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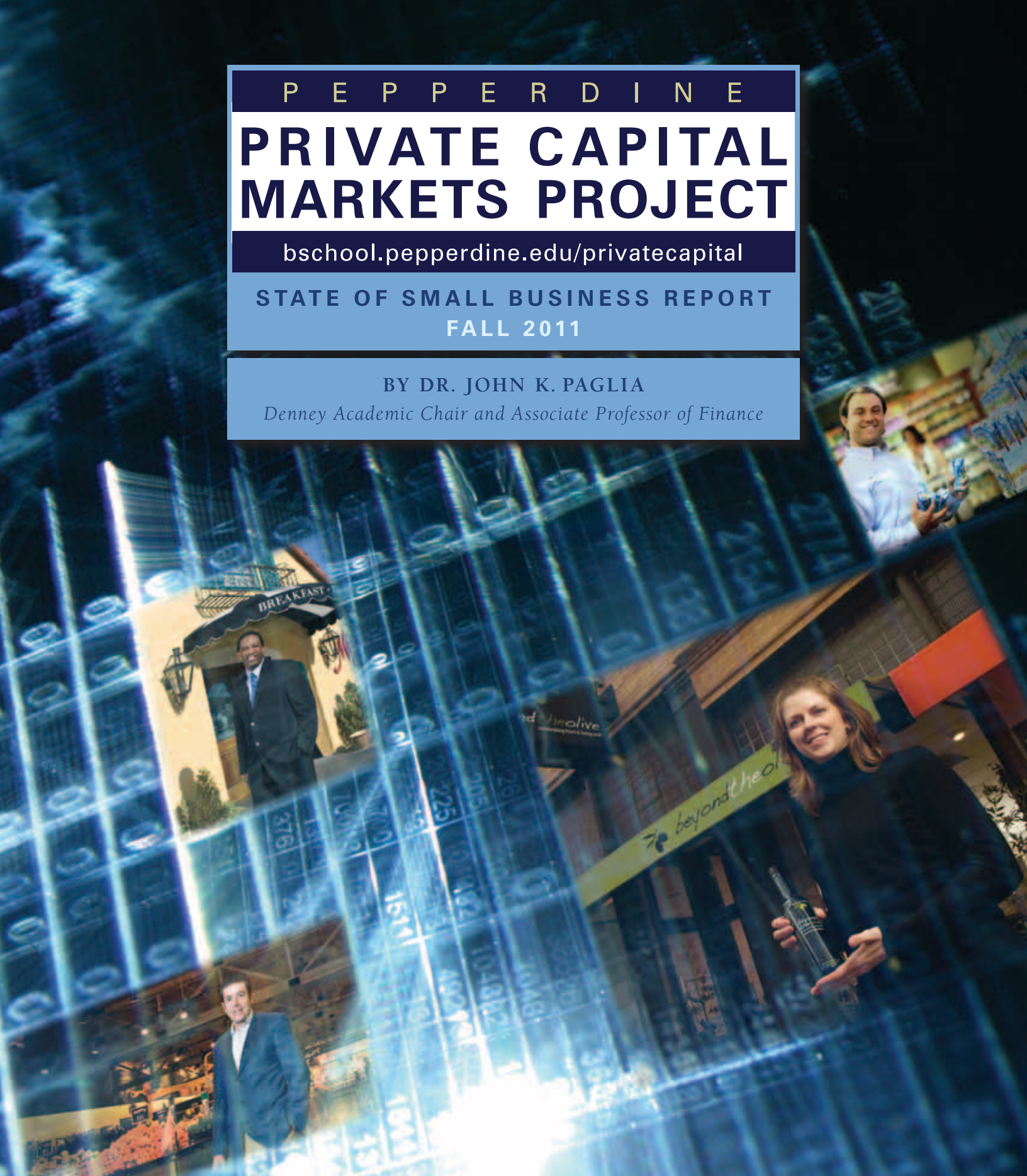
PRIVATE CAPITAL MARKETS PROJECT

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STATE OF SMALL BUSINESS REPORT
FALL 2011

BY DR. JOHN K. PAGLIA

Denney Academic Chair and Associate Professor of Finance



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ACKNOWLEDGEMENTS

*This research was made possible by the generous funding
from the Denney Endowed Professorship.*

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FOREWORD

Too Small To Borrow

By JOHN PAGLIA

October 3, 2011 marked the three year anniversary of President George W. Bush signing into law the Troubled Asset Relief Program (TARP) which authorized the U.S. Government to purchase assets and equity from financial institutions to strengthen the financial sector. In addition to stabilizing the market and protecting taxpayers, the program also aimed to encourage lending to resume to levels before the financial crisis. While the program has been helpful over the short-term in helping financial institutions, the major criticism of government stimulus efforts is that they have done little to make credit available especially for small businesses.

Since the passage of TARP additional steps have been taken to help small businesses. President Obama highlighted the importance of small businesses in the United States when he signed the Small Business Jobs Act in September 2010; “Now this is important because small businesses produce most of the new jobs in this country. They are the anchors of our Main Streets. They are part of the promise of America – the idea that if you’ve got a dream and you’re willing to work hard, you can succeed. That’s what leads a worker to leave a job to become her own boss. That’s what propels a basement inventor to sell a new product – or an amateur chef to open a restaurant. It’s this promise that has drawn millions to our shores and made our economy the envy of the world.”

The President’s points are spot on, yet the small business economy continues to sputter. Small businesses are not only the anchor on Main Street, but they are also the anchor of our economy. According to the Small Business Administration, small businesses represent 99.7% of all employer firms and employ more than half of private sector employees in the US. They also serve as the major job creation force in our nation. In fact, over the past 15 years small businesses have generated 64 percent of the net new job growth. In terms of Gross Domestic Product, small businesses create more than half of the nation’s nonfarm GDP.

The Pepperdine Private Capital Markets Project State of Small Business Report gives capital providers and policymakers a unique look at how small businesses are faring. A comprehensive solution to our economic crisis must include input from small businesses as well as members of the private capital community.

Key findings from the report include:

1. **Overall business conditions are declining and not expected to improve:** The Fall 2010 report indicated that nearly 42% of privately held businesses owners reported that economic conditions improved over the previous six months. While that number increased in the Spring 2011 report to 51%, the Fall 2011 report has shown a strong drop-off of in the number of businesses -- only 19% of respondents -- who say business conditions improved over the previous six months. Looking ahead, just 29% expect an improvement in business conditions over the next twelve months versus 25% who expect a continued deterioration.
2. **There is an aspiration to hire:** The Fall 2011 survey of more than 10,600 small businesses nationwide indicated that 44% of respondents plan to hire in the next six months. Of those that do plan to hire, sales and marketing skills are in greatest demand (47.8%) followed by skilled labor (41.6%) and service/customer service (38.8%).
3. **Economic uncertainty biggest impediment to growth:** Nearly 38% of respondents believe that economic uncertainty is the largest inhibitor to growth. 26% of respondents said access to capital and 25% said that government regulations and taxes are the number one issue facing small businesses.
4. **Improving access to capital will help create jobs:** Companies with less than \$5 million in revenue were clear in the Pepperdine study that of those policies most likely to lead to job creation in 2012, "increased access to capital" was number one (36.0%) followed by "tax incentives" (22.5%), and "regulatory reform" (17.8%). 47.2% of respondents said access to bank loans declined from six months ago versus 10.3% who say it increased.
5. **Businesses that are looking to hire believe training is needed:** Of the privately-held businesses that are looking to hire, 48% indicate that sales and marketing skills are their primary focus while 42% of respondents are looking for skilled labor 82% of respondents believe that they will need to train those they hire.

The current policy response to the Great Recession and tumultuous global economy is vitally important to the success of small businesses and our nation. Through the Pepperdine Private Capital Markets Project State of Small Business Report we gained important insight that will facilitate improved communication between small business owners, capital providers and policy makers. We hope that this information will underscore the importance of privately-held businesses in America's economy and will help guide future economic policy.

STATE OF SMALL BUSINESS

Of the 10,637 privately-held businesses that responded to the survey, 24% had businesses that involved customer goods and services, 21% were in the manufacturing, construction and engineering industry, and 17% were in wholesale and distribution. Approximately 62% of businesses have annual revenues less than \$1 million. Nearly 91% of business owners report having the enthusiasm to execute growth strategies, yet just 49% report having the necessary financial resources to successfully execute growth strategies. Other findings include:

Nearly 35% of respondents tried to raise outside funding in the last 12 months. Of the respondents who were seeking financing in the last 12 months, approximately 54% anticipated to raise less than \$100,000 in capital. Approximately 53% of respondents reported that they were seeking bank loans or credit card financing as a source of funding, followed by friends and family (16%). Of all financing options, bank loans emerged as the financing source with highest “willingness” for small business to use (72%), followed by angel financing (35%) and asset based lending (33%). However, results also showed that of 2,595 small businesses that sought bank loans over the past 12 months, just 50% were successful. Survey results indicated that business owners who raised capital on average contacted two banks and invested close to seven full days for the process to successfully obtain financing.

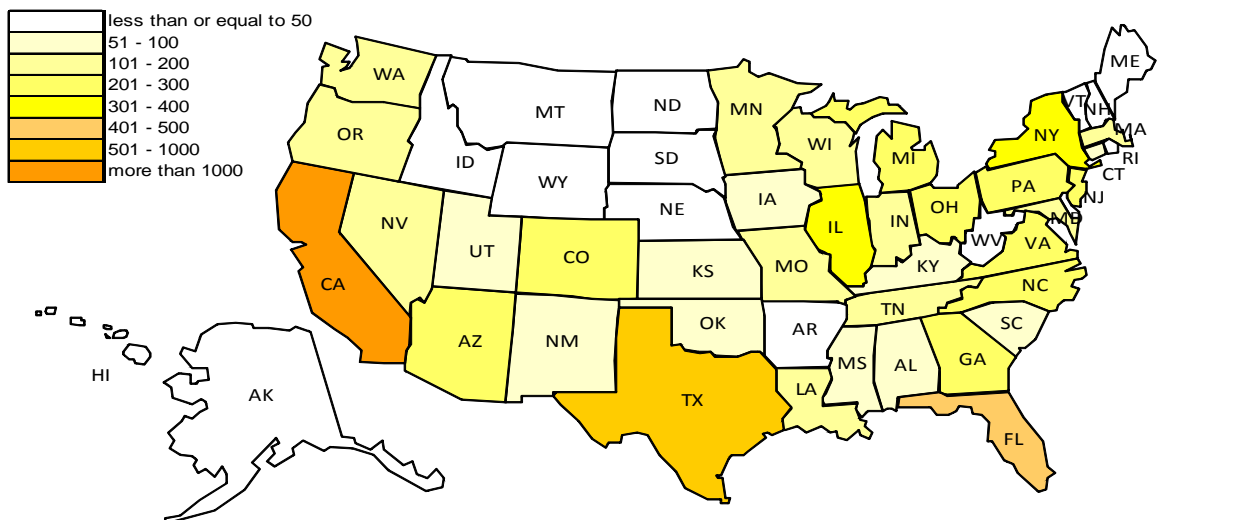
Nearly half of small businesses (44%) are planning to hire additional workers. Approximately 60% of respondents indicated the American Jobs Act will not change their hiring plans for the next 12 months. According to respondents employer tax credits and payroll tax cuts are the most likely provisions of the American Jobs act to have influence on plans to hire in the next twelve months. Nearly 38% of respondents believe economic uncertainty is the number one issue small businesses face today, followed by access to capital (26%), and government regulations and taxes (25%). According to small businesses, of those policies most likely to lead to job creation in 2012, “increased access to capital” emerged as number one (34%) followed by tax incentives (24%), and regulatory reform (19%). The study showed that of those that do plan to hire, sales and marketing skills are in greatest demand (48%) followed by skilled labor (42%) and service/customer service (38%). Also, 82% of companies planning to hire indicate they’d need to train those they hire.

Only 19% of respondents believe that general business conditions improved in the last six months compared to 51% surveyed in February/March 2011.

