5.42	5.2
68 Obtaining Long-Term (5 years or more) Business Loans	66	4.61	7.5	68	4.90	5.2	72	5.23	3.7	66	5.31	5.1	69	5.45	4.8
69 Bad Debts (not delinquencies) and/or Bankruptcies	71	4.74	7.1	72	5.04	5.2	70	5.11	2.7	68	5.34	3.9	70	5.51	3.5
70 Winning Contracts from Federal/State/Local Governments	69	4.65	6.8	66	4.87	6.7	68	5.03	5.4	71	5.54	4.0	72	5.58	3.9
71 Credit Rating/Record Errors	63	4.44	10.3	65	4.83	4.3	69	5.09	3.7	70	5.50	3.0	71	5.58	2.9
72 Costs and Frequency of Lawsuits/Threatened Lawsuits	67	4.62	11.0	64	4.79	6.7	66	4.97	5.8	72	5.57	5.1	74	5.66	4.0
73 Out-of-State Sales Tax (e.g., internet sales)	70	4.66	11.0	71	4.96	6.7	74	5.44	3.7	74	5.76	3.9	73	5.59	5.3
74 Importing My Products/Services	73	5.05	4.7	74	5.17	2.9	73	5.40	4.4	73	5.75	2.7	75	5.74	3.4
75 Exporting My Products/Services	75	5.14	6.8	75	5.47	3.4	75	5.53	3.4	75	5.95	3.1	67	5.39	5.6

## Years of Ownership

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

Newer firms tend to rank problems related to advertising and financing more severely than older firms and the overall business population. There is a 31-rank difference between the newest firms (three years or fewer) and the oldest (21 years or more) for the problem “Ability to Cost-Effectively Advertise.” The newest firms rank this issue 21st and 13 percent cite it as a critical problem compared to 52nd for older firms and 5 percent reporting the problem critical. Middle-aged businesses (6-10 years) rank this problem 34th. Newer firms often have trouble with credit and financing since they tend to be less stable and profitable than more mature firms. This is reflected in the rankings of these issues. “Credit Rating/Record Errors” ranks 46th for firms owned for three years or less versus 71st overall and 72nd for those owned for 21 years or more. Two other problems ranking more burdensome related to financing are “Obtaining Long-Term (5 years or more) Business Loans” and “Obtaining Short-Term (less than 12 months or revolving) Business Loans. These problems rank 49th and 48th respectively for the newest firms compared to 68th and 67th.

Problems that rank more difficult for the oldest firms (those with 21 years or more) include the “Estate Tax” and “Environmental Regulations (e.g., EPA).” The “Estate Tax” ranks 39th for the oldest firms, 67th for middle-aged firms (6-10 years), and 70th for the newest firms. Twenty percent of small business owners who have owned their business for 21 or more years report this as a critical problem. As firms become older, estate planning becomes more important. Another problem that follows this pattern is “Environmental Regulations (e.g., EPA)” which ranks 35th for the oldest firms and 63rd for the newest firms. Thirteen percent of the oldest firms report this is a critical problem compared to 4 percent of the newest firms.

**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	2.84	34.8	4	3.34	21.4	1	2.68	36.9	1	2.57	43.4	1	2.39	44.6
2 Cost of Supplies/Inventories	4	3.09	19.7	1	3.01	15.1	2	2.95	21.6	3	3.04	21.0	6	3.08	19.9
3 Uncertainty over Economic Conditions	2	3.09	26.4	11	3.62	15.5	4	3.06	20.2	4	3.09	21.5	2	2.93	24.1
4 Federal Taxes on Business Income	6	3.23	25.0	8	3.52	19.6	3	3.01	28.1	2	2.92	28.8	5	3.05	23.5
5 Locating Qualified Employees	9	3.46	20.1	6	3.41	14.8	5	3.08	28.8	5	3.17	31.2	9	3.12	30.1
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	7	3.29	22.9	23	3.91	14.6	8	3.27	21.9	6	3.20	23.5	3	3.00	26.9
7 Unreasonable Government Regulations	12	3.63	12.2	10	3.61	16.3	9	3.29	19.6	8	3.26	26.5	4	3.03	26.7
8 Uncertainty over Government Actions	14	3.66	18.6	24	3.92	14.3	11	3.39	20.1	7	3.24	24.6	7	3.08	25.1
9 State Taxes on Business Income	3	3.09	21.3	3	3.32	14.3	6	3.20	22.2	9	3.30	24.3	13	3.36	21.9
10 Electricity Costs (rates)	5	3.15	17.5	2	3.27	11.6	10	3.34	15.7	11	3.38	17.0	11	3.32	17.1
11 Property Taxes (real, inventory or personal property)	13	3.65	15.7	36	4.11	11.1	14	3.62	18.6	10	3.33	21.4	8	3.11	25.1
12 Tax Complexity	10	3.48	12.9	35	4.05	9.6	12	3.53	17.7	12	3.41	20.3	10	3.25	20.9
13 Interest Rates	8	3.32	22.6	5	3.41	19.0	7	3.23	25.0	14	3.56	22.4	16	3.54	20.8
14 Finding and Keeping Skilled Employees	20	3.84	17.9	32	4.03	13.6	13	3.60	21.4	13	3.44	27.1	12	3.35	26.4
15 Frequent Changes in Federal Tax Laws and Rules	34	4.13	12.2	29	4.02	10.9	21	3.75	16.7	15	3.60	17.7	14	3.46	17.0
16 Fixed Costs Too High	25	3.95	11.6	34	4.04	10.1	16	3.69	16.4	16	3.72	16.3	15	3.49	16.6
17 Cost and Availability of Liability Insurance	35	4.15	12.3	21	3.88	12.1	15	3.63	18.2	17	3.75	16.3	17	3.57	17.4
18 Federal Paperwork	18	3.80	14.4	7	3.42	11.1	18	3.73	11.9	23	4.00	10.9	19	3.68	14.7
19 State/Local Paperwork	15	3.69	9.2	15	3.69	11.4	23	3.81	12.1	20	3.87	13.2	18	3.68	12.7
20 Projecting Future Sales Changes	17	3.79	10.0	25	3.94	9.3	20	3.75	9.1	18	3.78	11.2	20	3.81	10.2

**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 Pricing My Goods/Services	26	3.98	10.2	12	3.62	12.6	19	3.74	10.3	21	3.88	11.9	25	3.99	10.1
22 Credit Card Payment Processing Costs	11	3.50	22.1	46	4.33	8.6	25	3.82	17.1	19	3.79	19.8	22	3.94	16.7
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	16	3.74	10.8	17	3.71	5.9	26	3.85	10.6	22	3.97	8.7	28	4.01	7.8
24 Dealing with IRS/State Tax Agencies	22	3.92	12.3	40	4.26	7.7	24	3.81	15.4	28	4.07	13.6	21	3.88	13.4
25 Minimum Wage/"Living" Wage	19	3.82	16.5	31	4.03	13.1	17	3.71	17.1	25	4.03	18.8	26	3.99	17.9
26 FICA (Social Security Taxes)	27	4.00	12.0	9	3.58	10.0	22	3.78	13.8	34	4.20	10.5	30	4.05	9.3
27 Finding Out about Regulatory Requirements	37	4.19	8.7	13	3.67	9.4	28	3.95	8.6	36	4.24	8.2	27	3.99	9.7
28 Highly Variable Earnings (profits)	31	4.09	8.7	41	4.28	6.3	31	4.07	6.8	29	4.10	10.4	24	3.98	9.7
29 Workers' Compensation	29	4.04	10.7	54	4.49	9.1	40	4.19	11.2	24	4.00	15.3	23	3.96	13.3
30 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	24	3.93	15.3	39	4.22	10.7	27	3.85	11.0	27	4.04	12.1	36	4.15	8.9
31 Poor Earnings (profits)	23	3.92	13.6	57	4.56	7.2	33	4.08	12.5	26	4.03	11.2	31	4.06	12.7
32 Real Estate Values	40	4.26	9.4	51	4.43	9.1	36	4.12	11.7	30	4.12	12.9	29	4.04	13.2
33 Competition from Large Businesses	28	4.00	10.7	50	4.41	8.7	30	3.98	10.0	32	4.18	11.6	33	4.11	11.2
34 Cost of Government Required Equipment/Procedures	42	4.31	10.9	42	4.28	11.1	38	4.15	11.6	33	4.19	10.1	32	4.06	12.6
35 Unemployment Compensation	33	4.12	15.0	16	3.70	12.3	29	3.97	11.3	37	4.26	11.4	41	4.23	10.2
36 Health/Safety Regulations (e.g., OSHA)	36	4.17	9.4	19	3.80	8.1	43	4.31	7.3	39	4.35	9.5	37	4.15	11.4
37 Cash Flow	30	4.06	12.9	38	4.17	7.9	35	4.11	10.4	31	4.15	11.6	40	4.23	9.7
38 Controlling My Own Time	50	4.51	8.7	22	3.88	13.9	32	4.08	9.2	35	4.23	12.7	44	4.38	9.3
39 Telephone Costs and Service	39	4.26	8.6	55	4.54	4.2	44	4.35	5.2	38	4.31	7.2	38	4.20	7.7
40 Keeping Up on Business and Market Developments	32	4.12	6.4	20	3.86	10.0	39	4.17	6.5	45	4.48	5.1	47	4.40	4.1
41 Cyber Crime (viruses, hacking, etc.)	61	4.78	5.0	64	4.67	4.8	52	4.43	7.5	41	4.38	12.3	34	4.14	11.5
42 Employee Turnover	47	4.46	14.0	14	3.67	8.1	37	4.13	11.7	43	4.42	13.7	49	4.45	10.8
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	57	4.72	7.2	52	4.43	6.7	42	4.30	9.7	40	4.37	10.9	43	4.32	9.4
44 Training Employees	54	4.67	5.8	66	4.69	3.8	49	4.41	5.9	44	4.42	7.2	42	4.23	8.3
45 Environmental Regulations (e.g., EPA)	63	4.83	4.4	59	4.58	9.1	56	4.60	7.1	53	4.70	8.0	35	4.14	12.9
46 Ability to Cost-Effectively Advertise	21	3.88	13.1	33	4.04	8.4	34	4.10	7.6	42	4.41	7.6	52	4.61	5.2

