

Survey of Small Businesses Results Summary

Third Quarter 2013

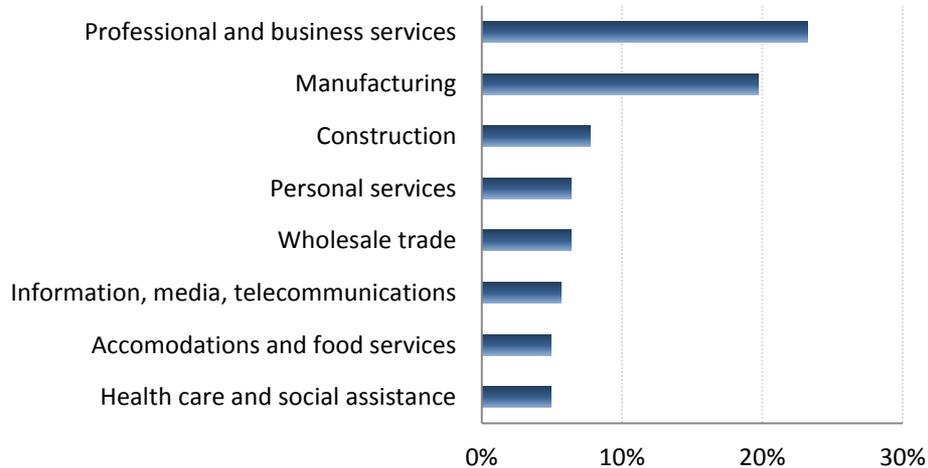
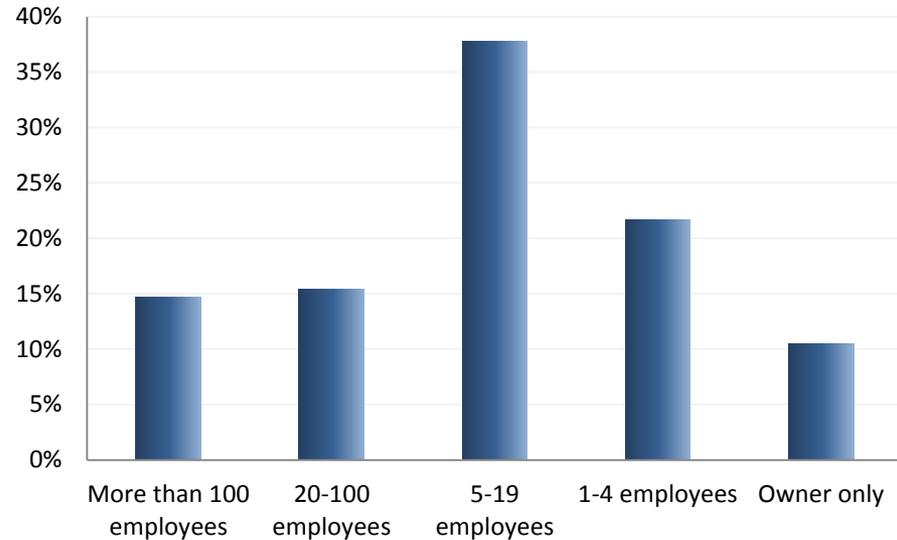
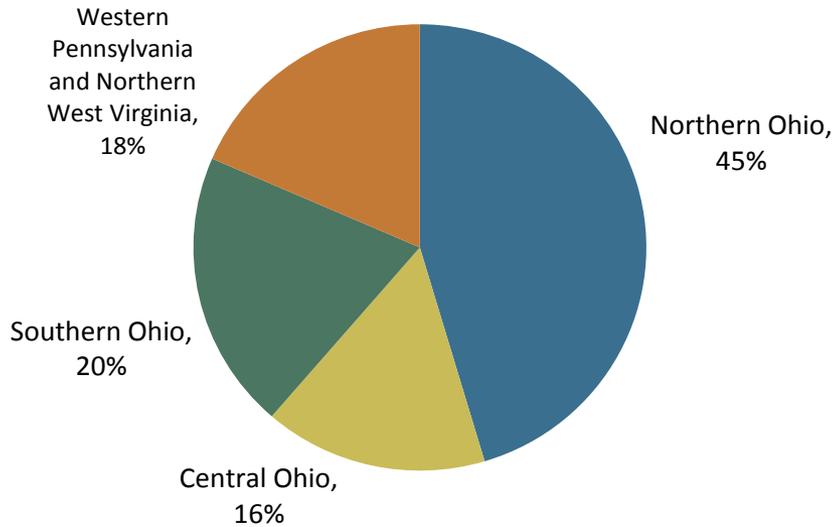
Highlights from the findings