Profile of Respondents

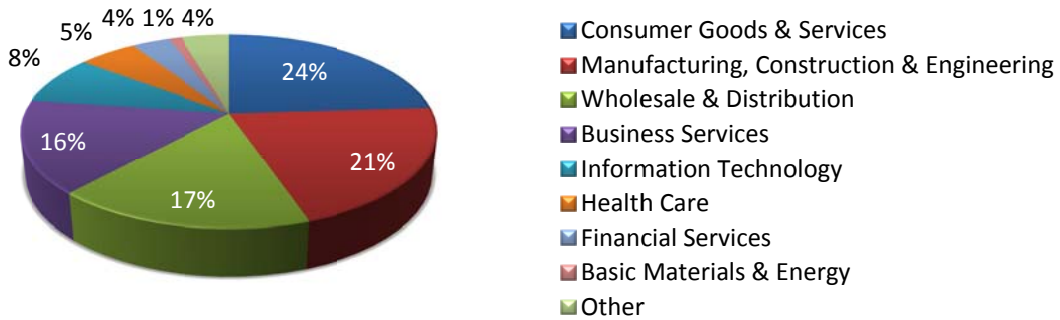
The privately-held business survey results were generated from 10,637 participants. The locations of businesses are distributed over all regions of the United States.

Figure 1. Respondents Distribution by State



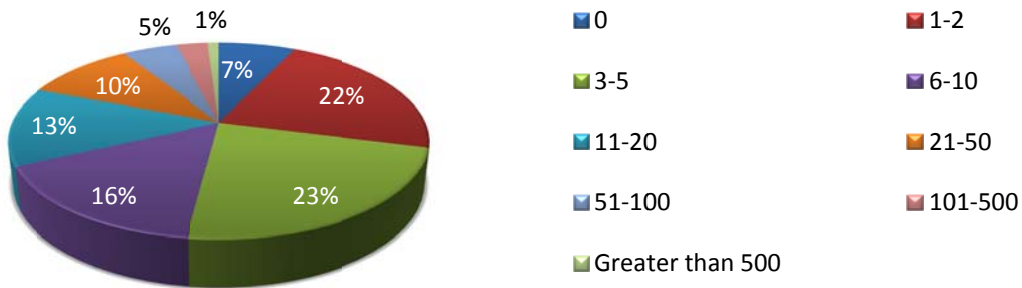
Businesses involved in consumer goods and services accounted for 24% of respondents followed by manufacturing, construction and engineering (21%).

Figure 2. Description of Entity



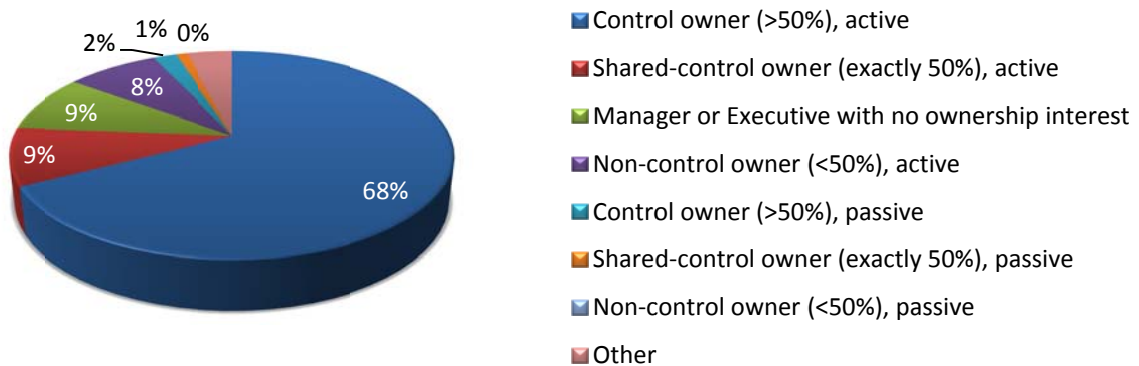
Approximately 29% of business have less than or equal to five employees.

Figure 3. Number of Employees



Approximately 68% of the respondents are active control owners of their businesses.

Figure 4. Ownership Role



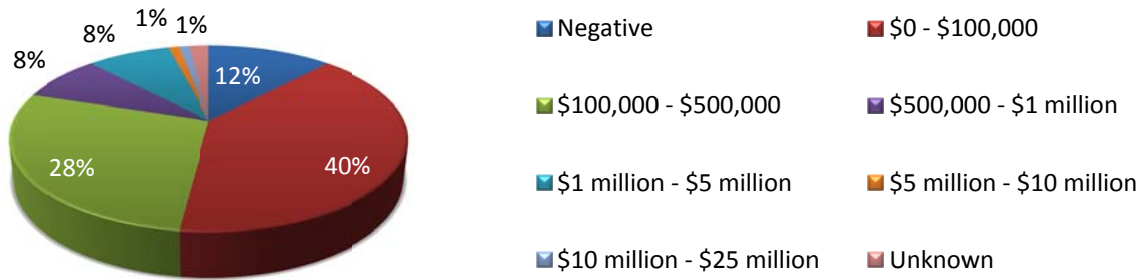
Approximately 62% of respondents have less than or equal to \$1M in annual revenues, followed by 23% reporting between \$1M and \$5M.

Figure 5. Annual Revenues



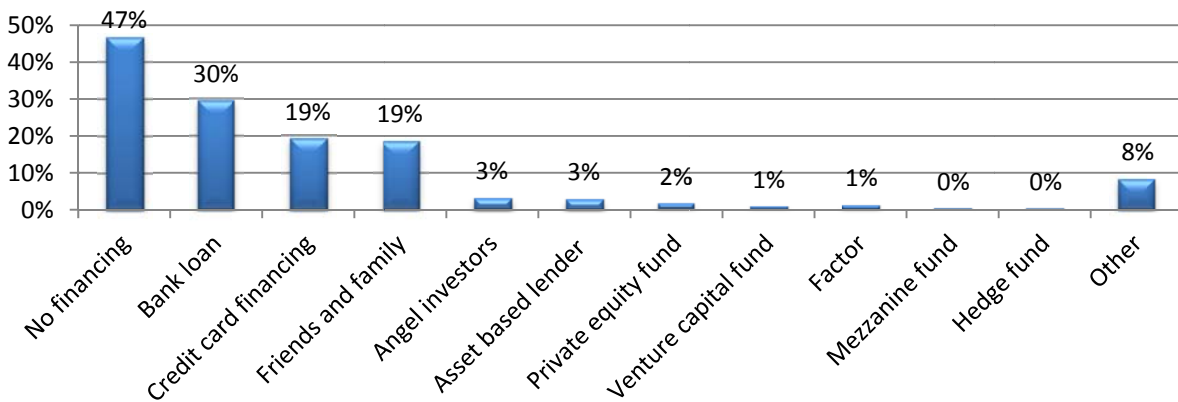
Approximately 80% of businesses have net income less than or equal to \$500,000, 12% of those have negative net income.

Figure 6. Net Income



Approximately 47% of respondents are currently not financed by any external capital sources. Nearly 30% and 19% of respondents' businesses are financed by bank loans and credit card financing, respectively.

Figure 7. Current Sources of Financing



Approximately 51% of privately-held businesses with annual revenues less than \$1 million don't have any external financing followed by 23% of businesses that are using credit card financing.

Figure 8. Current Sources of Financing, Revenue Size Less Than \$1 Million

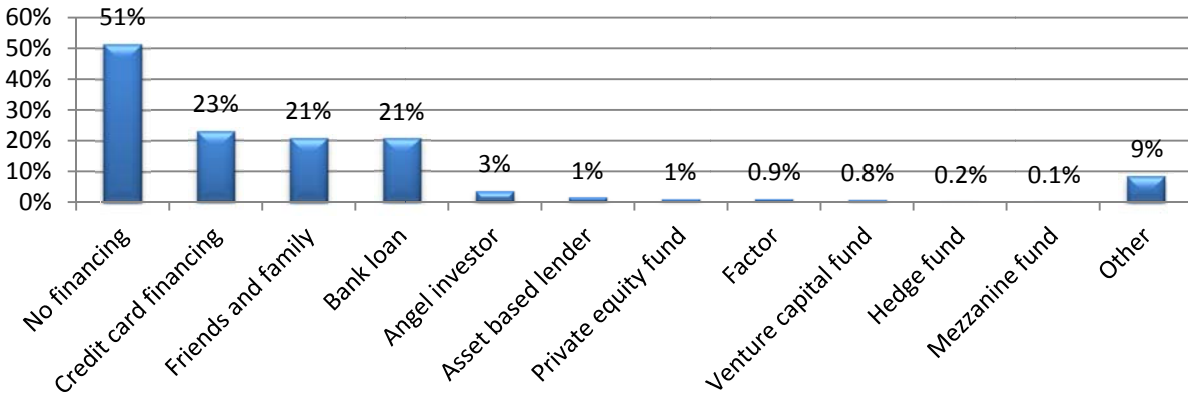


Figure 9. Current Sources of Financing, Revenue Size \$1 Million - \$5 Million

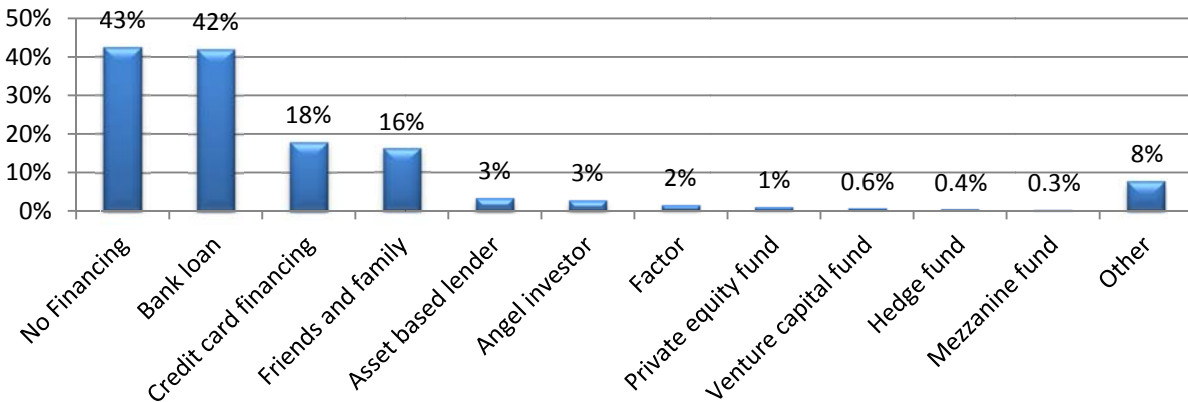


Figure 10. Current Sources of Financing, Revenue Size \$5 Million - \$10 Million

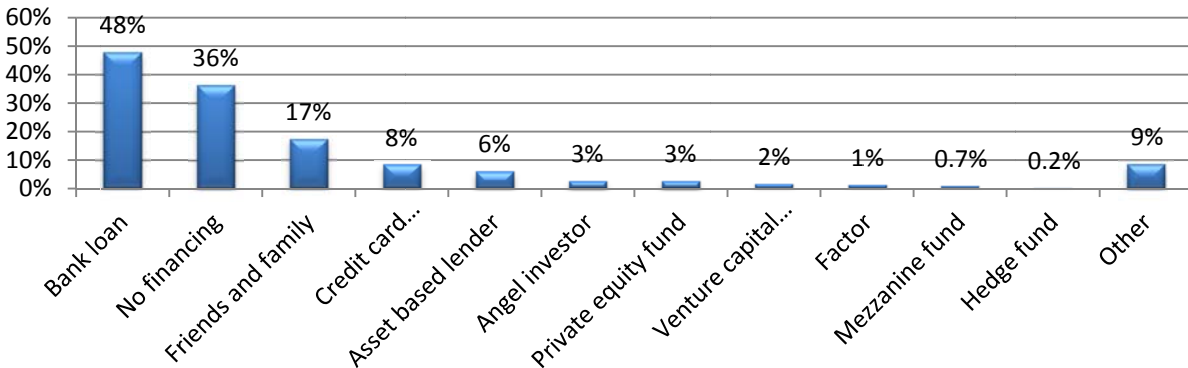


Figure 11. Current Sources of Financing, Revenue Size \$10 Million - \$25 Million