**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 Using Computer(s), the Internet or New Technology Effectively	60	4.76	5.9	28	4.01	9.5	50	4.43	6.5	49	4.64	6.2	48	4.41	6.3
48 Traffic, Highways, Roads, Bridges	45	4.38	10.6	27	3.99	9.9	48	4.41	9.8	51	4.67	8.9	50	4.46	10.1
49 Hiring/Firing/Employment Regulations	59	4.76	5.9	48	4.33	7.9	54	4.48	6.4	48	4.58	7.9	46	4.39	8.0
50 Obtaining Licenses, Permits, etc.	53	4.63	7.2	65	4.68	5.6	46	4.38	8.8	46	4.54	8.3	45	4.39	7.9
51 Poor Sales	38	4.21	11.3	26	3.94	10.6	47	4.39	6.2	50	4.65	7.7	51	4.59	7.3
52 Estate Tax	70	5.15	7.2	73	4.82	7.2	67	4.96	9.3	55	4.74	13.9	39	4.21	19.5
53 Handling Business Growth	44	4.34	9.3	44	4.31	4.8	41	4.29	6.3	47	4.58	4.3	57	4.69	3.5
54 Rules on Retirement Plans	58	4.74	6.4	49	4.36	6.3	55	4.50	5.0	52	4.70	7.5	53	4.61	6.3
55 Crime, including Identity Theft, Shoplifting, etc.	68	5.09	5.0	43	4.30	11.3	57	4.65	8.4	56	4.77	10.0	54	4.67	10.3
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	41	4.26	11.7	18	3.76	8.0	53	4.48	5.2	58	4.82	4.9	60	4.90	4.1
57 Reducing Energy Use in a Cost-Effective Manner	55	4.68	6.6	56	4.55	7.1	59	4.70	5.6	60	4.90	5.1	55	4.67	4.2
58 Delinquent Accounts/Late Payments	51	4.52	10.1	37	4.12	7.6	45	4.38	10.9	54	4.72	7.0	61	4.93	4.6
59 Mandatory Family or Sick Leave	74	5.35	4.4	62	4.60	7.8	60	4.73	8.0	57	4.78	9.7	58	4.78	8.6
60 Zoning/Land Use Regulations	62	4.82	5.0	69	4.79	5.9	64	4.85	4.4	61	4.99	5.6	56	4.67	8.7
61 Competition from Internet Businesses	43	4.34	12.4	30	4.02	5.8	51	4.43	10.2	62	5.11	5.2	62	4.97	8.2
62 Protecting Intellectual Property	56	4.69	7.3	68	4.73	5.8	63	4.80	6.8	59	4.85	7.4	59	4.85	7.8
63 Competition from Imported Products	52	4.53	9.4	45	4.31	9.7	58	4.68	8.3	66	5.23	5.1	63	4.98	8.0
64 Access to High-Speed Internet	67	5.04	7.9	53	4.43	12.2	65	4.86	8.1	63	5.11	8.0	64	5.12	7.8
65 Undocumented Workers	66	5.00	11.4	63	4.62	8.4	70	5.00	8.1	65	5.17	10.3	66	5.22	11.0
66 Cost and Availability of Child Care	64	4.89	5.0	75	4.96	4.8	68	4.97	8.5	64	5.14	7.9	65	5.22	6.6
67 Obtaining Short-Term (less than 12 months or revolving) Business Loans	48	4.48	7.8	60	4.60	6.5	61	4.78	6.9	68	5.29	5.4	68	5.50	4.5
68 Obtaining Long-Term (5 years or more) Business Loans	49	4.50	10.8	67	4.73	5.6	62	4.79	6.8	67	5.28	5.4	69	5.52	3.6
69 Bad Debts (not delinquencies) and/or Bankruptcies	72	5.24	3.7	72	4.81	5.4	71	5.07	3.7	69	5.45	3.0	67	5.38	4.0
70 Winning Contracts from Federal/State/Local Governments	71	5.18	5.1	61	4.60	4.5	69	4.98	5.8	72	5.54	5.5	70	5.53	4.4
71 Credit Rating/Record Errors	46	4.44	9.3	47	4.33	6.4	66	4.93	4.1	71	5.54	2.3	72	5.63	3.2

**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 Costs and Frequency of Lawsuits/Threatened Lawsuits	65	4.94	10.8	58	4.56	4.7	74	5.27	3.6	70	5.49	4.5	71	5.54	5.8
73 Out-of-State Sales Tax (e.g., internet sales)	75	5.35	5.0	71	4.79	4.7	72	5.18	7.5	73	5.58	4.3	73	5.71	4.9
74 Importing My Products/Services	69	5.10	5.8	70	4.79	3.8	73	5.23	5.5	74	5.85	2.3	74	5.81	2.5
75 Exporting My Products/Services	73	5.33	5.1	74	4.83	7.1	75	5.50	4.2	75	5.91	2.4	75	5.81	3.5

### Gender of Owner(s)

Problem severity also differs based on the gender of the owner(s) of a business. This is likely due to the industry and number of employees, although other differences are less clear. In this report, over half (55 percent) of small business owners are male, 14 percent are female, and 31 percent are equally male and female. Most of the problems are similar in ranking with 80 percent of them within 9 positions or less. Problems that are more burdensome for male owners include “Environmental Regulations (e.g., EPA)” and “Workers’ Compensation” whereas female-owned businesses find “Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.),” and the “Ability to Cost-Effectively Advertise” more problematic.

**CHART 6**

### Largest Ranking Differences by Gender

	Rank	% Critical Problem	Rank	% Critical Problem	Rank Difference
	Male Owned		Female Owned		
<b>More Severe for Male Owned</b>					
Environmental Regulations (e.g., EPA)	39	11.2	63	6.8	-24
Workers’ Compensation	24	12.7	39	13.7	-15
Real Estate Values	32	12.0	47	8.7	-15
Cost of Government Required Equipment/Procedures	30	12.2	44	11.5	-14
Training Employees	40	7.7	54	7.1	-14

**CHART 6**

## Largest Ranking Differences by Gender (Cont'd)

	Rank	% Critical Problem	Rank	% Critical Problem	Rank Difference
	Male Owned		Female Owned		
<b>More Severe for Female Owned</b>					
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	61	4.4	37	8.0	24
Ability to Cost-Effectively Advertise	51	6.5	30	10.0	21
Competition from Internet Businesses	63	6.3	45	9.3	18
Employee Turnover	46	11.0	28	14.6	18
Minimum Wage/"Living" Wage	31	15.3	16	21.1	15

The complete list of problem ranking by male owned, female owned, and equally male/female owned are shown 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	2.31	43.5	1	2.93	36.4	1	2.73	40.1
2 Cost of Supplies/Inventories	6	3.07	18.9	2	2.97	19.2	2	2.94	23.4
3 Uncertainty over Economic Conditions	2	2.92	22.4	6	3.20	22.0	4	3.10	22.7
4 Federal Taxes on Business Income	3	2.95	26.8	3	3.10	24.9	5	3.17	21.2
5 Locating Qualified Employees	4	3.04	29.9	7	3.28	25.7	9	3.31	27.2
6 Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	5	3.07	24.6	11	3.60	18.7	3	3.05	27.5
7 Unreasonable Government Regulations	7	3.09	25.3	8	3.44	19.9	6	3.20	24.5
8 Uncertainty over Government Actions	8	3.12	24.4	12	3.60	18.3	7	3.21	24.7
9 State Taxes on Business Income	11	3.29	22.5	5	3.16	22.9	11	3.40	19.3
10 Electricity Costs (rates)	14	3.38	15.5	4	3.12	16.5	10	3.34	18.1
11 Property Taxes (real, inventory or personal property)	10	3.25	22.8	13	3.62	18.5	8	3.29	22.6
12 Tax Complexity	9	3.24	19.7	17	3.66	15.1	13	3.46	19.7
13 Interest Rates	13	3.37	21.9	19	3.70	19.4	12	3.44	23.8



**TABLE 12**

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

	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
14 Finding and Keeping Skilled Employees	12	3.30	26.9	20	3.71	20.5	14	3.57	23.9
15 Frequent Changes in Federal Tax Laws and Rules	15	3.61	14.9	10	3.59	17.7	15	3.65	16.2
16 Fixed Costs Too High	16	3.62	14.1	14	3.62	14.7	16	3.65	17.7
17 Cost and Availability of Liability Insurance	17	3.64	15.8	15	3.64	16.7	17	3.73	16.5
18 Federal Paperwork	19	3.79	13.3	9	3.57	14.1	18	3.74	11.3
19 State/Local Paperwork	18	3.71	11.9	25	3.81	11.1	19	3.75	13.0
20 Projecting Future Sales Changes	20	3.80	8.9	24	3.79	11.0	20	3.89	11.1
21 Pricing My Goods/Services	21	3.87	10.7	18	3.67	12.1	26	4.02	10.3
22 Credit Card Payment Processing Costs	26	4.00	16.1	22	3.73	18.5	22	3.92	16.7
23 Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	23	3.98	7.4	21	3.72	10.4	24	3.97	8.4
24 Dealing with IRS/State Tax Agencies	22	3.91	14.1	29	3.90	12.4	25	4.00	11.4
25 Minimum Wage/"Living" Wage	31	4.09	15.3	16	3.64	21.1	21	3.92	18.2
26 FICA (Social Security Taxes)	25	4.00	11.3	23	3.74	11.6	29	4.08	8.0
27 Finding Out about Regulatory Requirements	28	4.02	9.2	26	3.83	8.8	27	4.06	9.7
28 Highly Variable Earnings (profits)	27	4.02	8.5	32	3.96	9.0	28	4.06	9.9
29 Workers' Compensation	24	3.98	12.7	39	4.13	13.7	31	4.12	12.2
30 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	29	4.08	9.1	33	4.01	11.7	30	4.09	11.3
31 Poor Earnings (profits)	33	4.10	10.8	38	4.08	11.7	32	4.14	12.5
32 Real Estate Values	32	4.10	12.0	47	4.31	8.7	23	3.94	16.3
33 Competition from Large Businesses	34	4.15	9.4	31	3.95	14.0	33	4.16	12.0
34 Cost of Government Required Equipment/Procedures	30	4.08	12.2	44	4.20	11.5	34	4.20	10.0
35 Unemployment Compensation	35	4.16	11.7	27	3.86	11.6	39	4.34	9.6
36 Health/Safety Regulations (e.g., OSHA)	36	4.16	10.4	42	4.14	9.4	35	4.23	10.0
37 Cash Flow	37	4.17	9.7	35	4.06	11.6	37	4.27	8.9
38 Controlling My Own Time	38	4.23	10.2	40	4.13	11.7	41	4.35	10.2
39 Telephone Costs and Service	43	4.31	6.9	43	4.19	5.6	36	4.26	7.8
40 Keeping Up on Business and Market Developments	44	4.37	4.6	34	4.02	6.7	40	4.35	5.4
41 Cyber Crime (viruses, hacking, etc.)	42	4.28	10.2	50	4.37	8.5	42	4.37	9.9
42 Employee Turnover	46	4.42	11.0	28	3.88	14.6	43	4.40	11.7
43 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	41	4.27	8.9	48	4.34	10.0	45	4.46	9.1
44 Training Employees	40	4.26	7.7	54	4.42	7.1	51	4.53	6.4