- The **outlook for small businesses is improving**. The survey results show that 55 percent of respondents reported sales growth over the last year, and 78 percent expect sales to increase during the next year.
- Most frequently cited **challenges to future growth** include finding the right workers, access to credit, weak sales, and competition from larger businesses.
- The results indicate that 46 percent of respondents **applied for credit** in the last 12 months and 25 percent plan to apply in the next six months. Additionally, 14 percent indicated that they did not apply during the last year because they did not think their application would be approved. Credit approval rates were highest for new business credit cards, though almost a third of applicants were approved for less than the full amount requested. The lowest approval rates were reported for applications to extend existing lines of credit.
- Some of the **most-needed workforce skills**, including advanced computer and technology skills, are among the most difficult to find.

About the survey

- The Federal Reserve Bank of Cleveland sponsored an online survey of small businesses, which was conducted from July 1 through August 15, 2013. The survey included questions about business conditions, financing, and workforce needs.
- The questionnaire was distributed through more than 20 partner organizations, including chambers of commerce and industry associations.
- Businesses in the Fourth Federal Reserve District with fewer than 500 employees were invited to complete the survey. The Fourth District includes Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia.
- The results presented in this report represent responses from the 143 businesses that participated in the survey. Given the relatively small sample size of this survey, broad inferences cannot be drawn from the responses; however, the results do provide a useful perspective on the condition of businesses in the region and the challenges they face.