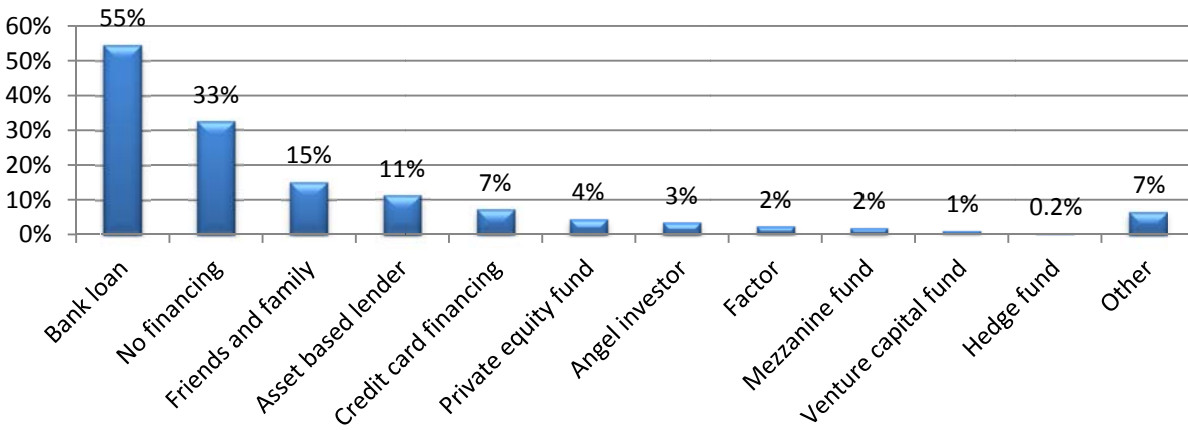


Figure 12. Current Sources of Financing, Revenue Size \$25 Million - \$50 Million

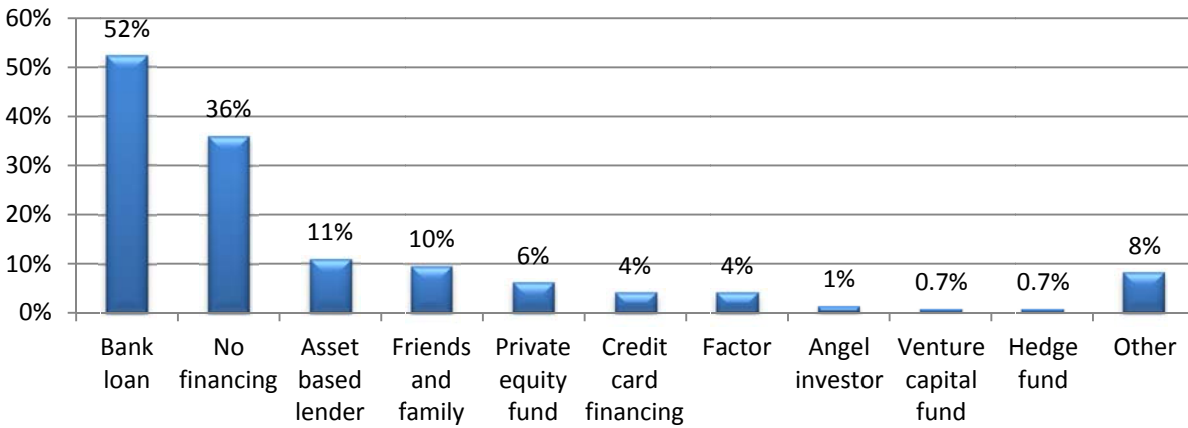


Figure 13. Current Sources of Financing, Revenue Size \$50 Million - \$100 Million

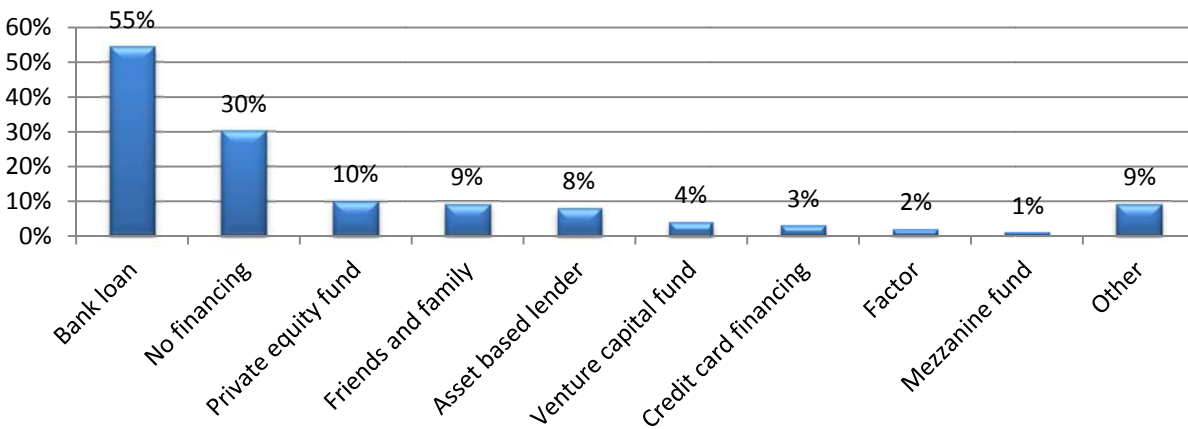


Figure 14. Current Sources of Financing, Revenue Size \$100 Million - \$500 Million

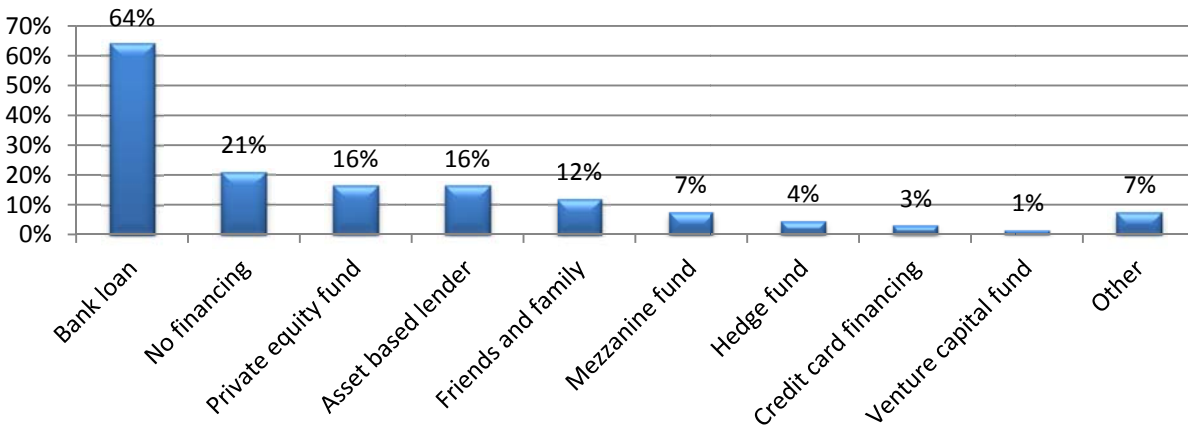
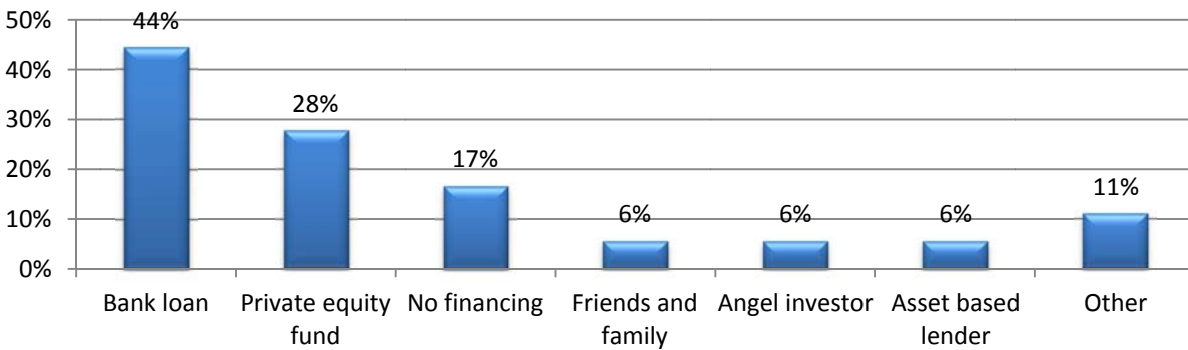
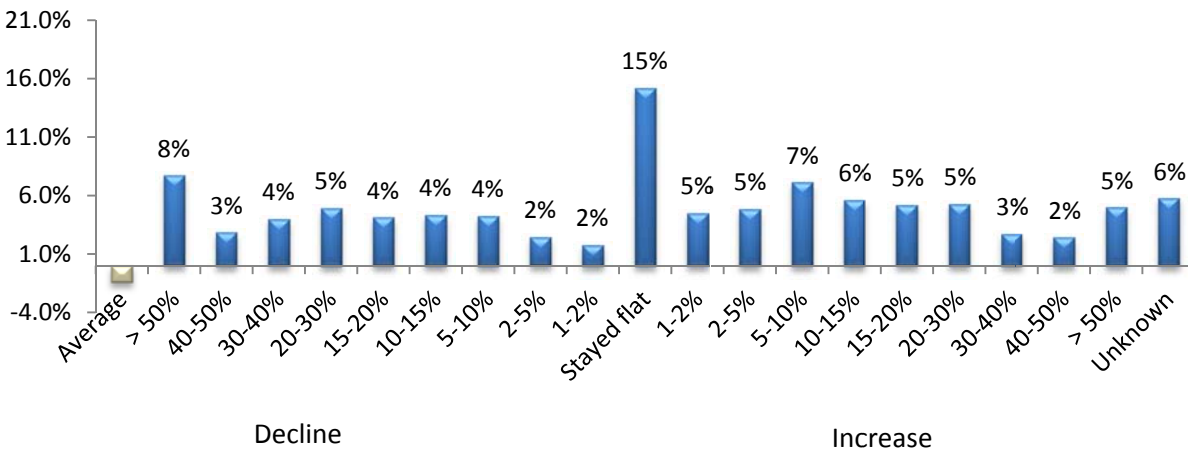


Figure 15. Current Sources of Financing, Revenue Size Greater Than \$500 Million



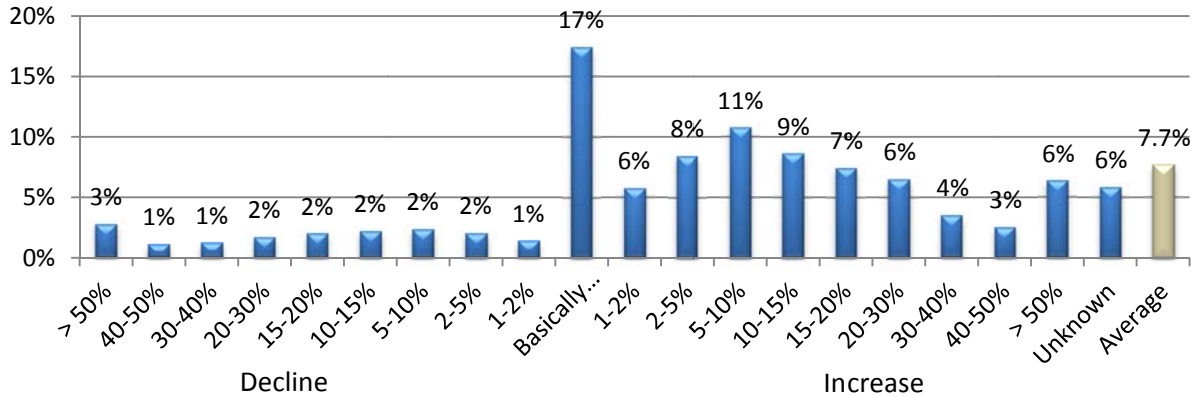
The average change to organic revenues over the last 12 months was negative 1.4%.

Figure 16. Change to Organic Revenues over the last 12 Months



The average expected change to organic revenues in the next 12 months is 7.7%.