**TABLE 12**

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

	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
45 Environmental Regulations (e.g., EPA)	39	4.24	11.2	63	4.82	6.8	38	4.27	12.7
46 Ability to Cost-Effectively Advertise	51	4.53	6.5	30	3.93	10.0	47	4.47	5.7
47 Using Computer(s), the Internet or New Technology Effectively	50	4.48	6.4	36	4.06	9.6	48	4.49	4.9
48 Traffic, Highways, Roads, Bridges	45	4.39	11.2	51	4.37	8.8	50	4.53	9.0
49 Hiring/Firing/Employment Regulations	48	4.46	7.2	46	4.24	9.2	49	4.49	7.7
50 Obtaining Licenses, Permits, etc.	47	4.43	7.8	56	4.51	8.0	44	4.44	8.1
51 Poor Sales	53	4.60	7.2	41	4.13	9.8	52	4.54	8.3
52 Estate Tax	52	4.53	16.0	61	4.68	11.1	46	4.46	16.9
53 Handling Business Growth	49	4.46	3.9	52	4.37	5.9	59	4.75	5.9
54 Rules on Retirement Plans	54	4.60	6.5	53	4.41	8.2	56	4.68	4.6
55 Crime, including Identity Theft, Shoplifting, etc.	55	4.75	9.5	55	4.45	10.5	54	4.67	9.1
56 Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	61	4.93	4.4	37	4.07	8.0	57	4.73	3.9
57 Reducing Energy Use in a Cost-Effective Manner	56	4.75	4.6	59	4.65	5.5	55	4.67	5.2
58 Delinquent Accounts/Late Payments	58	4.77	6.2	49	4.35	9.0	62	4.89	4.9
59 Mandatory Family or Sick Leave	59	4.82	8.4	57	4.60	8.4	61	4.85	8.6
60 Zoning/Land Use Regulations	57	4.77	6.6	64	4.84	4.8	53	4.65	9.2
61 Competition from Internet Businesses	63	5.07	6.3	45	4.23	9.3	58	4.73	8.2
62 Protecting Intellectual Property	60	4.87	7.7	60	4.66	6.1	63	4.91	6.1
63 Competition from Imported Products	62	5.06	7.6	62	4.74	7.2	60	4.81	8.6
64 Access to High-Speed Internet	64	5.15	7.9	58	4.64	8.6	64	4.98	8.8
65 Undocumented Workers	65	5.18	10.3	68	4.95	8.8	65	5.10	11.2
66 Cost and Availability of Child Care	66	5.19	6.6	71	5.07	8.1	66	5.15	5.7
67 Obtaining Short-Term (less than 12 months or revolving) Business Loans	69	5.34	4.4	67	4.94	5.1	68	5.36	5.5
68 Obtaining Long-Term (5 years or more) Business Loans	67	5.31	4.4	69	4.99	5.6	67	5.32	4.4
69 Bad Debts (not delinquencies) and/or Bankruptcies	68	5.32	3.7	72	5.11	4.9	69	5.39	3.0
70 Winning Contracts from Federal/State/Local Governments	70	5.41	4.5	66	4.91	6.4	74	5.60	4.0
71 Credit Rating/Record Errors	71	5.47	3.4	65	4.88	5.2	71	5.52	3.0
72 Costs and Frequency of Lawsuits/Threatened Lawsuits	72	5.47	5.7	70	5.03	6.2	70	5.50	4.6
73 Out-of-State Sales Tax (e.g., internet sales)	73	5.66	5.2	74	5.23	4.6	72	5.57	4.9
74 Importing My Products/Services	75	5.81	2.8	73	5.22	3.6	73	5.59	3.0
75 Exporting My Products/Services	74	5.79	3.5	75	5.47	4.5	75	5.65	3.9

## Legal Form of Business

Small business owners legally structure their business in one of five ways: proprietorship, partnership, corporation (C-corporation), sub-chapter S-corporation (S-corporation), or limited liability corporation (LLC). These legal forms of businesses differ in the severity of certain issues. The main factors that differentiate one form of business from another are tax rules, liability exposure, formality, and ownership control. A proprietorship is the simplest to establish and least expensive option, whereas C-corporations are more formal and costly. Two other distinguishing characteristics of the legal forms of business are the size of the firm and number of owners, as proprietorships and partnerships tend to have fewer employees.

Employment-related problems tend to be harder for small businesses legally structured as S-corporations and LLCs. All of the employment-related questions in this survey rank the most severe for S-corporations and second for LLCs. “Finding and Keeping Skilled Employees” has the largest ranking difference between two legal forms of businesses of all the employment-related questions. This problem ranks 4th for S-corporations and 43rd for proprietorships. The percent citing this a critical problem was double for S-corporation (28 percent) compared to proprietorships (14 percent). LLCs rank this problem 14th, and 23rd for both C-corporations and partnerships. S-corporations rank “Locating Qualified Employees” as the second most important problem, with 31 percent reporting it a critical problem. This compares to 7th place for LLCs, 9th for C-corporations and partnerships, and 17th for businesses classified as proprietorships. This pattern continues for other employment-related questions including: “Managing Employees (e.g., performance, absenteeism, appearance, etc.),” “Training Employees,” and “Workers’ Compensation.”

**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	2	2.93	36.7	2	3.02	33.4	2	2.28	45.7	1	2.38	43.3	1	2.65	38.1
2	Cost of Supplies/Inventories	3	3.10	22.2	1	2.87	20.7	1	3.02	19.4	7	3.15	17.1	5	3.06	21.7
3	Uncertainty over Economic Conditions	5	3.16	23.5	5	3.32	17.9	5	2.89	24.6	5	3.03	20.1	3	2.95	24.0
4	Federal Taxes on Business Income	4	3.12	23.9	7	3.34	21.1	7	3.13	21.9	3	2.98	26.3	2	2.83	31.2
5	Locating Qualified Employees	17	3.92	20.5	9	3.44	22.9	9	2.91	33.3	2	2.81	30.9	7	3.22	28.0
6	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	1	2.91	32.0	8	3.43	23.4	8	3.14	21.5	11	3.34	21.0	4	3.03	25.6
7	Unreasonable Government Regulations	9	3.28	24.8	4	3.31	21.6	4	3.16	24.1	6	3.07	24.6	10	3.36	22.7
8	Uncertainty over Government Actions	7	3.24	27.1	10	3.48	20.2	10	3.23	22.8	8	3.16	21.7	8	3.24	23.5
9	State Taxes on Business Income	10	3.39	22.6	6	3.32	19.2	6	3.26	21.3	13	3.42	20.1	6	3.14	25.8
10	Electricity Costs (rates)	8	3.26	19.3	3	3.24	16.2	3	3.28	15.3	12	3.39	14.4	13	3.42	17.9
11	Property Taxes (real, inventory or personal property)	6	3.21	26.1	13	3.58	19.1	13	3.32	20.8	10	3.27	21.4	11	3.37	21.6

**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	Tax Complexity	11	3.45	19.4	14	3.60	17.5	14	3.48	18.5	9	3.23	19.4	12	3.40	18.1
13	Interest Rates	12	3.58	23.1	12	3.53	20.6	12	3.36	23.7	16	3.55	18.7	9	3.28	25.3
14	Finding and Keeping Skilled Employees	43	4.43	14.4	23	3.84	14.6	23	3.15	28.9	4	3.02	28.2	14	3.45	27.1
15	Frequent Changes in Federal Tax Laws and Rules	14	3.63	18.3	15	3.66	20.1	15	3.61	14.2	14	3.44	16.7	17	3.77	13.8
16	Fixed Costs Too High	13	3.60	19.4	16	3.68	19.8	16	3.58	14.2	18	3.63	14.3	16	3.72	13.4
17	Cost and Availability of Liability Insurance	16	3.81	17.5	21	3.75	14.7	21	3.57	16.5	15	3.49	18.1	18	3.79	15.5
18	Federal Paperwork	19	3.96	12.1	11	3.50	12.5	11	3.70	13.2	19	3.66	12.1	25	4.03	12.9
19	State/Local Paperwork	22	4.02	11.4	17	3.73	12.8	17	3.70	12.8	17	3.57	11.0	19	3.86	12.4
20	Projecting Future Sales Changes	20	3.98	13.4	27	3.98	10.4	27	3.68	10.2	20	3.82	8.3	20	3.90	8.2
21	Pricing My Goods/Services	18	3.95	13.6	22	3.78	11.6	22	3.86	10.4	21	3.87	9.1	23	3.94	11.0
22	Credit Card Payment Processing Costs	39	4.36	14.1	24	3.89	17.4	24	3.74	17.2	28	3.98	14.5	15	3.69	20.2
23	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	35	4.30	7.5	20	3.73	8.9	20	3.84	8.7	27	3.95	8.0	24	3.99	7.6
24	Dealing with IRS/State Tax Agencies	28	4.09	12.1	28	4.05	9.4	28	3.89	14.8	24	3.89	12.4	22	3.93	14.2
25	Minimum Wage/"Living" Wage	29	4.22	14.9	25	3.94	15.7	25	3.73	20.2	29	3.98	16.3	30	4.11	16.2
26	FICA (Social Security Taxes)	27	4.09	11.8	19	3.73	9.9	19	4.06	9.2	23	3.88	10.8	28	4.07	12.6
27	Finding Out about Regulatory Requirements	25	4.07	9.8	18	3.73	11.3	18	4.08	9.1	26	3.92	7.5	34	4.21	9.4
28	Highly Variable Earnings (profits)	24	4.04	12.4	31	4.16	9.2	31	3.88	8.0	32	4.06	8.6	32	4.15	7.3
29	Workers' Compensation	58	4.97	7.9	35	4.19	10.5	35	3.71	16.6	22	3.87	13.0	26	4.05	12.7
30	Physical Facilities Costs, such as Rent/Mortgage/Maintenance	30	4.24	9.7	29	4.14	12.8	29	4.00	10.7	34	4.08	9.0	21	3.92	11.2
31	Poor Earnings (profits)	23	4.02	15.0	38	4.21	13.8	38	3.99	11.3	38	4.14	10.2	27	4.05	10.9
32	Real Estate Values	15	3.80	16.5	37	4.21	15.2	37	4.20	9.6	35	4.09	11.5	31	4.11	13.7
33	Competition from Large Businesses	31	4.26	12.4	39	4.25	11.9	39	3.96	11.8	43	4.20	9.4	29	4.10	9.1
34	Cost of Government Required Equipment/Procedures	37	4.36	9.7	33	4.18	12.1	33	4.00	13.0	33	4.07	10.4	35	4.21	12.3
35	Unemployment Compensation	55	4.91	7.5	36	4.20	9.1	36	3.94	10.7	25	3.90	11.4	36	4.28	12.1
36	Health/Safety Regulations (e.g., OSHA)	42	4.42	9.0	26	3.97	10.5	26	4.10	11.4	41	4.20	7.9	46	4.54	7.5
37	Cash Flow	32	4.26	10.8	32	4.18	10.9	32	4.10	9.5	42	4.20	9.8	33	4.19	11.2
38	Controlling My Own Time	40	4.37	10.1	42	4.29	11.9	42	4.31	10.5	36	4.09	11.3	38	4.31	9.4

**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
39	Telephone Costs and Service	21	3.99	10.9	49	4.48	4.2	49	4.24	7.6	44	4.30	5.7	40	4.36	7.9
40	Keeping Up on Business and Market Developments	34	4.28	6.0	40	4.29	6.7	40	4.27	5.0	45	4.36	3.8	37	4.30	6.5
41	Cyber Crime (viruses, hacking, etc.)	46	4.58	9.8	54	4.54	8.8	54	4.06	11.8	40	4.17	10.6	47	4.55	7.9
42	Employee Turnover	62	5.10	6.7	30	4.15	7.7	30	4.16	12.4	37	4.12	13.1	41	4.39	13.4
43	Managing Employees (e.g., performance, absenteeism, appearance, etc.)	64	5.17	5.9	59	4.58	6.5	59	4.08	11.9	30	4.00	10.3	42	4.42	9.4
44	Training Employees	60	5.03	6.3	60	4.67	4.8	60	4.11	7.8	31	4.04	7.6	39	4.36	8.2
45	Environmental Regulations (e.g., EPA)	36	4.33	12.2	41	4.29	12.6	41	4.38	10.0	47	4.40	9.0	51	4.69	7.5
46	Ability to Cost-Effectively Advertise	48	4.65	7.2	45	4.32	7.0	45	4.28	7.4	48	4.41	6.7	43	4.42	6.8
47	Using Computer(s), the Internet or New Technology Effectively	41	4.40	7.6	34	4.18	7.1	34	4.46	6.8	46	4.38	6.2	48	4.60	6.0
48	Traffic, Highways, Roads, Bridges	38	4.36	11.3	43	4.30	10.2	43	4.46	10.1	51	4.48	8.5	49	4.61	10.0
49	Hiring/Firing/Employment Regulations	57	4.96	6.6	48	4.47	6.1	48	4.27	8.4	39	4.15	8.3	52	4.72	7.9
50	Obtaining Licenses, Permits, etc.	45	4.54	7.5	46	4.39	8.6	46	4.52	6.6	49	4.41	8.6	45	4.48	8.5
51	Poor Sales	33	4.27	8.5	44	4.31	10.5	44	4.42	7.9	58	4.73	5.7	50	4.66	9.0
52	Estate Tax	26	4.07	23.8	53	4.54	16.0	53	4.59	13.8	55	4.61	12.8	54	4.87	12.9
53	Handling Business Growth	56	4.95	5.1	51	4.53	7.3	51	4.50	4.6	50	4.44	3.5	44	4.47	4.2
54	Rules on Retirement Plans	44	4.52	7.8	47	4.46	6.7	47	4.57	7.3	52	4.53	4.9	57	4.91	5.4
55	Crime, including Identity Theft, Shoplifting, etc.	50	4.70	11.9	57	4.57	10.3	57	4.58	10.8	56	4.67	10.0	60	5.03	6.5
56	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	54	4.89	7.3	50	4.53	4.0	50	4.58	5.4	59	4.73	4.2	55	4.89	5.0
57	Reducing Energy Use in a Cost-Effective Manner	51	4.79	5.1	61	4.75	4.9	61	4.66	5.0	57	4.68	3.9	53	4.81	6.1
58	Delinquent Accounts/Late Payments	61	5.09	5.8	52	4.53	4.8	52	4.60	6.6	53	4.56	7.4	59	4.96	7.7
59	Mandatory Family or Sick Leave	63	5.12	6.1	64	4.90	7.4	64	4.51	11.8	54	4.60	8.9	61	5.09	6.3
60	Zoning/Land Use Regulations	49	4.66	9.1	63	4.78	6.7	63	4.81	5.7	60	4.86	6.7	56	4.90	5.9
61	Competition from Internet Businesses	59	5.00	7.4	55	4.54	7.6	55	4.72	8.4	62	4.89	6.7	64	5.15	5.2
62	Protecting Intellectual Property	53	4.82	11.1	62	4.77	5.9	62	4.72	7.5	61	4.88	6.6	58	4.94	6.3
63	Competition from Imported Products	47	4.59	12.3	56	4.56	10.0	56	4.87	7.9	65	5.17	6.0	66	5.27	5.1
64	Access to High-Speed Internet	52	4.80	11.3	58	4.58	9.7	58	5.12	6.9	66	5.19	7.1	65	5.16	6.7