About the respondents



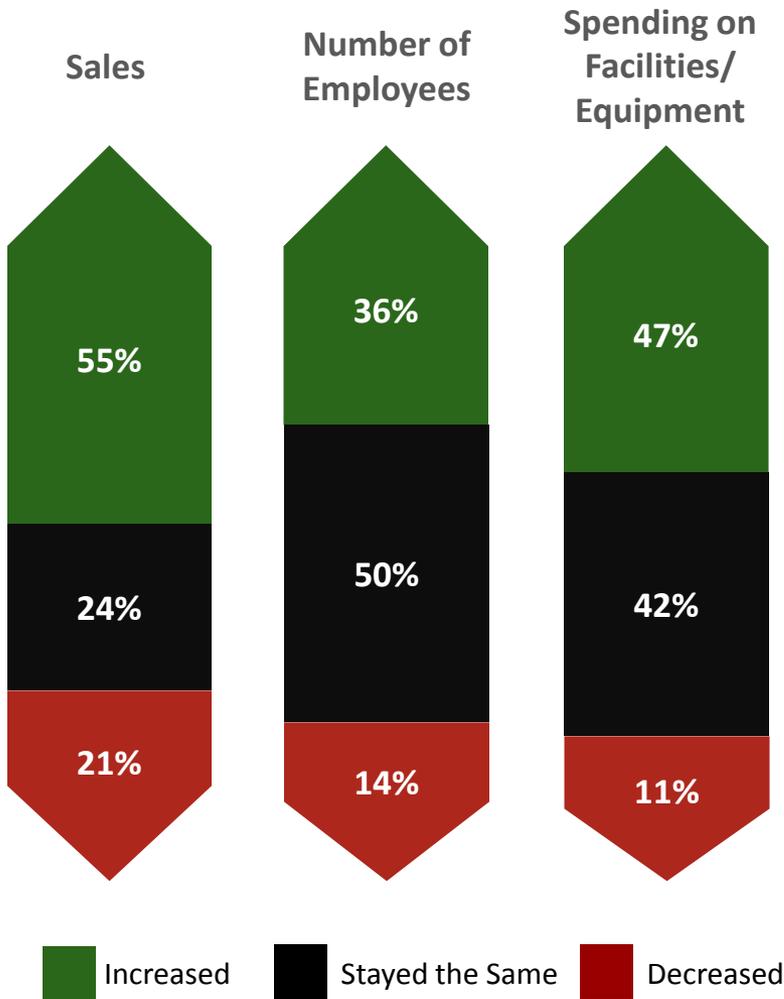
25 years Average age of business

27% Business established within last five years

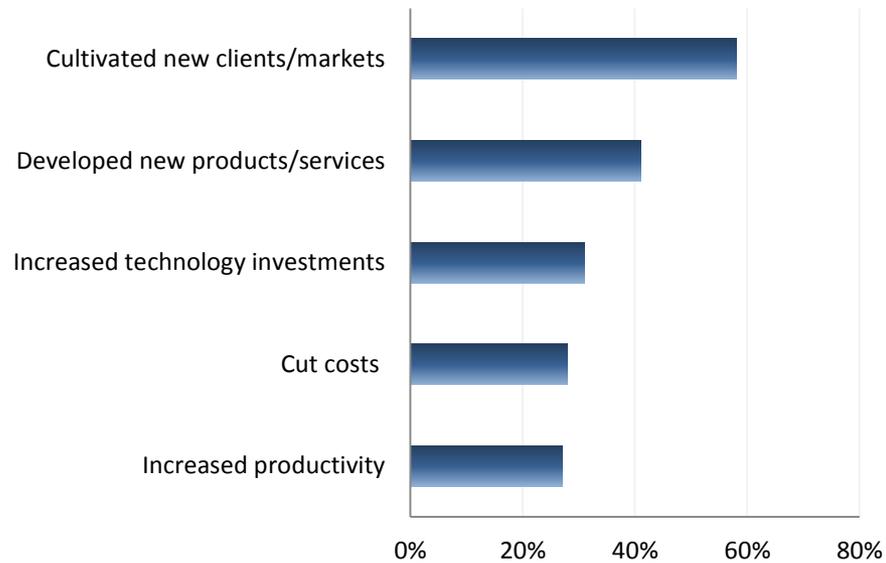
22% Minority-owned

33% Women-owned