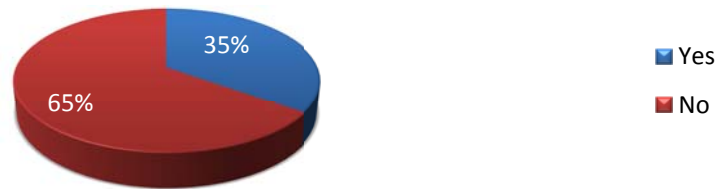
Figure 17. Expected Change to Organic Revenues in the Next 12 Months



National Survey Findings

Approximately 35% of respondents attempted to raise capital in the last year.

Figure 18. Attempt to Raise Capital over the Last 12 months



Among the businesses that tried to raise capital in the last 12 months 35% applied for bank loan and 50% were successful, whereas 16% of respondents tried to raise capital from friends and family and 79% of them were successful.

Figure 19. Capital Sources Contacted in the Last 12 Months

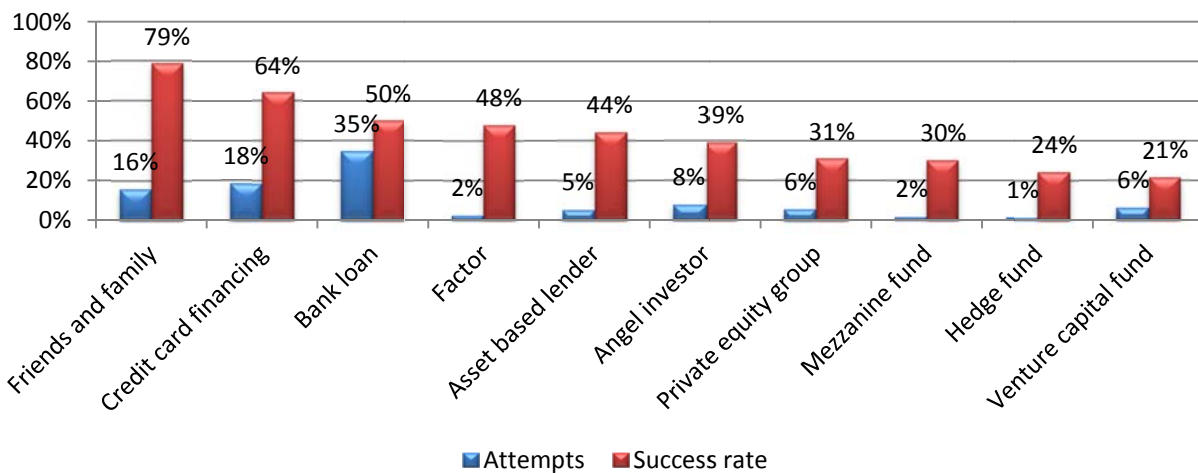


Figure 20. Success Rates, Revenue Size Less Than \$1 Million

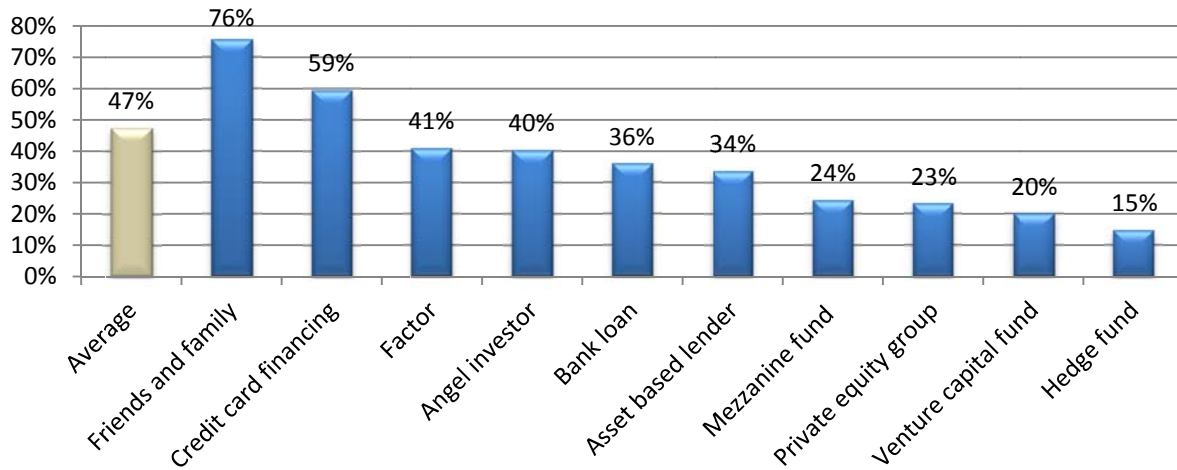


Figure 21. Success Rates, Revenue Size \$1 Million - \$5 Million

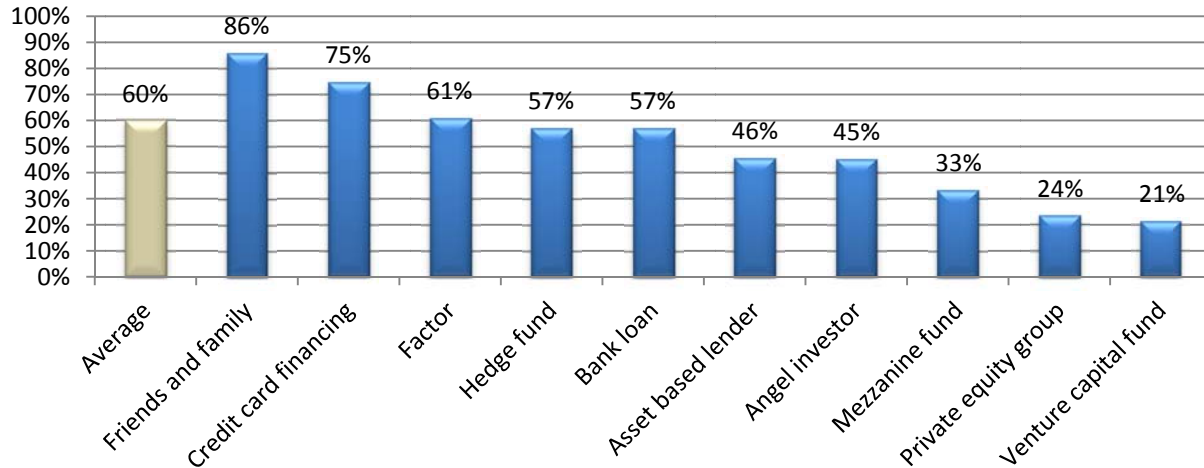


Figure 22. Success Rates, Revenue Size \$5 Million - \$10 Million

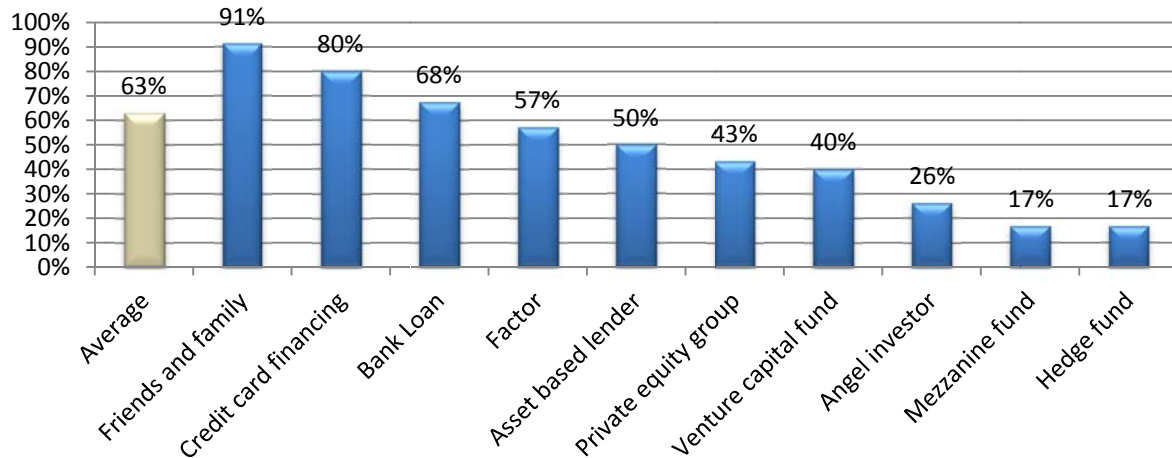


Figure 23. Success Rates, Revenue Size \$10 Million - \$25 Million

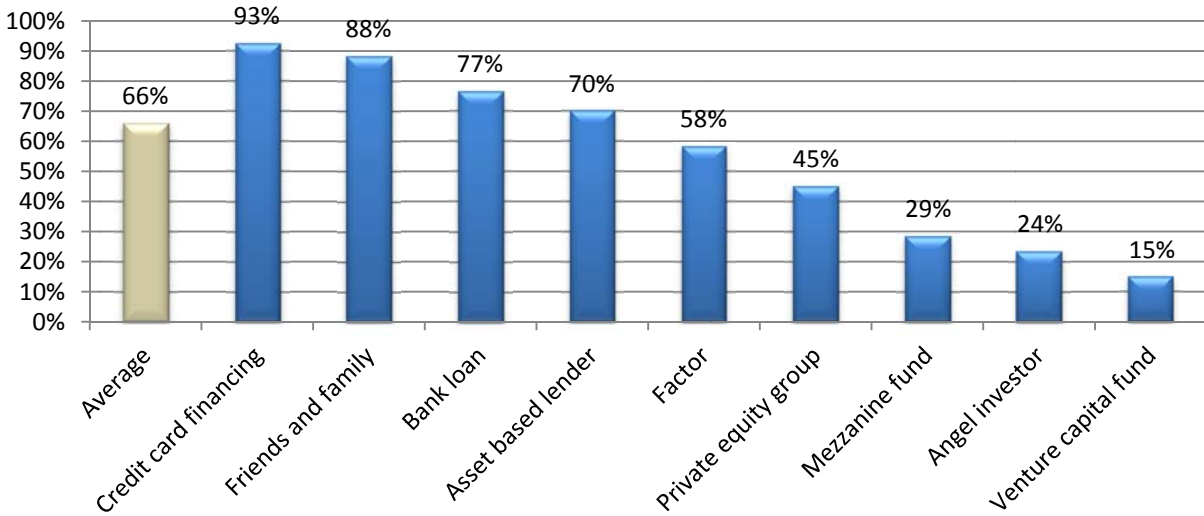


Figure 24. Success Rates, Revenue Size \$25 Million - \$50 Million