**TABLE 13**

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

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
65	Undocumented Workers	65	5.18	11.8	67	5.02	8.0	67	4.95	12.2	64	5.10	11.0	68	5.46	8.5
66	Cost and Availability of Child Care	70	5.45	4.5	69	5.04	4.3	69	5.05	8.0	63	5.05	8.1	67	5.28	7.7
67	Obtaining Short-Term (less than 12 months or revolving) Business Loans	66	5.30	6.8	65	4.93	7.5	65	5.32	3.8	70	5.39	3.6	62	5.09	7.0
68	Obtaining Long-Term (5 years or more) Business Loans	69	5.32	5.9	66	4.93	7.6	66	5.33	3.3	69	5.38	3.8	63	5.14	8.0
69	Bad Debts (not delinquencies) and/or Bankruptcies	71	5.57	4.1	71	5.11	4.9	71	5.13	4.0	67	5.29	3.0	71	5.51	3.5
70	Winning Contracts from Federal/State/Local Governments	75	5.79	3.8	73	5.15	5.2	73	5.22	5.5	68	5.30	4.1	69	5.47	5.4
71	Credit Rating/Record Errors	67	5.31	5.8	68	5.03	5.2	68	5.45	2.6	72	5.44	3.2	70	5.48	2.6
72	Costs and Frequency of Lawsuits/Threatened Lawsuits	72	5.57	4.8	70	5.08	5.0	70	5.31	7.6	71	5.39	4.3	72	5.55	5.2
73	Out-of-State Sales Tax (e.g., internet sales)	73	5.59	4.3	74	5.18	6.8	74	5.53	4.9	73	5.49	5.4	74	5.81	4.0
74	Importing My Products/Services	74	5.65	2.8	72	5.14	4.9	72	5.59	2.7	74	5.78	2.4	73	5.73	3.8
75	Exporting My Products/Services	68	5.32	7.7	75	5.23	5.3	75	5.81	2.7	75	5.96	3.0	75	5.88	3.1

Alternatively, energy and environmental-related problems appear to be less burdensome for S-corporations and LLCs, and more difficult for proprietorships, partnerships, and C-corporations. “Electricity Costs (rates)” ranks 3rd for both partnerships and C-corporations, 8th for proprietorships, 12th for S-corporations, and 13th for LLCs. Following a similar pattern is the problem of “Environmental Regulations (e.g., EPA)” which ranks 36th for proprietorships, the most severe of all legal forms of business. This problem ranks 41st for both partnerships and C-corporations, 47th for S-corporations, and is least severe for LLCs (51st).

Issues related to real estate are more troublesome for proprietorships than the other legal forms and overall population. The “Estate Tax” ranks 26th for proprietorships, with almost a quarter (24 percent) reporting it a critical problem. This problem ranks much less severe for the other legal forms of business: 53rd for partnerships and C-corporations, 55th for S-corporations, and 54th for LLCs. “Real Estate Values” are also more chronic for businesses classified as proprietorships with a ranking for the group of 15th, 37th for both partnerships and C-corporations, 35th for S-corporations, and 31st for LLCs.

### 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 – April 2024. A national sample of 40,000

members and separate samples of 1,500 for CA, NY, OH, and TX each drawn 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.

NFIB produced a separate publication for California due to its outsized impact on the U.S. economy and political influence. California holds the top spot for the largest state economy in the country producing over \$3.9 trillion dollars in economic output in 2023, 14 percent of total U.S. GDP. Globally, California is the fifth largest economy worldwide. In addition, California is often the pioneer in implementing new tax and regulatory policies impact business activity. These two factors create a business climate very different from most other states in the U.S.

The ten most burdensome problems for small business owners in California are: “Unreasonable Government Regulations,” “Cost of Health Insurance,” “State Taxes on Business Income,” “Electricity Costs (rates),” “Uncertainty over Economic Conditions,” “Cost of Supplies/Inventories,” “Federal Taxes on Business Income,” “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil,” “Uncertainty over Government Actions,” and “State/Local Paperwork.”

California’s top 10 generally tracks that of the nation with a few exceptions. “State/Local Paperwork” ranks 10th for Californians, eight spots higher than the rest of the country where it is ranked 19th. “Unreasonable Government Regulations” ranks as the most burdensome problem for Californians and 7th for the rest of the country. More than one-in-three (34 percent) find it a critical issue compared to 24 percent overall. Owners in California also face a greater state tax burden than the rest of the country as “State Taxes on Business Income” ranks 3rd in California and 9th overall. However, owners in California evaluate “Cost of Supplies/Inventories” as slightly less burdensome with a 6th state ranking compared to 2nd overall.

The severity among some of the survey’s 75 listed 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: “Hiring/Firing/Employment Regulations,” “Crime, including Identity Theft, Shoplifting, etc.,” “Environmental Regulations (e.g., EPA),” “Mandatory Family or Sick Leave,” “Health/Safety Regulations (e.g., OSHA),” “Workers’ Compensation,” “Poor Sales,” “Minimum Wage/“Living” Wage,” “Unemployment Compensation,” and “Reducing Energy Use in a Cost-Effective Manner.”

Most notable is that owners in California rank state government regulations higher than the rest of the country, especially those related to employment and the environment. Among the employment regulations, all related problems are significantly more challenging for owners in California compared to the rest of the country.

- “Hiring/Firing/Employment Regulations” ranks 25th in California compared to 49th overall,
- “Mandatory Family or Sick Leave” ranks 45th in California compared to 59th overall,
- “Health/Safety Regulations (e.g., OSHA)” ranks 23rd compared to 36th overall,
- “Workers’ Compensation” ranks 17th compared to 29th overall,
- “Minimum Wage/“Living” Wage” ranks 14th compared to 25th overall, and
- “Unemployment Compensation” ranks 24th among Californians compared to 35th overall.

<sup>4</sup>Bureau of Economic Analysis, “GDP by State”, <https://www.bea.gov/data/gdp/gdp-state>.



While many states have enacted higher minimum wage laws over the last four years, California's most recent increases have been particularly burdensome among small business owners. The state holds a \$16 per hour minimum wage overall that began January 1, 2024. However, a \$20 per hour minimum wage is now in place for some fast-food restaurants and a minimum wage of \$21 per hour for those employees working in healthcare facilities. The minimum wage is scheduled to escalate to \$23 per hour starting in 2026 for those employees<sup>5</sup>. In addition, many cities and locals have exceeded the state's minimum wage topped by West Hollywood with a minimum wage of \$19.08 per hour<sup>6</sup>.

In a departure from the issues related to labor and the environment, owners in California also evaluate crime as more burdensome than those in the rest of the U.S. About 17 percent of small business owners in the state find "Crime, including Identity Theft, Shoplifting, etc." a critical issue in operating their business compared to 10 percent of owners overall.

On the other side, California small business owners are less burdened on average than owners in the rest of the country by the following ten problems: "Competition from Large Businesses," "Credit Card Payment Processing Costs," "Pricing My Goods/Services," "Ability to Cost-Effectively Advertise," "Controlling My Own Time," "Cyber Crime (viruses, hacking, etc.)," "FICA (Social Security Taxes)," "Cost of Outside Business Services (e.g., accountants, lawyers, consultants)," "Employee Turnover," and "Keeping Up on Business and Market Developments."

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 also a tax on businesses. The ranking of business problems reflects these challenges for California small business owners.

**TABLE 14**

## Measures of Small Business Problem Importance - California

Problem	CA Rank	US Rank	Mean	Standard Deviation	Percent "Critical"	Percent "Not a Problem"
Unreasonable Government Regulations	1	7	2.54	1.61	34.4	2.4
Cost of Health Insurance	2	1	2.55	1.79	39.6	4.7
State Taxes on Business Income	3	9	2.56	1.63	35.9	2.7
Electricity Costs (rates)	4	10	2.59	1.54	29.0	2.4
Uncertainty over Economic Conditions	5	3	2.85	1.71	29.5	2.8
Cost of Supplies/Inventories	6	2	2.86	1.62	22.8	3.3

<sup>5</sup>State of California: Department of Industrial Relations, "Minimum Wage", [https://www.dir.ca.gov/dlse/faq\\_minimumwage.htm](https://www.dir.ca.gov/dlse/faq_minimumwage.htm).