Business climate: Looking back over the last 12 months



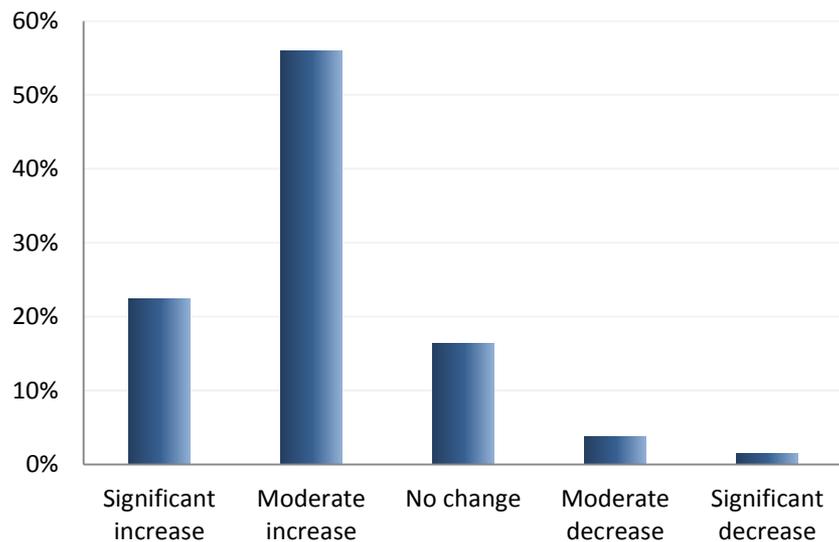
Most Important Changes Made *



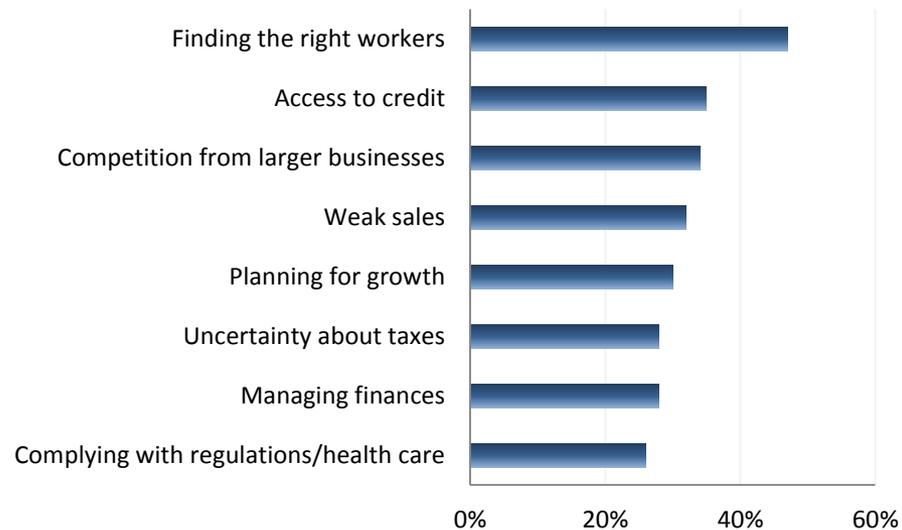
* Top answers shown; respondents could select more than one answer