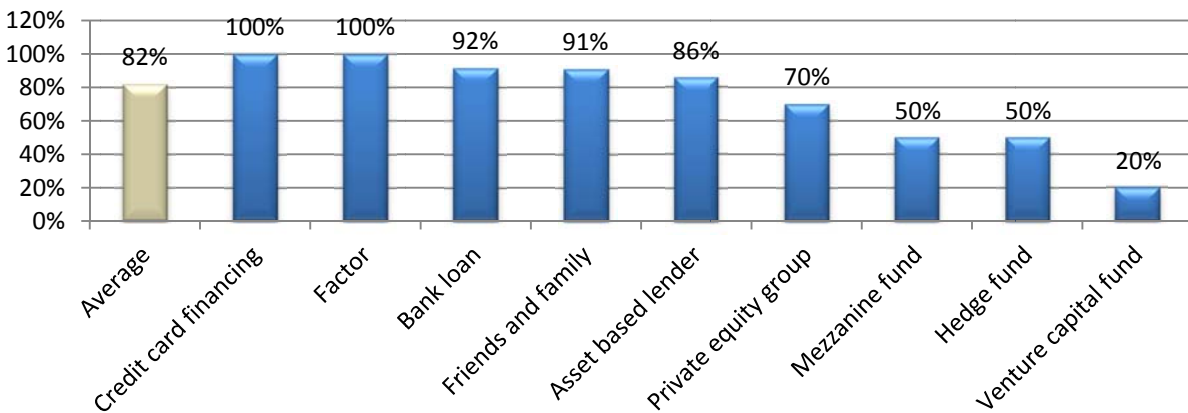


Figure 25. Success Rates, Revenue Size \$50 Million - \$100 Million

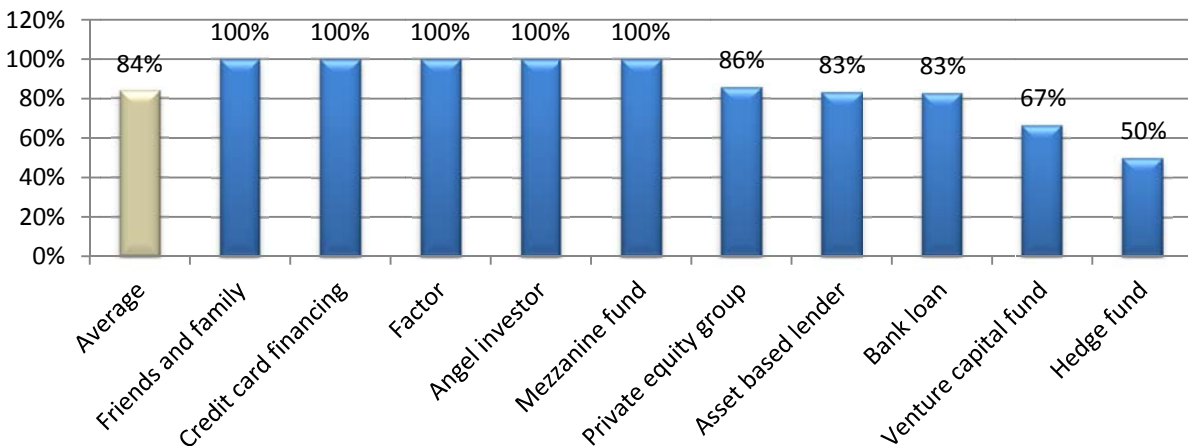


Figure 26. Success Rates, Revenue Size \$100 Million - \$500 Million

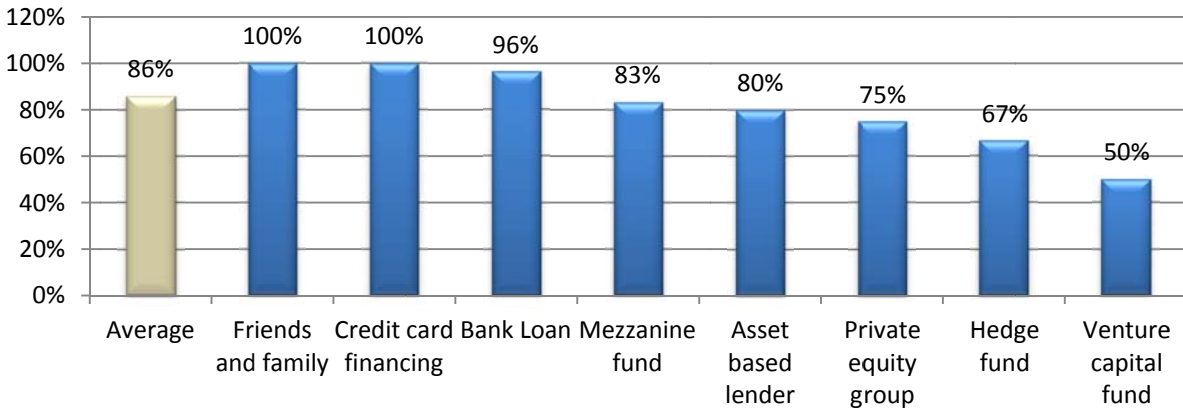
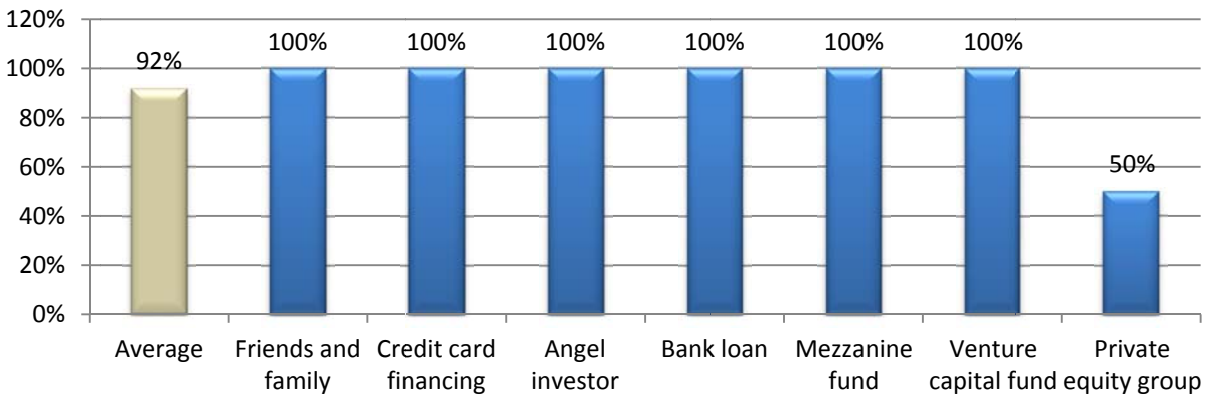


Figure 27. Success Rates, Revenue Size Greater Than \$500 Million



Among respondents who successfully raised capital the average number of capital providers contacted was 3.2, whereas for those who were not able to raise capital the average number of capital providers contacted was 3.7.

Figure 28. Average Number of Capital Providers Contacted

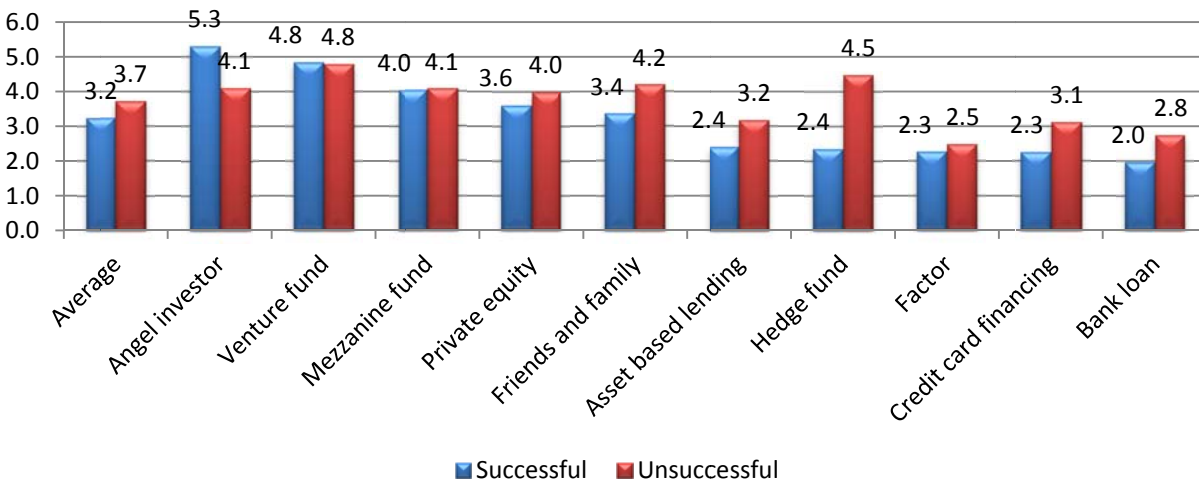


Figure 29. Average Number of Capital Providers Contacted, Revenue Size Less Than \$1 Million

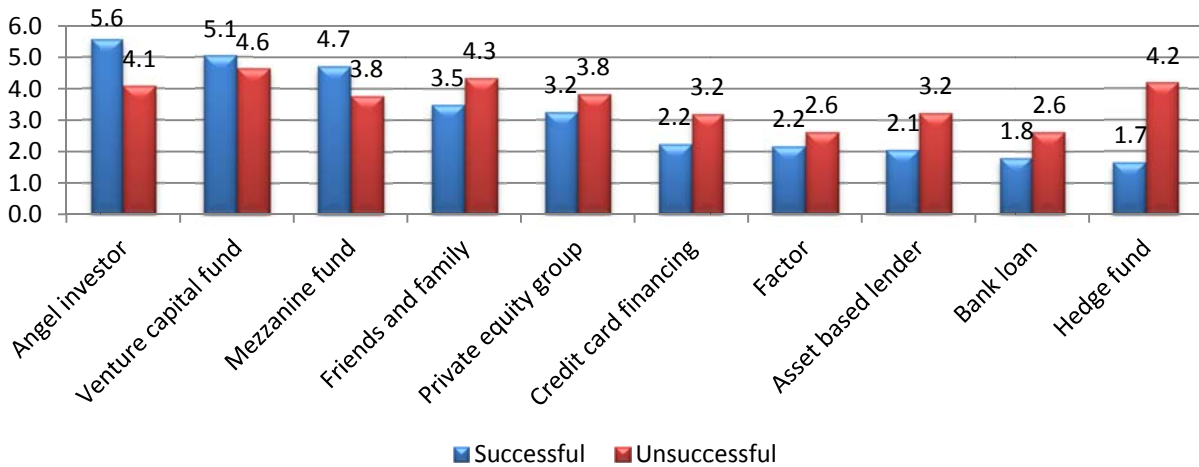


Figure 30. Average Number of Capital Providers Contacted, Revenue Size \$1 Million - \$5 Million

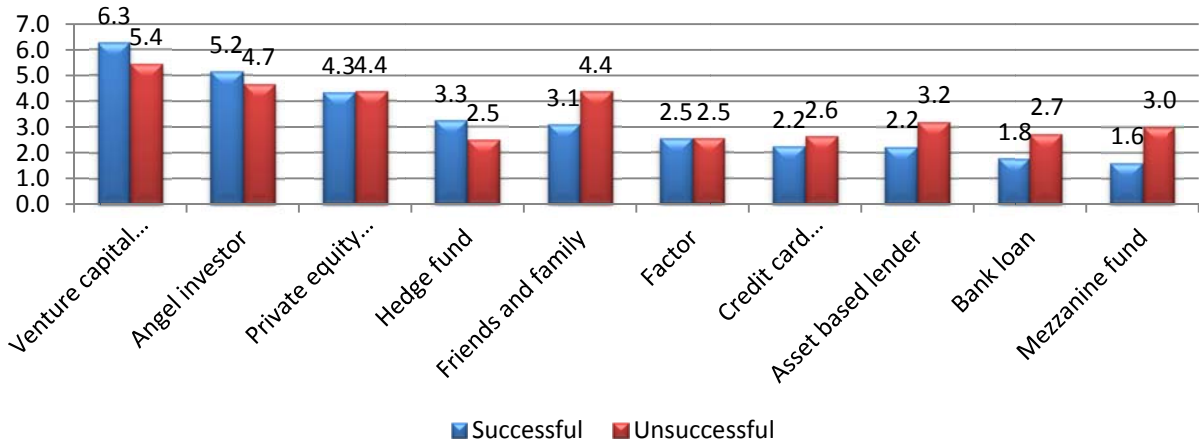


Figure 31. Average Number of Capital Providers Contacted, Revenue Size \$5 Million - \$10 Million