<sup>6</sup>[www.weho.org/business/operate-your-business/minimum-wage](http://www.weho.org/business/operate-your-business/minimum-wage)



**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"
Federal Taxes on Business Income	7	4	2.94	1.80	27.4	6.7
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	8	6	3.01	1.93	30.6	4.3
Uncertainty over Government Actions	9	8	3.06	1.78	24.3	5.2
State/Local Paperwork	10	19	3.07	1.74	22.2	5.2
Locating Qualified Employees	11	5	3.08	1.99	27.6	9.8
Cost and Availability of Liability Insurance	12	17	3.12	1.88	25.6	5.6
Fixed Costs Too High	13	16	3.13	1.72	22.3	3.2
Minimum Wage/"Living" Wage	14	25	3.18	2.08	32.0	10.7
Frequent Changes in Federal Tax Laws and Rules	15	15	3.23	1.73	22.4	3.7
Tax Complexity	16	12	3.28	1.82	19.8	7.3
Workers' Compensation	17	29	3.32	1.95	22.9	8.6
Finding and Keeping Skilled Employees	18	14	3.41	1.95	22.7	9.8
Property Taxes (real, inventory or personal property)	19	11	3.42	1.87	18.5	6.4
Finding Out about Regulatory Requirements	20	27	3.45	1.80	15.8	7.5
Interest Rates	21	13	3.50	1.97	18.3	11.5
Projecting Future Sales Changes	22	20	3.54	1.66	13.2	4.8
Health/Safety Regulations (e.g., OSHA)	23	36	3.57	2.03	18.6	13.6
Unemployment Compensation	24	35	3.59	1.82	15.4	9.1
Hiring/Firing/Employment Regulations	25	49	3.69	1.98	15.7	11.7
Federal Paperwork	26	18	3.69	1.86	15.7	8.2
Environmental Regulations (e.g., EPA)	27	45	3.70	2.07	19.8	12.1
Cost of Government Required Equipment/Procedures	28	34	3.72	1.97	16.9	13.3
Poor Earnings (profits)	29	31	3.73	1.89	16.3	8.8
Dealing with IRS/State Tax Agencies	30	24	3.78	1.88	14.6	7.9
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	31	30	3.80	1.87	14.8	9.2
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	32	23	3.80	1.70	10.0	7.6
Pricing My Goods/Services	33	21	3.81	1.88	13.9	9.2
Crime, including Identity Theft, Shoplifting, etc.	34	55	3.88	2.06	17.3	15.7
Highly Variable Earnings (profits)	35	28	3.91	1.74	9.9	9.1
FICA (Social Security Taxes)	36	26	3.93	1.85	9.5	13.2
Credit Card Payment Processing Costs	37	22	3.96	2.12	16.6	19.8
Real Estate Values	38	32	3.98	1.99	14.7	16.7

**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 Sales	39	51	4.02	1.94	13.3	12.9
Cash Flow	40	37	4.05	1.88	10.8	12.0
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	41	43	4.07	1.88	10.7	13.5
Obtaining Licenses, Permits, etc.	42	50	4.07	1.94	11.2	15.5
Training Employees	43	44	4.09	1.83	11.5	10.7
Traffic, Highways, Roads, Bridges	44	48	4.11	2.08	14.1	18.8
Mandatory Family or Sick Leave	45	59	4.13	2.02	10.4	17.6
Reducing Energy Use in a Cost-Effective Manner	46	57	4.14	1.82	8.8	13.3
Telephone Costs and Service	47	39	4.14	1.65	6.0	8.4
Keeping Up on Business and Market Developments	48	40	4.16	1.69	6.4	9.2
Controlling My Own Time	49	38	4.20	1.98	11.2	18.0
Employee Turnover	50	42	4.29	1.96	10.4	17.7
Cyber Crime (viruses, hacking, etc.)	51	41	4.29	1.86	9.6	13.1
Using Computer(s), the Internet or New Technology Effectively	52	47	4.30	1.83	7.8	14.3
Estate Tax	53	52	4.35	2.19	15.7	26.2
Competition from Large Businesses	54	33	4.41	2.00	12.4	20.7
Rules on Retirement Plans	55	54	4.42	1.86	8.7	18.3
Protecting Intellectual Property	56	62	4.42	2.11	13.9	24.5
Ability to Cost-Effectively Advertise	57	46	4.49	1.90	6.8	18.9
Handling Business Growth	58	53	4.56	1.79	5.6	18.0
Delinquent Accounts/Late Payments	59	58	4.65	1.94	8.4	21.5
Competition from Imported Products	60	63	4.68	2.09	10.3	29.2
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	61	56	4.69	1.87	4.5	24.8
Zoning/Land Use Regulations	62	60	4.73	2.00	9.2	28.0
Competition from Internet Businesses	63	61	4.74	2.04	8.7	27.6
Undocumented Workers	64	65	4.84	2.12	11.6	34.1
Costs and Frequency of Lawsuits/Threatened Lawsuits	65	72	4.96	2.05	9.2	32.0
Access to High-Speed Internet	66	64	5.04	2.14	8.3	41.3
Obtaining Short-Term (less than 12 months or revolving) Business Loans	67	67	5.11	1.93	5.9	36.5
Obtaining Long-Term (5 years or more) Business Loans	68	68	5.14	1.87	4.0	34.0

**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"
Bad Debts (not delinquencies) and/or Bankruptcies	69	69	5.16	1.80	4.0	32.4
Winning Contracts from Federal/State/Local Governments	70	70	5.17	1.93	4.4	37.7
Credit Rating/Record Errors	71	71	5.24	1.80	3.6	33.2
Cost and Availability of Child Care	72	66	5.30	1.86	4.0	42.1
Out-of-State Sales Tax (e.g., internet sales)	73	73	5.42	1.89	4.4	45.4
Exporting My Products/Services	74	75	5.43	1.95	6.8	47.0
Importing My Products/Services	75	74	5.51	1.73	4.0	40.6

**TABLE 15**

## Largest Differences in Problem Ranking Between CA and US

More Difficult in California	CA Rank	US Rank	Rank Difference
Hiring/Firing/Employment Regulations	25	49	24
Crime, including Identity Theft, Shoplifting, etc.	34	55	21
Environmental Regulations (e.g., EPA)	27	45	18
Mandatory Family or Sick Leave	45	59	14
Health/Safety Regulations (e.g., OSHA)	23	36	13
Workers' Compensation	17	29	12
Poor Sales	39	51	12
Minimum Wage/"Living" Wage	14	25	11
Unemployment Compensation	24	35	11
Reducing Energy Use in a Cost-Effective Manner	46	57	11

**TABLE 15**

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

Less Difficult in California	CA Rank	US Rank	Rank Difference
Competition from Large Businesses	54	33	21
Credit Card Payment Processing Costs	37	22	15
Pricing My Goods/Services	33	21	12
Ability to Cost-Effectively Advertise	57	46	11
Controlling My Own Time	49	38	11
Cyber Crime (viruses, hacking, etc.)	51	41	10
FICA (Social Security Taxes)	36	26	10
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	32	23	9
Employee Turnover	50	42	8
Keeping Up on Business and Market Developments	48	40	8

### Small Business Problems and Priorities - Texas

The Texas Small Business Problems and Priorities report is based on the responses of 227 NFIB small business owners to a mail survey conducted from February to mid-April 2024. A national sample of 40,000 members was drawn 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 Texas are: "Cost of Health Insurance," "Uncertainty over Economic Conditions," "Property Taxes (real, inventory or personal property)," "Federal Taxes on Business Income," "Locating Qualified Employees," "Cost of Supplies/Inventories," "Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil," "Cost and Availability of Liability Insurance," "Uncertainty over Government Actions," and "Electricity Costs (rates)."

Texas's top 10 generally tracks that of the nation with several exceptions. "Property Taxes (real, inventory or personal property)" ranks 3rd in Texas compared to 11th in the rest of the country. The "Cost and Availability of Liability Insurance" ranks 8th in Texas compared to 17th overall. And "State Taxes on Business Income" ranks 39th in Texas and 9th overall.

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 30 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 2024 State Business Tax Climate Index. 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.

“Workers’ Compensation” ranks 17 spots lower in Texas (46th) compared to the rest of the country (29th). Only 9 percent of owners find this as a critical issue while 22 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. Furthermore, those that choose to purchase workers’ compensation insurance find it relatively inexpensive.

Texas also has a business-friendly regulatory environment. “Health/Safety Regulations (e.g., OSHA)” ranks 14 spots lower in Texas (50th) compared to the rest of the country (36th). Eight percent of owners regard this type of regulation as a critical issue and 28 percent do not consider it a problem. Similarly, “Minimum Wage/Living Wage,” is the seventh largest difference in rankings between Texas (38th) and the rest of the country (25th). Seventeen percent of owners consider it a critical problem and 24 percent do not consider it to be a problem at all. Texas follows the federal minimum wage law of \$7.25 and cities within the state are not allowed to independently exceed the federal minimum wage law.

Small business owners in Texas reported crime-related problems as more difficult compared to the rest of the country. “Cyber Crime (viruses, hacking, etc.)” ranks 19 spots higher on the list ranking 22nd in Texas compared to 41st in the rest of the country. Also notable, the Texas ranking is 10 points higher than it was in 2020. Fourteen percent of owners find cyber crime to be a critical problem. “Crime, including Identity Theft, Shoplifting, etc.” also ranked higher in Texas at the 40th position and ranks 55th in the rest of the country. Fourteen percent regard “Crime, including Identity Theft, Shoplifting, etc.” as a critical problem.

Overall, the rankings of top issues in Texas compared to the U.S. 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	2.72	2.01	39.6	9.7
Uncertainty over Economic Conditions	2	3	2.95	1.76	26.4	5.7
Property Taxes (real, inventory or personal property)	3	11	2.95	1.91	32.9	6.8
Federal Taxes on Business Income	4	4	3.07	1.78	25.9	5.4
Locating Qualified Employees	5	5	3.08	1.95	27.9	9.5
Cost of Supplies/Inventories	6	2	3.08	1.84	21.9	8.0
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	7	6	3.25	1.85	20.3	8.4
Cost and Availability of Liability Insurance	8	17	3.26	1.99	27.4	9.9

**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 Government Actions	9	9	3.45	1.87	18.1	9.4
Electricity Costs (rates)	10	14	3.57	1.93	19.2	10.3
Finding and Keeping Skilled Employees	11	17	3.62	1.83	14.0	9.8
Unreasonable Government Regulations	12	13	3.66	1.86	13.1	11.0
Tax Complexity	13	11	3.71	1.69	10.8	8.8
Interest Rates	14	15	3.83	1.92	11.6	11.6
Fixed Costs Too High	15	12	3.86	1.77	7.4	10.8
Frequent Changes in Federal Tax Laws and Rules	16	23	3.88	1.91	15.8	9.6
Federal Paperwork	17	16	3.95	1.90	13.4	12.1
Dealing with IRS/State Tax Agencies	18	35	3.97	1.85	7.4	14.1
Projecting Future Sales Changes	19	21	4.00	1.95	12.8	14.9
Pricing My Goods/Services	20	25	4.01	1.87	9.0	14.6
Poor Earnings (profits)	21	27	4.01	1.97	10.3	16.6
Cyber Crime (viruses, hacking, etc.)	22	26	4.02	1.90	10.3	13.1
Cash Flow	23	20	4.03	1.80	8.3	11.1
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	24	32	4.05	1.75	6.1	12.8
Real Estate Values	25	29	4.05	1.73	7.4	10.8
Credit Card Payment Processing Costs	26	24	4.06	1.80	8.3	13.1
Finding Out about Regulatory Requirements	27	18	4.07	1.87	11.8	14.6
State/Local Paperwork	28	31	4.09	2.05	12.8	20.9
Competition from Large Businesses	29	33	4.09	1.93	8.8	15.5
Telephone Costs and Service	30	30	4.10	1.83	10.9	11.6
Unemployment Compensation	31	46	4.13	1.96	10.3	16.4
Highly Variable Earnings (profits)	32	48	4.13	1.98	11.6	17.0
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	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
FICA (Social Security Taxes)	35	41	4.18	1.81	8.3	16.0
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	36	42	4.21	1.54	4.7	8.7
Controlling My Own Time	37	44	4.23	2.04	12.2	20.9
Minimum Wage/"Living" Wage	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	9	4.31	2.21	14.1	26.9
Crime, including Identity Theft, Shoplifting, etc.	40	55	4.35	2.16	14.0	25.7
Keeping Up on Business and Market Developments	41	40	4.35	1.77	7.6	14.3
Training Employees	42	44	4.38	1.88	8.8	18.1
Poor Sales	43	51	4.40	1.95	10.2	19.9
Ability to Cost-Effectively Advertise	44	46	4.43	1.91	8.5	20.5
Employee Turnover	45	42	4.46	2.16	11.2	27.8
Workers' Compensation	46	29	4.46	1.94	8.9	21.8
Using Computer(s), the Internet or New Technology Effectively	47	47	4.47	1.86	5.4	18.5
Obtaining Licenses, Permits, etc.	48	50	4.47	1.98	8.5	24.2
Traffic, Highways, Roads, Bridges	49	48	4.50	1.99	7.9	22.9
Health/Safety Regulations (e.g., OSHA)	50	36	4.51	2.03	8.4	27.6
Hiring/Firing/Employment Regulations	51	49	4.54	1.92	8.1	20.6
Competition from Internet Businesses	52	61	4.57	2.13	11.6	28.1
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	53	56	4.60	2.00	8.6	25.2
Delinquent Accounts/Late Payments	54	58	4.61	2.00	8.8	24.3
Handling Business Growth	55	53	4.62	1.84	5.8	21.2
Estate Tax	56	52	4.63	2.25	13.8	35.3
Environmental Regulations (e.g., EPA)	57	45	4.66	2.02	9.0	27.4
Reducing Energy Use in a Cost-Effective Manner	58	57	4.67	1.82	8.1	21.1
Protecting Intellectual Property	59	62	4.68	2.03	9.4	27.7
Undocumented Workers	60	65	4.71	2.33	16.0	40.0
Access to High-Speed Internet	61	64	4.90	2.16	11.2	39.3
Mandatory Family or Sick Leave	62	59	5.04	1.90	6.3	34.7
Rules on Retirement Plans	63	54	5.05	1.86	5.8	29.6
Zoning/Land Use Regulations	64	60	5.10	1.81	3.6	32.7
Competition from Imported Products	65	63	5.11	2.00	5.8	39.8
Obtaining Short-Term (less than 12 months or revolving) Business Loans	66	67	5.14	2.01	7.5	42.3
Cost and Availability of Child Care	67	66	5.16	1.95	6.3	40.6
Credit Rating/Record Errors	68	71	5.19	2.03	4.9	44.2