Business climate: Looking ahead

Outlook for Sales in the Next 12 Months



Most Important Issues Affecting Growth *

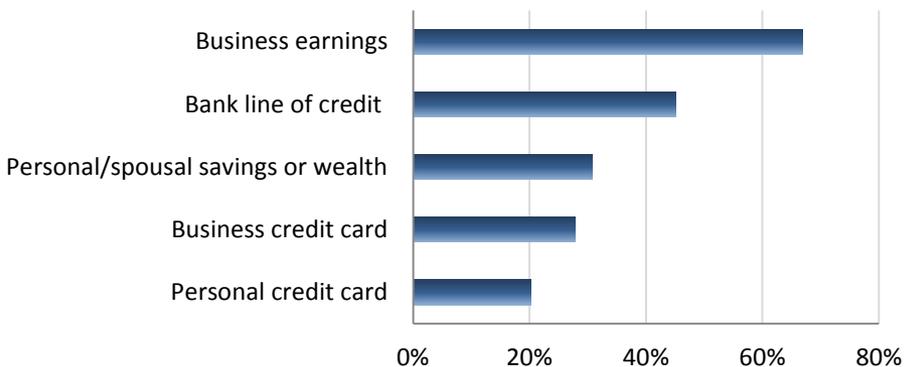


* Respondents could select more than one answer

78% of respondents expect sales to increase in the next year

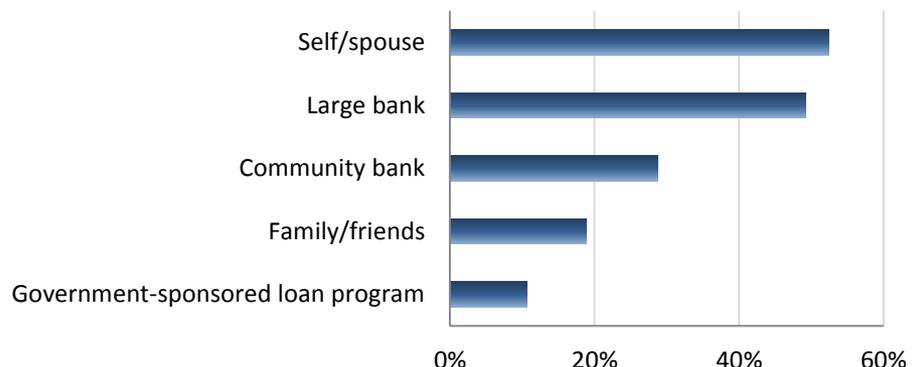
Business financing

Financing Types *



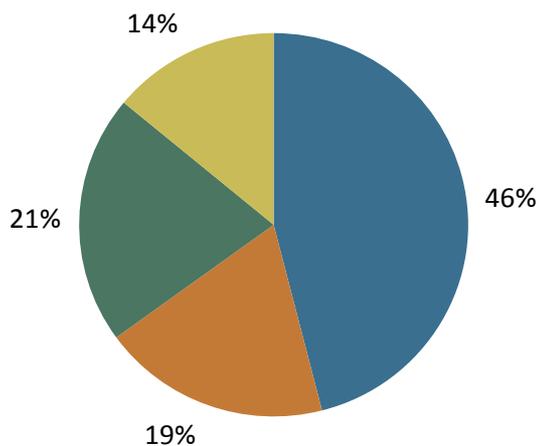
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Financing Sources *



* Top answers shown; respondents could select more than one answer

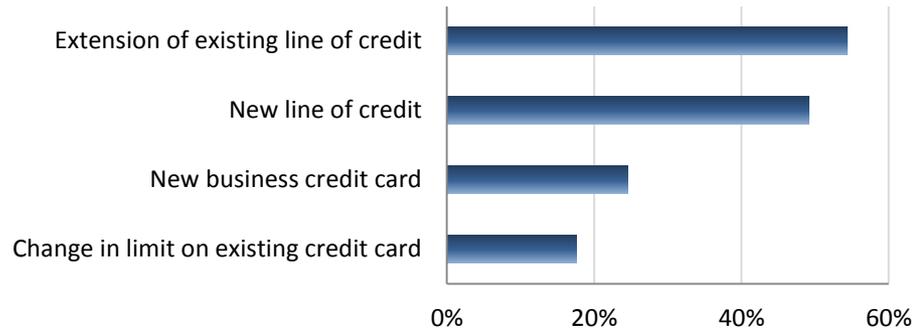
Credit Behavior, Last 12 Months



- Applied for new credit or to renew existing credit
- Did not apply for credit because business had sufficient financing
- Did not apply for credit to avoid accruing new debt
- Did not apply for credit due to expectation that application would not be approved

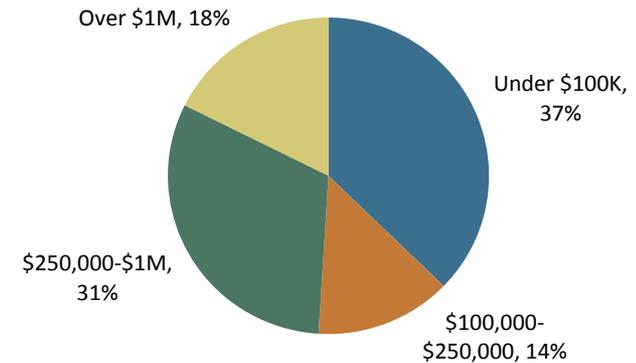
Business financing: Applicant experiences