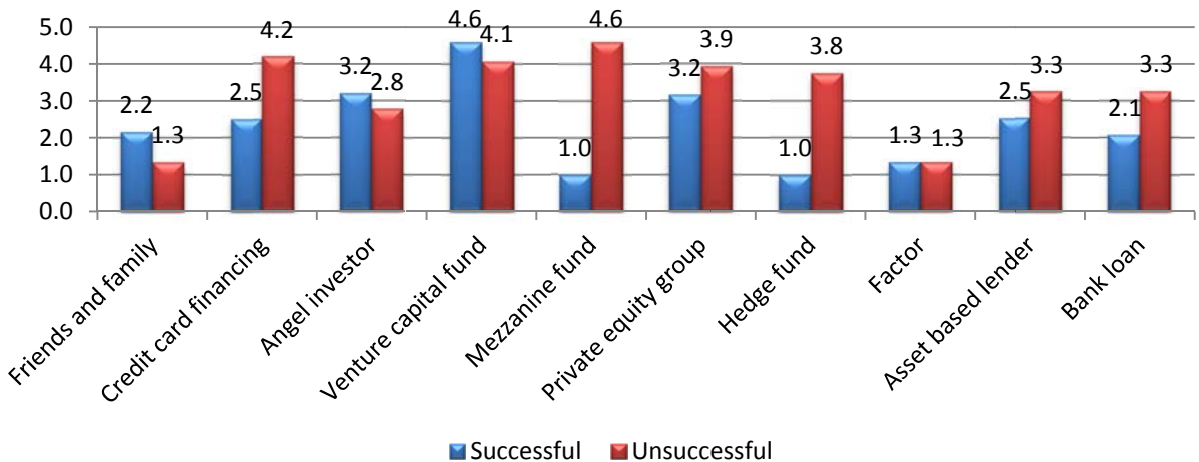
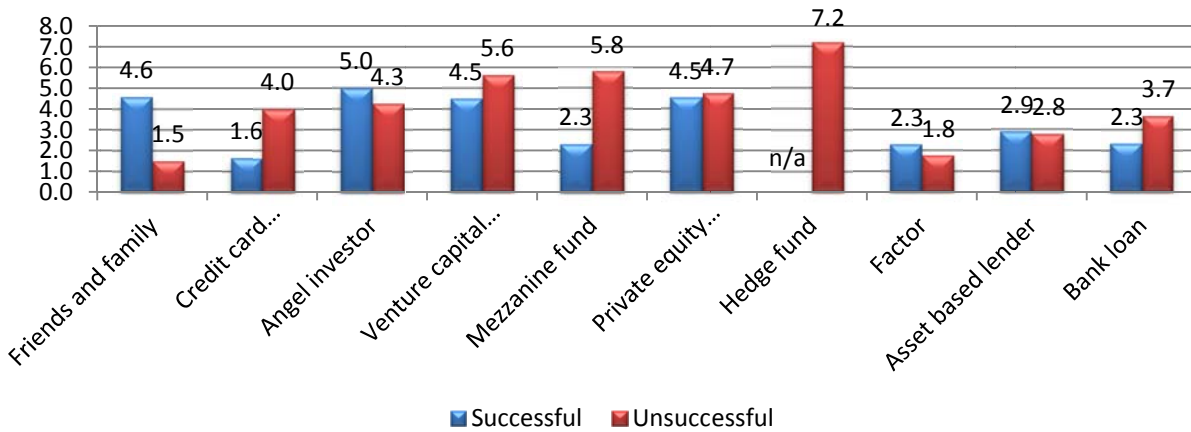
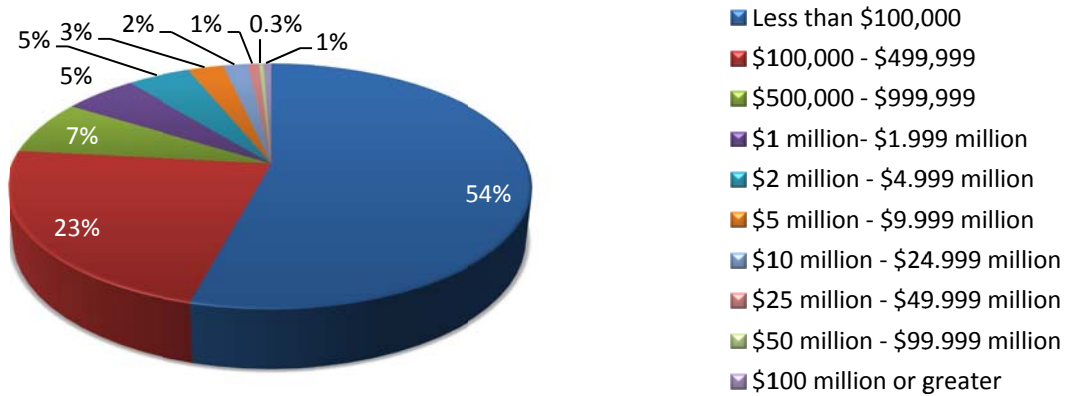


Figure 32. Average Number of Capital Providers Contacted, Revenue Size Greater Than \$10 Million



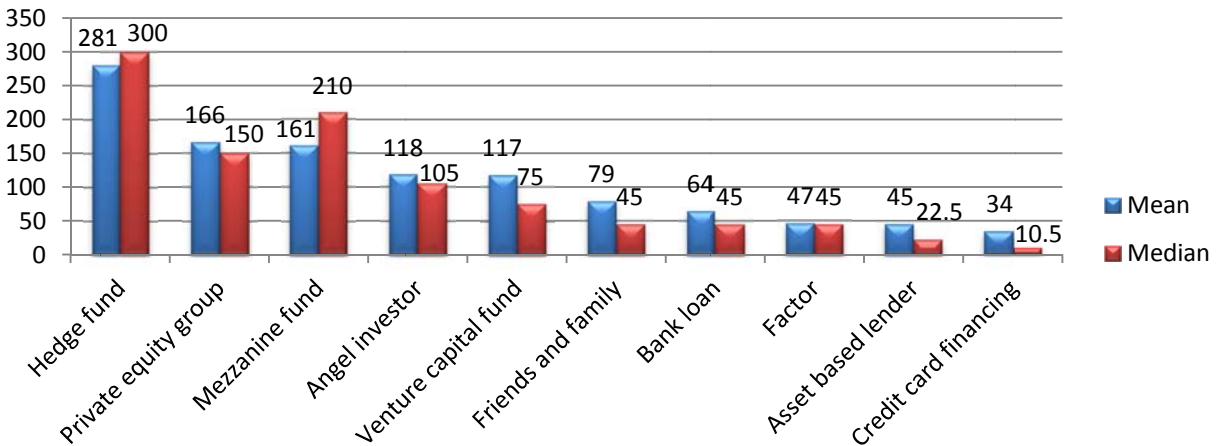
Approximately 54% of respondents attempted to raise less than \$100,000 in the last 12 months.

Figure 33. Amount of Capital Attempted to Raise in the last Six Months



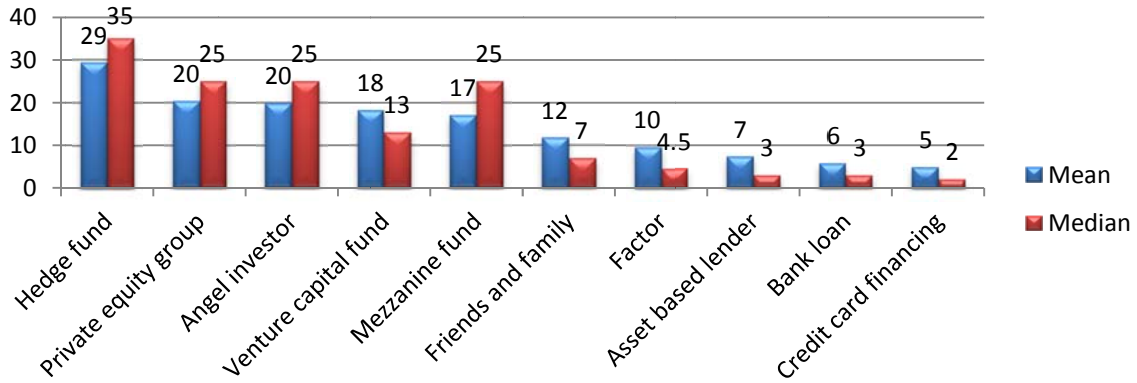
According to respondents credit card financing takes the least amount of time to process (34 days), whereas hedge fund financing on average takes 281 days to complete.

Figure 34. Average Time to Complete Financing Process in Days



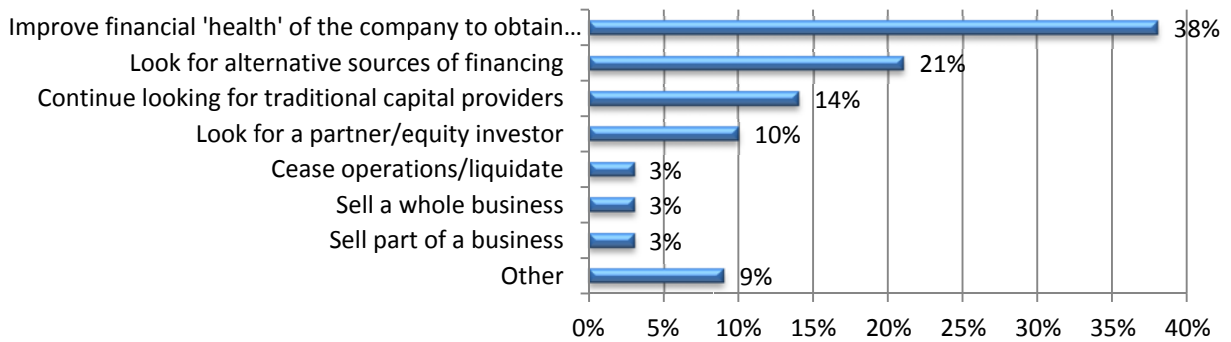
The average time spent by respondents during the process to successfully obtain credit card financing (time spent by all employees and hired outsiders making inquiries, submitting proposals, meeting with capital providers, furnishing documents) was close to five full days, whereas for hedge fund financing it was almost 29 days.

Figure 35. Days Spent During the Process to Successfully Obtain Financing



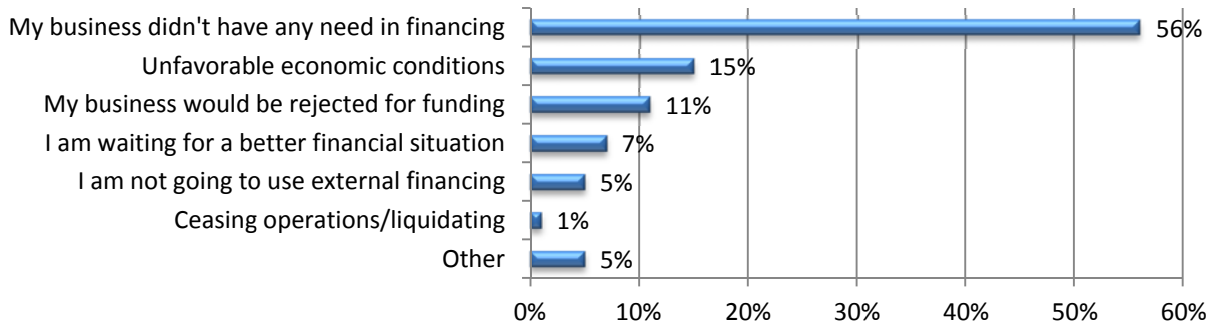
Among those respondents who were not able to obtain external financing in the last 12 months 38% are planning to improve the financial health of their businesses before attempting to raise capital in the future.

Figure 36. Next Steps to Satisfy Financial Needs



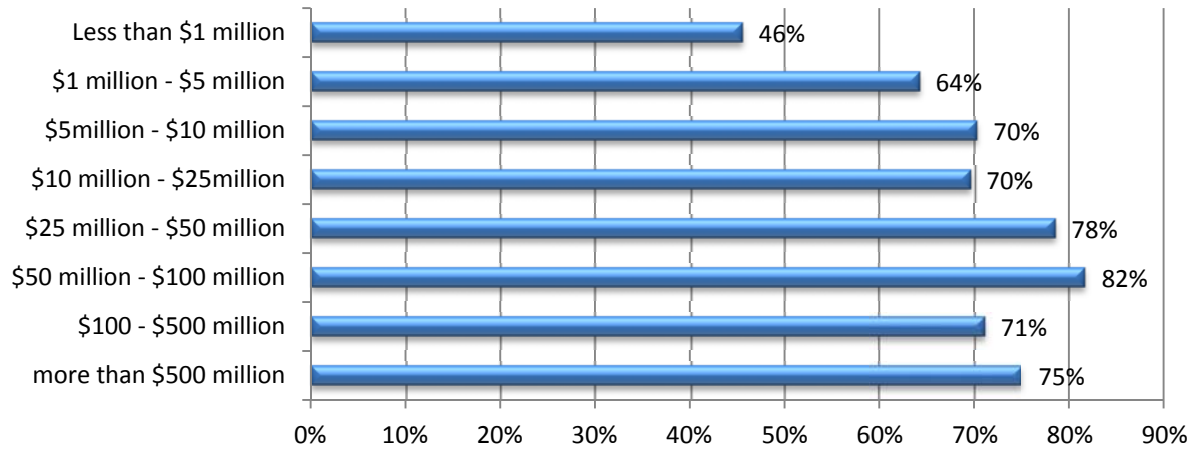
Among those respondents who didn't attempt to obtain any external financing in the last 12 months 56% had no need for outside capital, followed by 15% who mentioned unfavorable conditions as a main reason for not trying to obtain capital.