**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"
Bad Debts (not delinquencies) and/or Bankruptcies	69	69	5.21	1.91	4.9	38.1
Costs and Frequency of Lawsuits/Threatened Lawsuits	70	72	5.22	2.00	6.3	40.6
Obtaining Long-Term (5 years or more) Business Loans	71	68	5.25	2.04	7.0	45.8
Winning Contracts from Federal/State/Local Governments	72	70	5.25	2.00	6.2	45.1
Out-of-State Sales Tax (e.g., internet sales)	73	73	5.66	1.94	6.6	56.6
Importing My Products/Services	74	74	5.71	1.74	4.5	51.3
Exporting My Products/Services	75	75	5.89	1.73	4.1	60.2

**TABLE 17**

## Largest Differences in Problem Ranking Between TX and US

More Difficult in Texas	TX Rank	US Rank	Rank Difference
Cyber Crime (viruses, hacking, etc.)	22	41	19
Crime, including Identity Theft, Shoplifting, etc.	40	55	15
Cash Flow	23	37	14
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	33	43	10
Poor Earnings (profits)	21	31	10
Cost and Availability of Liability Insurance	8	17	9
Telephone Costs and Service	30	39	9
Competition from Internet Businesses	52	61	9
Poor Sales	43	51	8
Property Taxes (real, inventory or personal property)	3	11	8



**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	9	30
Workers' Compensation	46	29	17
Health/Safety Regulations (e.g., OSHA)	50	36	14
Minimum Wage/"Living" Wage	38	25	13
Environmental Regulations (e.g., EPA)	57	45	12
State/Local Paperwork	28	19	9
Rules on Retirement Plans	63	54	9
FICA (Social Security Taxes)	35	26	9
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	36	30	6
Unreasonable Government Regulations	12	7	5

### Small Business Problems and Priorities - Ohio

The Ohio Small Business Problems and Priorities report is based on the responses of 360 NFIB small business owners to a mail survey conducted from February - April 2024. A national sample of 40,000 members was drawn 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," "Federal Taxes on Business Income," "Electricity Costs (rates)," "Cost of Supplies/Inventories," "Locating Qualified Employees," "Uncertainty over Economic Conditions," "Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil," "Finding and Keeping Skilled Employees," "Unreasonable Government Regulations," and "Uncertainty over Government Actions."

Ohio's top 10 most severe problems are similar to the overall business population but with slight differences in the overall order. Nine of Ohio's top 10 most severe issues were also listed in the overall top 10 problems, and for two problems the ranking is the same. The "Cost of Health Insurance" ranks as the most burdensome problem for small businesses in Ohio, the same as the rest of the country. The percent of small business owners who consider the cost of health insurance a critical problem is 39 percent, only 2 percentage-points lower than the overall population. The other problem with an identical ranking is "Locating Qualified Employees" which ranks 5th in severity for both groups. Twenty-six percent of small business owners in Ohio believe this is a critical problem, very close to the 28 percent cited by the overall population. The one problem in the top 10 for Ohio firms that is not in the top 10 overall is "Finding and Keeping Skilled Employees." While owners in Ohio rank this problem as 8th, it ranks 14th for the overall small business population.

Small business owners in Ohio struggle more than the overall population with two employee-related problems: “Employee Turnover” and “Managing Employees (e.g., performance, absenteeism, appearance, etc.)” The first, “Employee Turnover” ranks 26th in Ohio compared to 42nd for the rest of the country. Twelve percent of owners in Ohio find this a critical problem. Although not as large of a difference in ranking as “Employee Turnover,” the problem “Managing Employees (e.g., performance, absenteeism, appearance, etc.)” is also more problematic for Ohio firms. Small business owners in Ohio rank this problem 34th versus 43rd for the rest of the country.

Problems related to earnings and costs rank less severe in Ohio than the rest of the country. “Workers’ Compensation” ranks 17 positions lower than the U.S. with a ranking of 46th compared to 29th. The percent of firms that cite this problem as critical in the U.S. is almost three times more than those in Ohio (5 percent). Another problem that is more severe for firms in Ohio is “Poor Earnings (profits).” It ranks 41st for firms in Ohio, 31st for overall, and 8 percent report it a critical problem. Also notable is “Physical Facilities Costs, such as Rent/Mortgage/Maintenance” which ranks 39th for Ohio compared to 30th for the rest of the country.

**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	2.61	1.89	38.6	8.3
Federal Taxes on Business Income	2	4	3.23	1.85	21.3	8.2
Electricity Costs (rates)	3	10	3.25	1.69	16.1	5.9
Cost of Supplies/Inventories	4	2	3.32	1.75	13.2	8.7
Locating Qualified Employees	5	5	3.33	2.10	25.9	13.1
Uncertainty over Economic Conditions	6	3	3.37	1.73	15.5	6.5
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	7	6	3.45	1.84	18.7	6.4
Finding and Keeping Skilled Employees	8	14	3.50	2.05	23.5	11.7
Unreasonable Government Regulations	9	7	3.59	1.89	17.7	9.6
Uncertainty over Government Actions	10	8	3.62	1.96	17.5	10.6
Property Taxes (real, inventory or personal property)	11	11	3.64	1.96	17.4	11.5
State Taxes on Business Income	12	9	3.65	1.90	14.4	10.8
Interest Rates	13	13	3.70	2.02	18.2	12.8
Tax Complexity	14	12	3.75	1.83	11.8	11.8
State/Local Paperwork	15	19	3.87	1.82	9.5	12.0
Frequent Changes in Federal Tax Laws and Rules	16	15	3.89	1.84	13.4	10.8
Fixed Costs Too High	17	16	3.99	1.90	12.8	13.1

**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	18	4.01	1.85	7.8	14.6
Cost and Availability of Liability Insurance	19	17	4.03	1.95	10.0	15.1
FICA (Social Security Taxes)	20	26	4.03	1.93	10.6	16.4
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	21	23	4.05	1.83	7.0	14.3
Highly Variable Earnings (profits)	22	28	4.07	1.78	9.3	11.3
Projecting Future Sales Changes	23	20	4.11	1.71	5.9	12.4
Pricing My Goods/Services	24	21	4.12	1.90	8.9	15.6
Competition from Large Businesses	25	33	4.21	1.91	9.3	17.1
Employee Turnover	26	42	4.22	2.12	11.7	23.2
Dealing with IRS/State Tax Agencies	27	24	4.22	1.85	9.1	13.6
Real Estate Values	28	32	4.23	1.99	12.3	16.8
Credit Card Payment Processing Costs	29	22	4.29	2.10	10.8	24.6
Finding Out about Regulatory Requirements	30	27	4.30	1.87	6.5	18.4
Controlling My Own Time	31	38	4.31	1.90	9.0	16.9
Minimum Wage/"Living" Wage	32	25	4.32	2.08	9.4	24.2
Keeping Up on Business and Market Developments	33	40	4.38	1.70	4.8	13.8
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	34	43	4.38	1.97	9.1	20.5
Cyber Crime (viruses, hacking, etc.)	35	41	4.39	1.82	7.2	16.4
Unemployment Compensation	36	35	4.41	1.97	8.1	20.4
Cost of Government Required Equipment/Procedures	37	34	4.42	1.93	9.0	18.8
Health/Safety Regulations (e.g., OSHA)	38	36	4.44	1.99	7.4	24.0
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	39	30	4.45	1.87	6.8	18.2
Cash Flow	40	37	4.45	1.78	6.7	16.2
Poor Earnings (profits)	41	31	4.46	1.84	7.6	18.0
Telephone Costs and Service	42	39	4.50	1.71	5.6	15.1
Training Employees	43	44	4.50	1.84	5.8	20.0
Using Computer(s), the Internet or New Technology Effectively	44	47	4.52	1.91	6.3	23.6
Handling Business Growth	45	53	4.53	1.71	3.9	17.7
Workers' Compensation	46	29	4.55	1.82	5.1	21.6
Environmental Regulations (e.g., EPA)	47	45	4.56	1.92	6.9	21.7

**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"
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	48	56	4.64	1.89	3.7	24.6
Hiring/Firing/Employment Regulations	49	49	4.65	1.82	4.2	21.8
Ability to Cost-Effectively Advertise	50	46	4.65	1.82	3.7	23.0
Poor Sales	51	51	4.71	1.98	6.2	28.1
Traffic, Highways, Roads, Bridges	52	48	4.73	2.01	7.8	29.5
Rules on Retirement Plans	53	54	4.74	1.87	3.3	26.7
Obtaining Licenses, Permits, etc.	54	50	4.78	1.83	4.8	22.8
Crime, including Identity Theft, Shoplifting, etc.	55	55	4.81	2.00	9.1	28.9
Estate Tax	56	52	4.84	2.12	10.7	35.3
Reducing Energy Use in a Cost-Effective Manner	57	57	4.87	1.75	3.7	23.2
Access to High-Speed Internet	58	64	4.89	2.17	9.9	38.9
Zoning/Land Use Regulations	59	60	4.95	1.86	5.9	27.2
Delinquent Accounts/Late Payments	60	58	4.99	1.84	3.6	27.8
Competition from Imported Products	61	63	5.03	2.05	7.2	38.1
Protecting Intellectual Property	62	62	5.07	1.87	5.7	31.8
Competition from Internet Businesses	63	61	5.09	1.94	4.2	36.1
Mandatory Family or Sick Leave	64	59	5.13	1.79	4.3	31.5
Obtaining Short-Term (less than 12 months or revolving) Business Loans	65	67	5.31	1.85	4.7	39.4
Obtaining Long-Term (5 years or more) Business Loans	66	68	5.33	1.86	4.8	40.2
Undocumented Workers	67	65	5.35	1.97	7.0	44.5
Costs and Frequency of Lawsuits/Threatened Lawsuits	68	72	5.38	1.82	4.0	39.5
Cost and Availability of Child Care	69	66	5.39	1.85	3.9	44.8
Credit Rating/Record Errors	70	71	5.42	1.78	3.4	39.5
Winning Contracts from Federal/State/Local Governments	71	70	5.43	1.82	2.5	46.0
Bad Debts (not delinquencies) and/or Bankruptcies	72	69	5.44	1.68	2.0	38.4
Out-of-State Sales Tax (e.g., internet sales)	73	73	5.64	1.84	4.5	50.1
Exporting My Products/Services	74	75	5.72	1.77	3.5	53.6
Importing My Products/Services	75	74	5.72	1.61	1.7	48.7