Credit Products Sought *

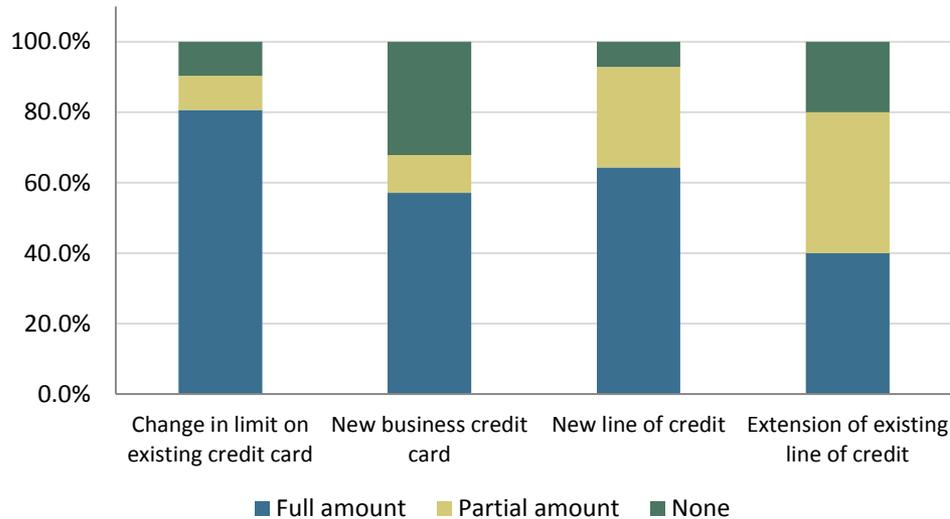


* Top answers shown; respondents could select more than one answer

Amount of Credit Sought

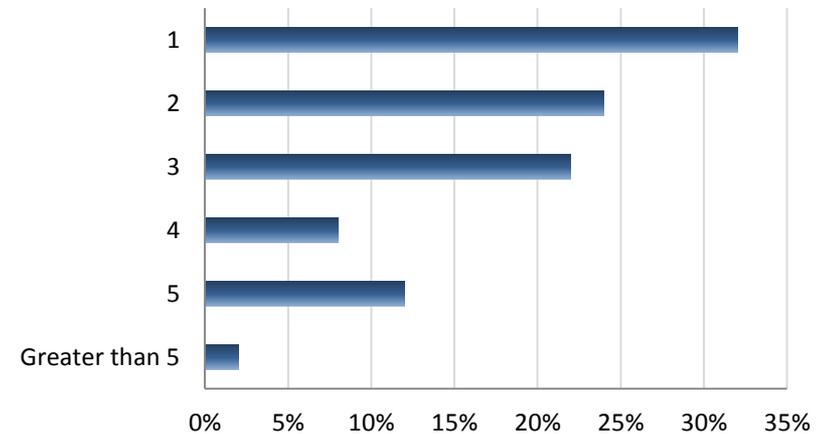


Application Approval Rates



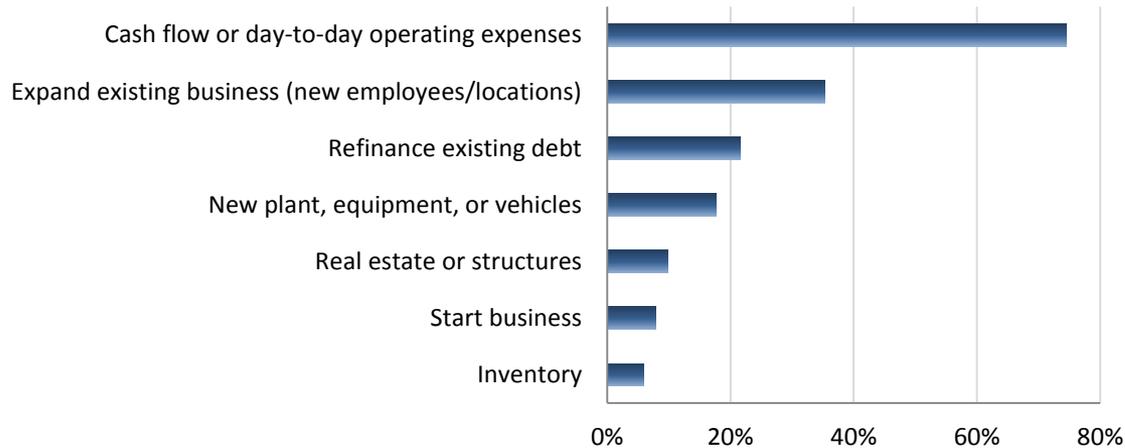
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Number of Financial Institutions Applied To



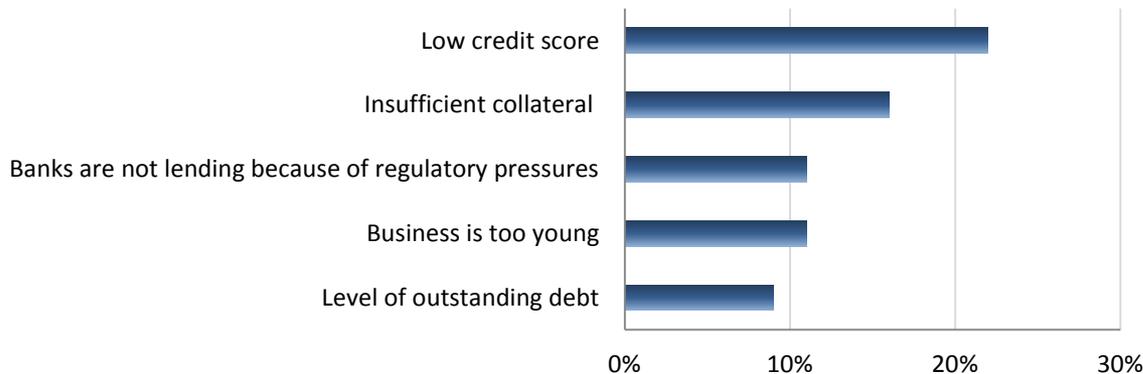
Business financing: Applicant experiences