Figure 37. Reasons for Not Trying to Obtain Capital in the Last 12 Months



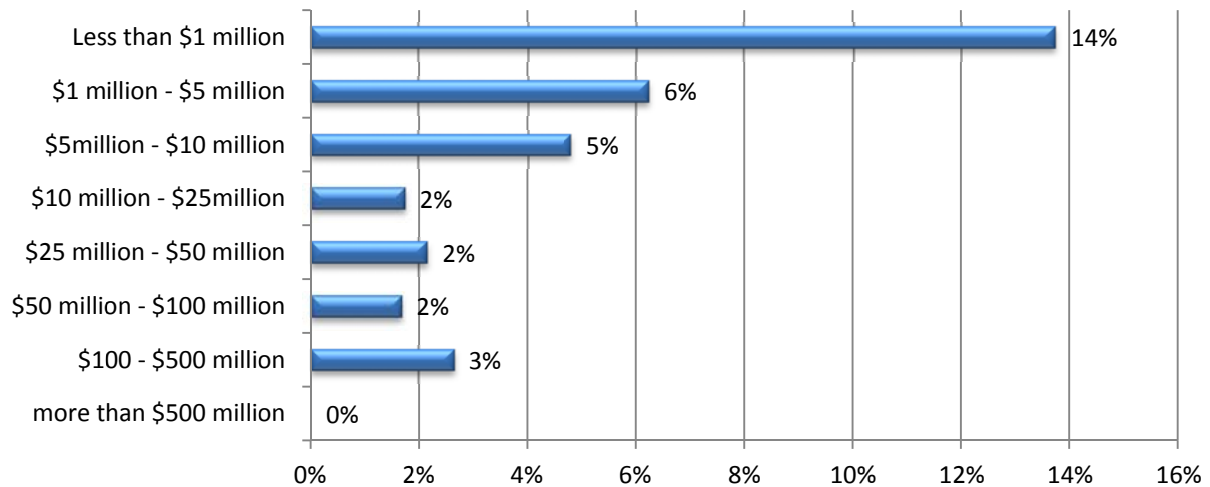
Only 46% of privately-held businesses whose revenues are less than \$1 million indicated “My business didn’t have any need in external financing” as a reason for not trying to obtain capital in the last 12 months, whereas for privately-held businesses whose revenues are greater than \$5 million this percentage equals 70% or higher.

Figure 38. Percentage of Businesses by Revenue Size That Indicated “My Business Didn’t Have Any Need in External Financing” as a Reason for Not Trying to Obtain Capital in the Last 12 Months



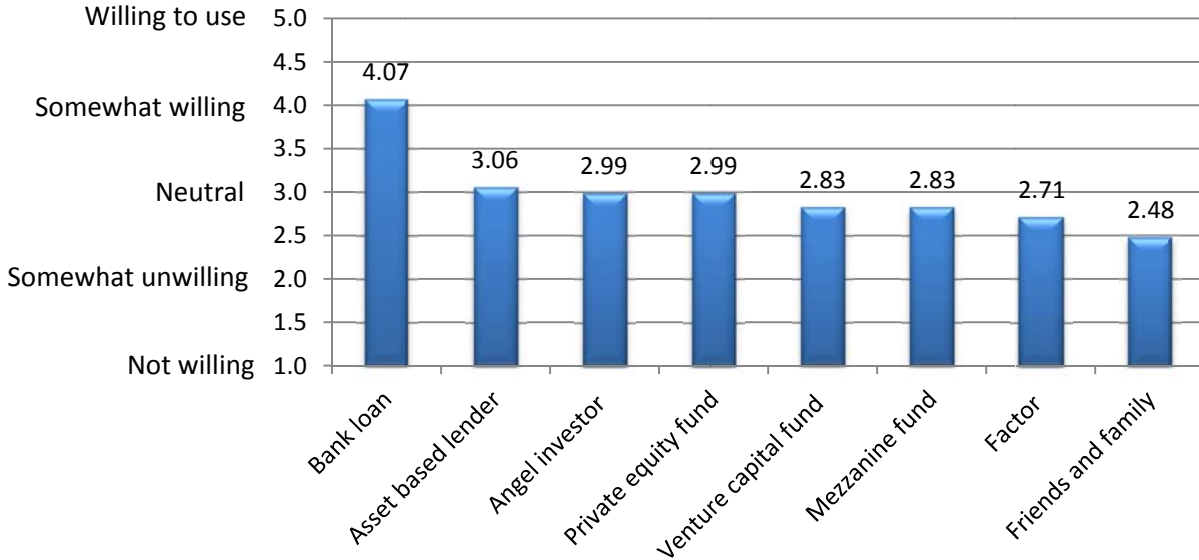
Approximately 14% of privately-held businesses whose annual revenues are less than \$1 million indicated “My business would be rejected for funding” as a main reason for not trying to obtain capital in the last 12 months.

Figure 39. Percentage of Businesses by Revenue Size That Indicated “My Business Would Be Rejected for Funding” as a Reason for Not Trying to Obtain Capital in the Last 12 Months



According to the respondents, “bank loans” as a category is the most appealing option to obtain financing, whereas “friends and family” is the least desirable source of capital to obtain.

Figure 40. Willingness to Obtain Financing, All Revenue Sizes



Privately-held businesses with revenue sizes less than \$1 million are more willing to use bank-loan financing (3.9) followed by angel-investor financing (3.2).

Figure 41. Willingness to Obtain Financing, Revenue Size Less Than \$1 Million

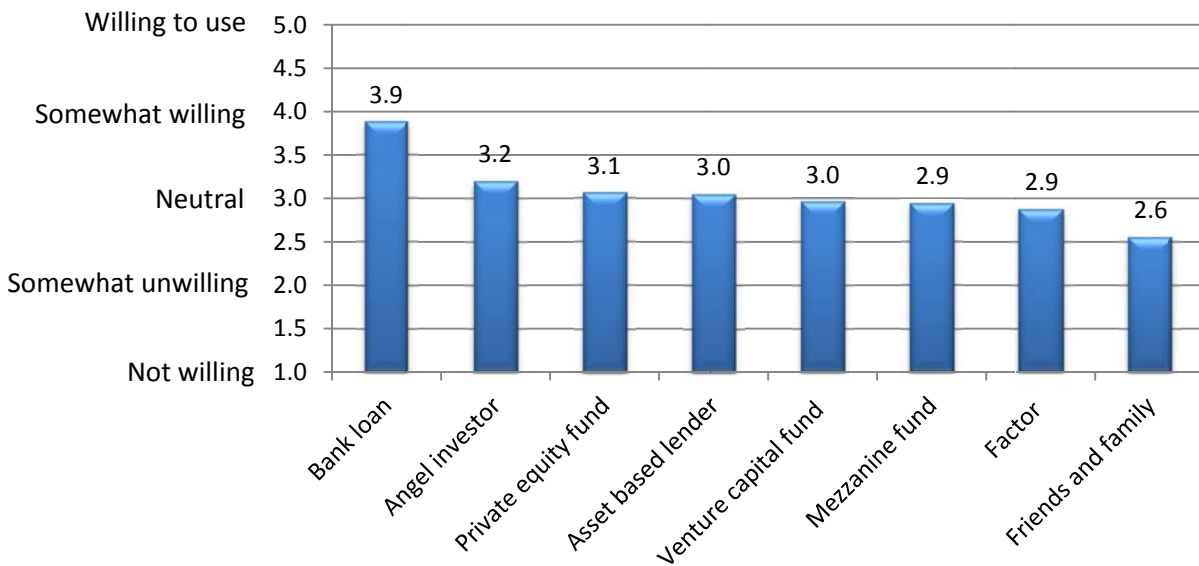


Figure 42. Willingness to Obtain Financing, Revenue Size \$1 Million - \$5 Million

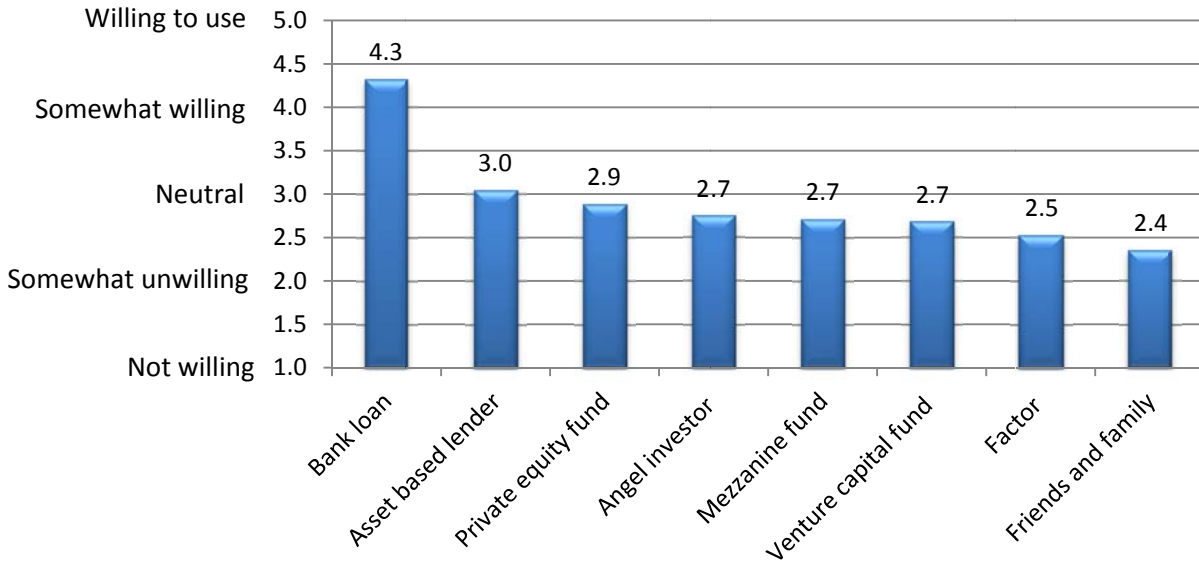


Figure 43. Willingness to Obtain Financing, Revenue Size \$5 Million - \$10 Million

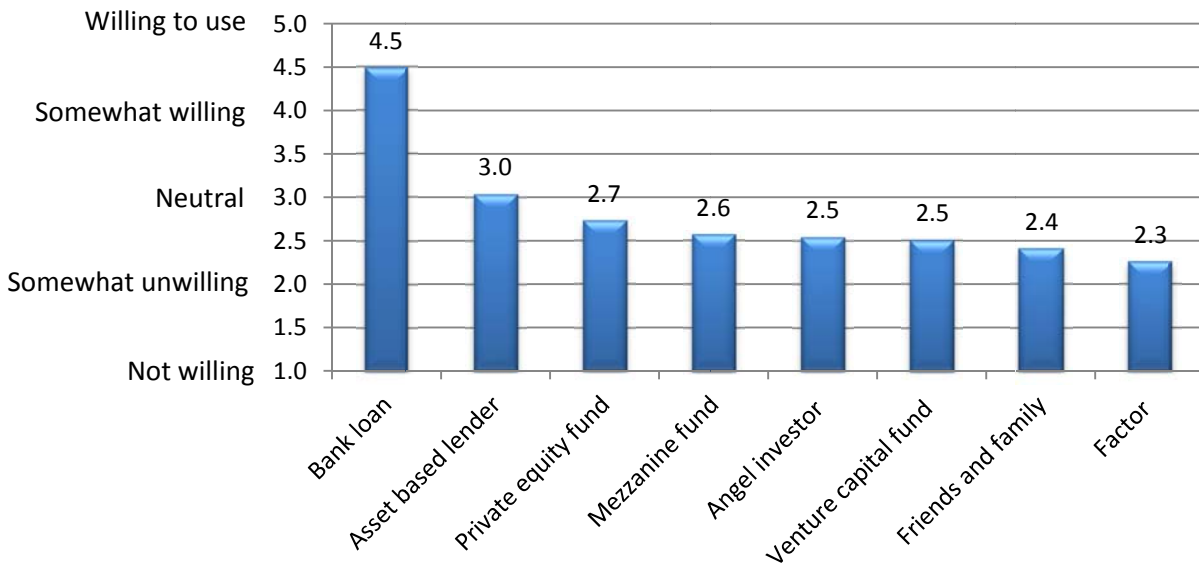


Figure 44. Willingness to Obtain Financing, Revenue Size \$10 Million - \$25 Million