**TABLE 19**

## Largest Differences in Problem Ranking Between OH and US

More Difficult in Ohio	OH Rank	US Rank	Rank Difference
Employee Turnover	26	42	16
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	34	43	9
Competition from Large Businesses	25	33	8
Handling Business Growth	45	53	8
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	48	56	8
Electricity Costs (rates)	3	10	7
Controlling My Own Time	31	38	7
Keeping Up on Business and Market Developments	33	40	7
Finding and Keeping Skilled Employees	8	14	6
FICA (Social Security Taxes)	20	26	6

Less Difficult in Ohio	OH Rank	US Rank	Rank Difference
Workers' Compensation	46	29	17
Poor Earnings (profits)	41	31	10
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	39	30	9
Minimum Wage/"Living" Wage	32	25	7
Credit Card Payment Processing Costs	29	22	7
Mandatory Family or Sick Leave	64	59	5
Estate Tax	56	52	4
Obtaining Licenses, Permits, etc.	54	50	4
Traffic, Highways, Roads, Bridges	52	48	4
Ability to Cost-Effectively Advertise	50	46	4

## Small Business Problems and Priorities – New York

The New York Small Business Problems and Priorities report is based on the responses of 285 NFIB small business owners to a mail survey conducted from February to mid-April 2024. A national sample of 40,000 members was drawn 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,” “Cost of Supplies/Inventories,” “State Taxes on Business Income,” “Unreasonable Government Regulations,” “Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil,” “Uncertainty over Economic Conditions,” “Electricity Costs (rates),” “Federal Taxes on Business Income,” “Uncertainty over Government Actions,” and “Locating Qualified Employees.” 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 state taxes and local regulatory burdens to be more critical issues than small business owners in the rest of the country. Of the biggest difference in the top 10, “State Taxes on Business Income” is the third most burdensome problem and ranks six spots higher than the rest of the country. Twenty-seven percent of owners find state income taxes to be a critical issue and 4 percent do not find it to be a problem at all. “Unreasonable Regulations” is the fourth most burdensome problem in New York and ranks three spots higher than the rest of the country (7th). Twenty-seven percent of owners find regulations to be a critical problem for their business. Only 5 percent do not consider regulations to be a problem at all.

The biggest ranking differences between New York and those in the U.S. overall are mostly related to employment regulations. “Mandatory Family or Sick Leave” ranks 16 spots higher (43rd) than the rest of the country (59th). Thirteen percent of owners find family and sick leave policies to be a critical problem. “Workers’ Compensation” ranks fifteen spots higher (14th) compared to the rest of the country (29th). Twenty-four percent of owners find workers’ compensation to be a critical problem.

“Unemployment Compensation” ranks 14 spots higher (21st) than the rest of the country (35th). Eighteen 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 10 spots higher (15th) than the rest of the country (25th). Twenty-five percent of owners find the minimum wage to be a critical problem, 6 percentage points higher than in 2020. New York’s minimum wage of \$15.00 is the seventh highest in the country. However, the more populace regions of the state hold higher minimum wage laws including New York City at \$16.00.

“Hiring/Firing/Employment Regulations” ranks 10 spots higher (39th) compared to the rest of the country (49th). Twelve percent find those employment regulations to be a critical problem.

On the flip side of the coin, “Environmental Regulations (e.g., EPA)” is the largest difference in ranking compared to the overall U.S. by eight spots, 53rd for New York compared to a 45th ranking for the rest of the country. Nine percent of owners find this problem to be a critical problem.

**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	2.51	1.74	40.7	3.9
Cost of Supplies/Inventories	2	2	2.73	1.50	23.4	2.5
State Taxes on Business Income	3	9	2.74	1.62	27.1	4.2
Unreasonable Government Regulations	4	7	2.89	1.74	26.9	4.6
Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	5	6	2.91	1.72	27.3	3.2
Uncertainty over Economic Conditions	6	3	2.93	1.60	22.3	2.8
Electricity Costs (rates)	7	10	2.95	1.55	18.9	3.6
Federal Taxes on Business Income	8	4	3.03	1.80	24.6	6.1
Uncertainty over Government Actions	9	8	3.15	1.90	27.1	6.0
Locating Qualified Employees	10	5	3.16	2.06	27.8	12.5
Property Taxes (real, inventory or personal property)	11	11	3.17	1.88	23.2	7.1
Interest Rates	12	13	3.28	1.92	23.4	7.9
Fixed Costs Too High	13	16	3.28	1.79	19.7	6.0
Workers' Compensation	14	29	3.30	1.95	23.9	8.8
Minimum Wage/"Living" Wage	15	25	3.30	2.05	25.4	12.0
Tax Complexity	16	12	3.31	1.79	18.1	6.8
State/Local Paperwork	17	19	3.32	1.81	16.9	7.4
Frequent Changes in Federal Tax Laws and Rules	18	15	3.34	1.82	21.2	6.7
Finding and Keeping Skilled Employees	19	14	3.41	2.10	26.2	11.7
Credit Card Payment Processing Costs	20	22	3.54	2.07	21.8	13.0
Unemployment Compensation	21	35	3.55	2.03	17.6	14.8
Cost and Availability of Liability Insurance	22	17	3.56	1.87	14.6	10.7
Finding Out about Regulatory Requirements	23	27	3.61	1.86	13.8	10.6
Federal Paperwork	24	18	3.64	1.85	12.5	10.0
Pricing My Goods/Services	25	21	3.68	1.89	14.4	11.5
Projecting Future Sales Changes	26	20	3.73	1.73	11.7	7.1
Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	27	23	3.75	1.69	8.5	7.8

**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"
Dealing with IRS/State Tax Agencies	28	24	3.81	1.77	14.0	7.2
Highly Variable Earnings (profits)	29	28	3.83	1.71	11.4	7.1
Health/Safety Regulations (e.g., OSHA)	30	36	3.83	2.03	13.5	14.6
Physical Facilities Costs, such as Rent/Mortgage/Maintenance	31	30	3.86	1.84	12.1	9.3
FICA (Social Security Taxes)	32	26	3.89	1.85	9.2	12.2
Cost of Government Required Equipment/Procedures	33	34	3.89	1.85	13.4	10.1
Competition from Large Businesses	34	33	3.92	2.00	13.1	14.5
Telephone Costs and Service	35	39	3.95	1.64	7.1	7.4
Cash Flow	36	37	3.96	1.81	11.6	9.9
Poor Earnings (profits)	37	31	3.98	1.87	11.7	10.7
Real Estate Values	38	32	3.99	1.89	10.0	13.5
Hiring/Firing/Employment Regulations	39	49	4.12	c	12.0	18.8
Obtaining Licenses, Permits, etc.	40	50	4.12	1.89	9.3	13.6
Controlling My Own Time	41	38	4.19	1.93	11.8	16.5
Traffic, Highways, Roads, Bridges	42	48	4.19	2.18	15.9	23.0
Mandatory Family or Sick Leave	43	59	4.21	2.03	12.7	18.8
Estate Tax	44	52	4.22	2.17	15.2	24.0
Managing Employees (e.g., performance, absenteeism, appearance, etc.)	45	43	4.24	2.00	11.9	18.3
Employee Turnover	46	42	4.24	2.11	11.2	23.9
Cyber Crime (viruses, hacking, etc.)	47	41	4.24	1.97	12.3	15.5
Keeping Up on Business and Market Developments	48	40	4.26	1.77	7.2	12.2
Training Employees	49	44	4.27	1.88	7.0	18.2
Ability to Cost-Effectively Advertise	50	46	4.30	1.81	6.1	15.4
Poor Sales	51	51	4.34	1.88	8.1	16.3
Using Computer(s), the Internet or New Technology Effectively	52	47	4.35	1.93	8.0	18.9
Environmental Regulations (e.g., EPA)	53	45	4.37	1.96	8.6	21.2
Handling Business Growth	54	53	4.39	1.71	5.1	14.4
Rules on Retirement Plans	55	54	4.41	1.90	7.4	19.8
Reducing Energy Use in a Cost-Effective Manner	56	57	4.42	1.82	8.0	17.4
Delinquent Accounts/Late Payments	57	58	4.51	1.98	7.0	23.2



**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"
Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	58	56	4.55	1.98	7.2	25.0
Zoning/Land Use Regulations	59	60	4.61	1.99	9.2	22.0
Crime, including Identity Theft, Shoplifting, etc.	60	55	4.63	2.03	10.3	26.3
Protecting Intellectual Property	61	62	4.64	1.93	9.5	25.1
Undocumented Workers	62	65	4.75	2.10	10.0	32.3
Competition from Imported Products	63	63	4.78	2.11	9.9	32.6
Competition from Internet Businesses	64	61	4.82	1.94	6.4	27.1
Cost and Availability of Child Care	65	66	4.82	2.00	8.2	31.7
Obtaining Long-Term (5 years or more) Business Loans	66	68	4.91	1.98	7.9	30.7
Obtaining Short-Term (less than 12 months or revolving) Business Loans	67	67	4.98	1.93	6.7	31.2
Access to High-Speed Internet	68	64	4.99	2.18	10.7	40.9
Credit Rating/Record Errors	69	71	5.02	1.95	4.9	34.3
Winning Contracts from Federal/State/Local Governments	70	70	5.06	2.04	7.2	40.5
Costs and Frequency of Lawsuits/Threatened Lawsuits	71	72	5.09	2.07	9.9	37.9
Bad Debts (not delinquencies) and/or Bankruptcies	72	69	5.18	1.87	6.1	34.2
Out-of-State Sales Tax (e.g., internet sales)	73	73	5.37	1.84	4.3	40.8
Importing My Products/Services	74	74	5.38	1.82	5.3	40.8
Exporting My Products/Services	75	75	5.60	1.80	3.9	48.7

**TABLE 21**

## Largest Differences in Problem Ranking Between NY and US

More Difficult in New York	NY Rank	US Rank	Rank Difference
Mandatory Family or Sick Leave	43	59	16
Workers' Compensation	14	29	15
Unemployment Compensation	21	35	14
Minimum Wage/"Living" Wage	15	25	10
Hiring/Firing/Employment Regulations	39	49	10
Obtaining Licenses, Permits, etc.	40	50	10
Estate Tax	44	52	8
State Taxes on Business Income	3	9	6
Health/Safety Regulations (e.g., OSHA)	30	36	6
Traffic, Highways, Roads, Bridges	42	48	6

Less Difficult in New York	NY Rank	US Rank	Rank Difference
Environmental Regulations (e.g., EPA)	53	45	8
Keeping Up on Business and Market Developments	48	40	8
Cyber Crime (viruses, hacking, etc.)	47	41	6
Real Estate Values	38	32	6
Poor Earnings (profits)	37	31	6
FICA (Social Security Taxes)	32	26	6
Projecting Future Sales Changes	26	20	6
Federal Paperwork	24	18	6
Crime, including Identity Theft, Shoplifting, etc.	60	55	5
Using Computer(s), the Internet or New Technology Effectively	52	47	5

## Concluding Observations

Small businesses experience a unique set of challenges compared to larger businesses. These include those related to costs, labor, taxes, competition, regulation, etc. The Small Business Problems and Priorities series is helpful for educating policy makers and those interested in small businesses on the most severe and least severe challenges facing owners in operating their business. The importance of a strong, dynamic small business economy cannot be overstated. Small businesses are critically important to the health of local communities across the country, providing employment opportunities to all segments of the labor market, and pushing forward innovative market solutions. This publication offers a blueprint on how to best support small businesses in their efforts to operate and grow their business.