Reasons for Seeking Financing *



* Top answers shown; respondents could select more than one answer

Reasons for Denial of Full Funding *



* Top answers shown; respondents could select more than one answer

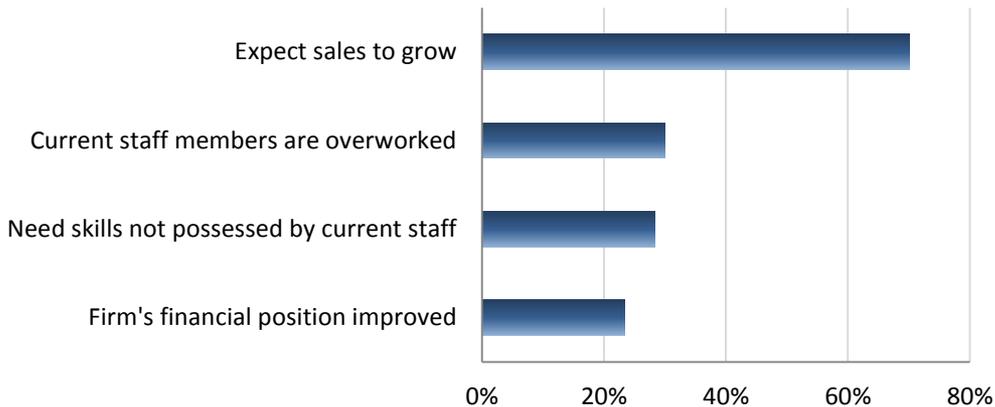
Credit Plans, Next Six Months

25% Of all respondents plan to apply for credit

60% Of those that plan to apply expect to be able to obtain credit

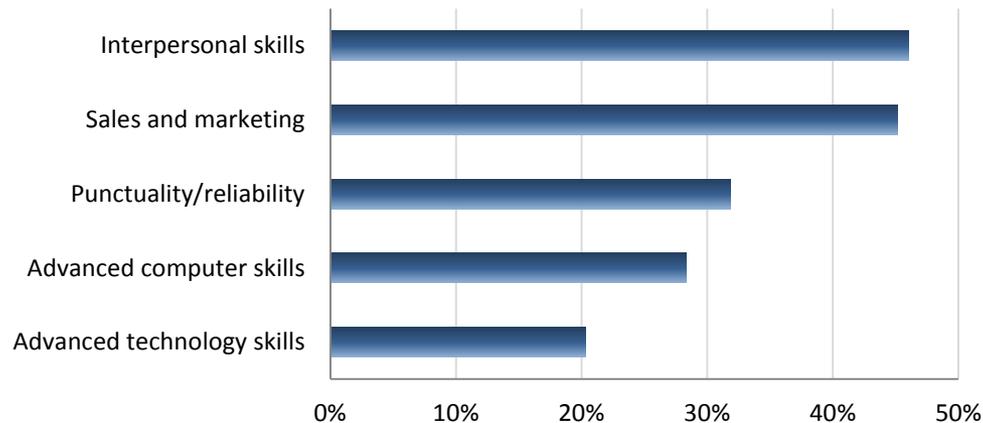
Workforce needs

Top Reasons for Adding Workers *



* Top answers shown; respondents could choose more than one answer

Most Needed Workforce Skills *



* Top answers shown; respondents could choose more than one answer

Finding Needed Skills