## Methodological Appendix

The survey on which Problems and Priorities is based was conducted from February through mid-April of 2024 across a randomly drawn sample of 40,000 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 state specific rankings. Sampled small business owner members received a four-page mail questionnaire and up to two follow-ups. They provided 2,873 usable responses by the April cut-off date.

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 14 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
<b>Employee Size</b>		
0 - 4 Employees	63.7%	46.6%
5 - 9 Employees	16.2%	21.2%
10 - 19 Employees	10.1%	16.2%
20 - 99 Employees	8.2%	14.0%
100 or More Employees	1.4%	2.0%
<b>Industry</b>		
Agriculture, Forestry, Fishing	0.0%	16.5%
Construction	12.1%	18.3%
Manufacturing	4.0%	9.1%
Wholesale	4.4%	3.4%
Retail	10.2%	17.4%
Transportation/Warehousing	3.5%	3.8%
Finance, Insurance, Real Estate, Rental	9.5%	5.9%
Prof., Sci., Tech., Ed., Svcs., Health, Soc. Assist.	27.7%	8.0%
Admin. Suppt. Svcs., Arts, Entert., Rec., Accom., Food Svcs., Other Svcs.	28.3%	17.4%

<sup>1</sup> Source of figures: <https://www.census.gov/programs-surveys/susb.html>

**APPENDIX TABLE 2**

## Distribution of Responses to Small Business Problem Severity

	1 Critical Problem	2	3	4	5	6	7 Not a Problem	NA	Total
1 Access to High-Speed Internet	8.2	10.1	8.6	9.6	9.6	12.9	39.3	1.6	100
2 Locating Qualified Employees	27.4	20.5	12.9	11.2	7.7	6.4	11.7	2.1	100
3 Crime, including Identity Theft, Shoplifting, etc.	9.9	8.9	10.9	12.8	12.5	17.4	25.4	2.2	100
4 Cost and Availability of Liability Insurance	16.1	17.1	16.2	15.6	10.2	10.6	11.8	2.5	100
5 Controlling My Own Time	10.2	12.4	13.8	17.1	11.8	13.6	18.6	2.5	100
6 Mandatory Family or Sick Leave	8.4	8.8	9.4	15.3	11.6	14.9	28.6	3.0	100
7 Reducing Energy Use in a Cost-Effective Manner	5.0	8.0	10.6	20.4	15.8	17.3	20.1	2.7	100
8 Bad Debts (not delinquencies) and/or Bankruptcies	3.9	5.7	8.8	12.4	11.3	18.9	35.7	3.2	100
9 Hiring/Firing/Employment Regulations	7.6	11.8	12.7	17.9	12.6	13.1	21.1	3.3	100
10 Using Computer(s), the Internet or New Technology Effectively	6.4	11.5	15.7	16.9	12.2	13.7	19.9	3.7	100
11 FICA (Social Security Taxes)	10.0	14.4	16.7	18.8	11.0	10.5	14.3	4.3	100
12 Poor Sales	7.9	12.0	11.8	16.3	14.6	16.0	20.5	0.8	100
13 Keeping Up on Business and Market Developments	5.4	11.3	15.8	22.1	15.7	15.1	13.0	1.6	100
14 Federal Taxes on Business Income	24.4	21.4	16.8	13.1	9.2	6.0	7.1	2.1	100
15 Exporting My Products/Services	4.0	5.0	6.3	9.4	7.9	12.8	51.5	3.2	100
16 Environmental Regulations (e.g., EPA)	10.2	12.3	12.3	15.5	10.8	13.7	22.5	2.7	100
17 Managing Employees (e.g., performance, absenteeism, appearance, etc.)	9.3	12.3	14.2	15.5	11.2	15.0	20.1	2.4	100
18 Physical Facilities Costs, such as Rent/Mortgage/Maintenance	10.2	12.1	17.1	19.1	12.1	14.0	13.6	1.9	100
19 Cost of Government Required Equipment/Procedures	11.5	13.2	13.7	16.6	12.3	13.1	16.4	3.2	100
20 Interest Rates	21.3	17.6	15.4	13.6	8.7	9.4	11.9	2.1	100
21 Pricing My Goods/Services	10.5	16.1	18.2	16.5	12.5	10.7	12.9	2.6	100
22 Employee Turnover	11.1	13.5	13.5	12.8	9.6	14.0	22.8	2.6	100
23 Traffic, Highways, Roads, Bridges	10.1	12.5	13.0	14.8	10.5	14.4	24.1	0.4	100
24 Uncertainty over Economic Conditions	22.0	23.6	17.0	15.8	9.6	5.8	5.3	0.9	100
25 Obtaining Long-Term (5 years or more) Business Loans	5.1	7.0	7.5	12.9	11.2	17.1	37.6	1.6	100
26 Competition from Large Businesses	10.7	13.3	16.1	15.2	14.3	13.0	15.9	1.5	100
27 Zoning/Land Use Regulations	6.9	8.8	11.4	15.2	13.0	16.8	26.6	1.3	100
28 Telephone Costs and Service	6.9	9.7	17.0	21.1	15.6	15.1	13.1	1.4	100
29 Dealing with IRS/State Tax Agencies	12.9	12.7	15.9	18.2	13.4	13.9	11.2	1.8	100
30 Ability to Cost-Effectively Advertise	6.6	11.3	14.8	18.3	13.1	15.5	17.7	2.6	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	NA	Total	
31	Competition from Internet Businesses	7.7	11.0	11.4	12.0	9.5	15.6	31.2	1.6	100
32	Federal Paperwork	13.1	18.6	16.9	16.6	11.4	11.0	11.1	1.3	100
33	State Taxes on Business Income	21.8	20.2	17.0	14.4	9.3	7.4	9.6	0.3	100
34	Competition from Imported Products	7.9	10.2	10.4	11.6	9.8	14.6	34.5	1.0	100
35	Rules on Retirement Plans	6.5	10.9	12.7	17.9	12.6	14.9	23.0	1.4	100
36	Highly Variable Earnings (profits)	8.9	13.1	16.1	21.2	15.0	12.5	11.2	1.9	100
37	Finding and Keeping Skilled Employees	23.9	16.9	12.3	12.4	10.9	10.0	12.4	1.3	100
38	Real Estate Values	12.1	13.3	13.3	17.8	12.7	13.5	15.9	1.4	100
39	Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil	23.7	20.0	15.8	14.5	9.9	8.2	6.8	1.1	100
40	Handling Business Growth	4.5	9.3	14.2	21.0	15.6	15.8	18.0	1.6	100
41	Winning Contracts from Federal/State/Local Governments	4.8	7.2	7.5	13.2	8.4	12.5	44.6	1.8	100
42	Finding Out about Regulatory Requirements	9.2	15.3	17.0	19.7	12.1	11.3	13.8	1.6	100
43	Electricity Costs (rates)	16.1	20.6	20.7	16.9	10.7	6.4	6.8	1.7	100
44	State/Local Paperwork	12.4	18.0	18.2	17.4	12.5	10.1	10.6	0.8	100
45	Cost of Health Insurance	40.4	22.5	12.1	7.0	6.3	4.3	7.3	0.1	100
46	Obtaining Short-Term (less than 12 months or revolving) Business Loans	5.5	7.0	7.5	13.3	11.9	17.0	37.7	0.2	100
47	Uncertainty over Government Actions	22.7	18.9	15.8	15.7	10.1	8.9	7.2	0.7	100
48	Training Employees	7.2	12.2	14.7	18.7	14.4	14.6	17.5	0.7	100
49	Cyber Crime (viruses, hacking, etc.)	10.1	11.0	13.9	17.8	13.1	16.5	16.8	0.9	100
50	Cash Flow	10.1	12.2	13.6	19.0	15.1	15.6	13.7	0.8	100
51	Importing My Products/Services	3.2	4.6	6.8	10.8	10.0	17.0	46.0	1.6	100
52	Delinquent Accounts/Late Payments	6.4	10.4	13.3	12.9	12.6	19.0	24.6	0.7	100
53	Cost of Supplies/Inventories	19.5	24.8	20.8	13.2	9.2	5.4	5.3	1.8	100
54	Unemployment Compensation	11.1	14.8	14.9	16.6	11.4	11.7	18.9	0.6	100
55	Unreasonable Government Regulations	23.6	19.6	16.2	14.3	10.2	7.8	7.1	1.2	100
56	Projecting Future Sales Changes	10.0	14.9	19.1	21.1	14.8	9.9	8.9	1.3	100
57	Tax Complexity	18.5	18.5	17.6	16.0	12.0	7.7	8.3	1.5	100
58	Cost and Availability of Child Care	6.8	6.9	9.5	12.8	9.9	13.0	39.6	1.4	100
59	Poor Earnings (profits)	11.7	12.5	13.1	18.8	14.9	14.5	13.0	1.5	100
60	Obtaining Licenses, Permits, etc.	7.8	10.5	12.8	19.4	12.3	17.1	18.4	1.6	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	NA	Total
61	Property Taxes (real, inventory or personal property)	21.5	18.6	15.9	14.3	11.0	9.2	8.1	1.4	100
62	Undocumented Workers	10.3	6.9	7.2	10.9	7.8	14.1	41.1	1.8	100
63	Cost of Outside Business Services (e.g., accountants, lawyers, consultants)	8.3	15.3	19.5	19.7	13.5	11.3	10.9	1.6	100
64	Using Social Media to Promote Business (Facebook, Twitter, Yelp, Google, etc.)	5.2	11.2	13.0	17.0	11.1	14.9	25.5	2.1	100
65	Credit Rating/Record Errors	3.8	8.0	6.7	11.8	11.0	18.2	39.2	1.3	100
66	Costs and Frequency of Lawsuits/Threatened Lawsuits	5.4	7.3	6.3	9.5	9.7	18.6	41.2	2.0	100
67	Out-of-State Sales Tax (e.g., internet sales)	5.1	5.7	6.1	10.0	9.2	15.1	46.9	1.9	100
68	Estate Tax	14.9	10.5	8.5	12.4	8.8	11.7	30.9	2.3	100
69	Credit Card Payment Processing Costs	16.3	15.9	13.2	14.0	9.7	9.6	19.3	2.0	100
70	Workers' Compensation	12.7	13.7	14.4	16.7	11.8	11.9	16.6	2.1	100
71	Protecting Intellectual Property	7.2	7.5	10.0	17.0	12.4	15.8	27.5	2.6	100
72	Fixed Costs Too High	15.3	14.9	17.0	20.1	12.5	8.7	9.1	2.3	100
73	Frequent Changes in Federal Tax Laws and Rules	15.9	15.4	16.4	18.4	14.2	9.3	8.3	2.1	100
74	Minimum Wage/"Living" Wage	17.1	14.2	12.5	13.9	11.1	10.7	18.3	2.3	100
75	Health/Safety Regulations (e.g., OSHA)	9.8	16.0	14.6	15.0	11.0	11.3	19.8	2.5	100





The NFIB Research Center is a small business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Center's primary purpose is to explore the policy related problems small business owners encounter. Its periodic reports include Small Business Economic Trends, Small Business Problems & Priorities, and other surveys on small business operations. The Center also publishes ad hoc reports on issues of concern to small business owners. Included are analyses of selected proposed regulations using its Regulatory Impact Model (RIM).

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