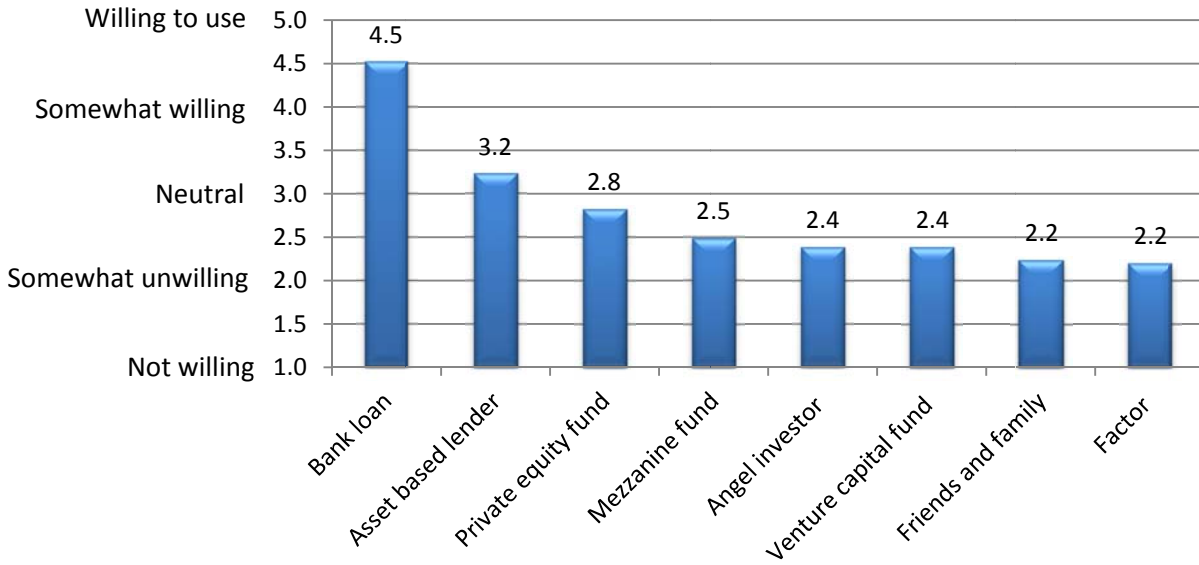


Figure 45. Willingness to Obtain Financing, Revenue Size \$25 Million - \$50 Million

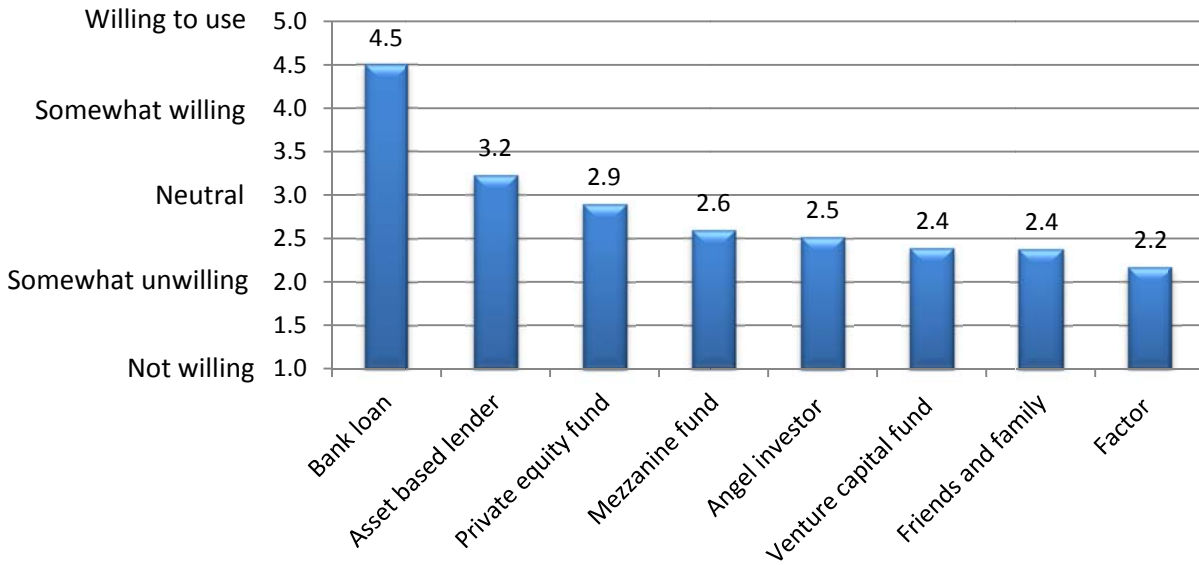


Figure 46. Willingness to Obtain Financing, Revenue Size \$50 Million - \$100 Million

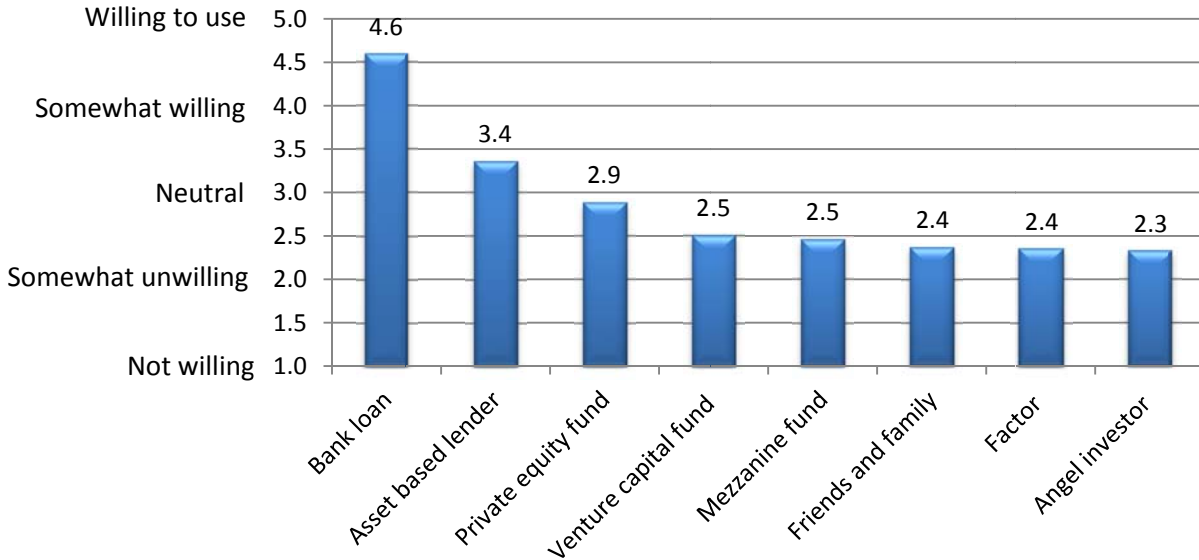


Figure 47. Willingness to Obtain Financing, Revenue Size \$100 Million - \$500 Million

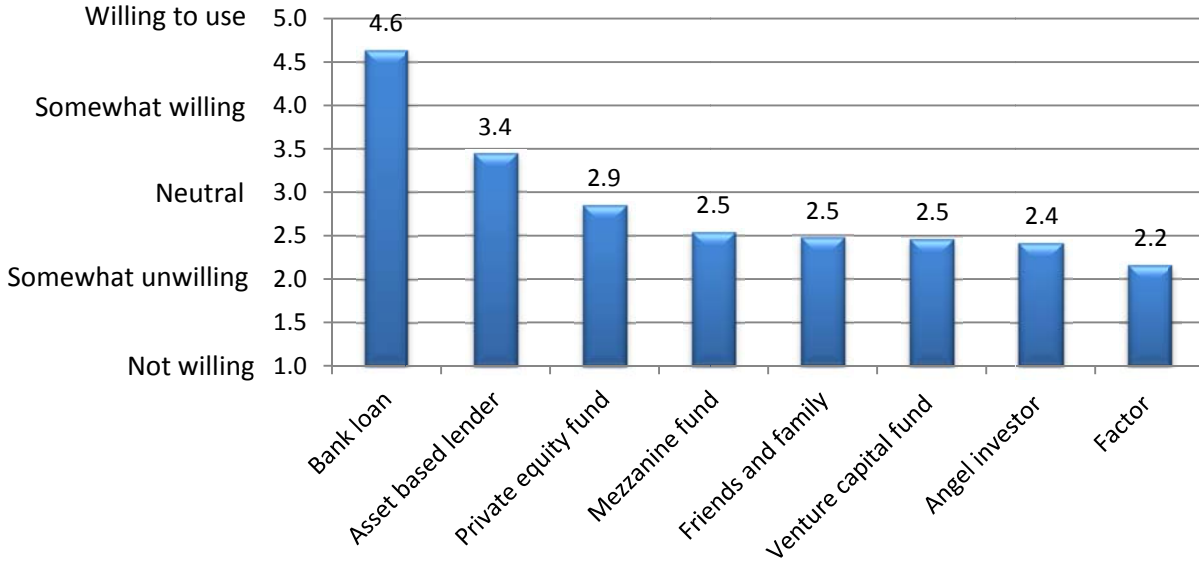
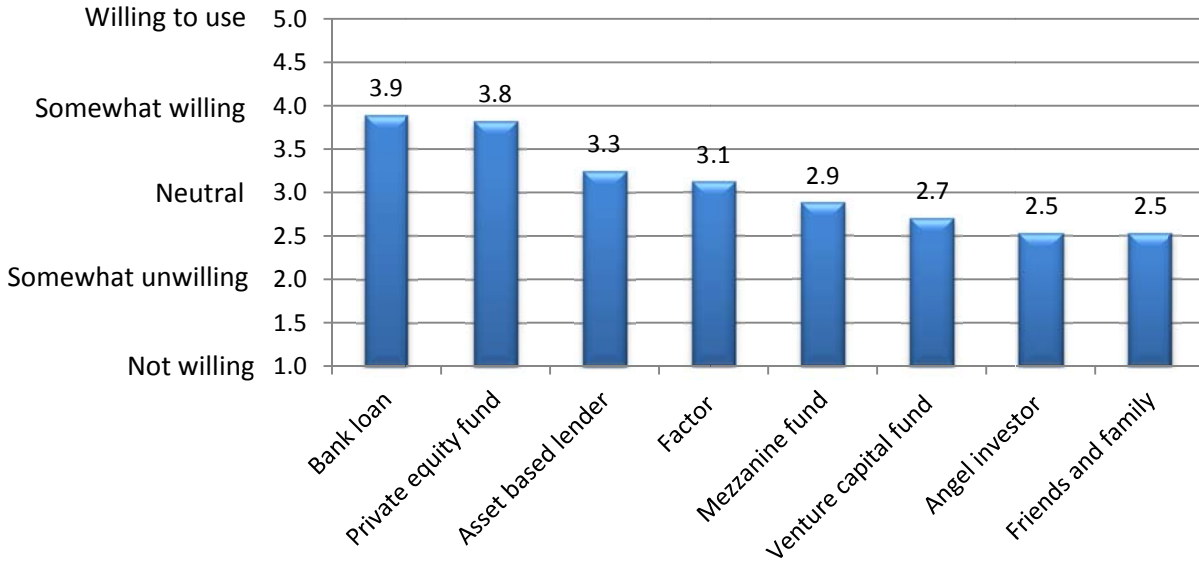


Figure 48. Willingness to Obtain Financing, Revenue Size Greater Than \$500 Million



Approximately 49% of respondents indicated increasing revenues from current products or services as the area their businesses are most focused on today.

Figure 49. The Most Important Area to Focus On, All Revenue Sizes

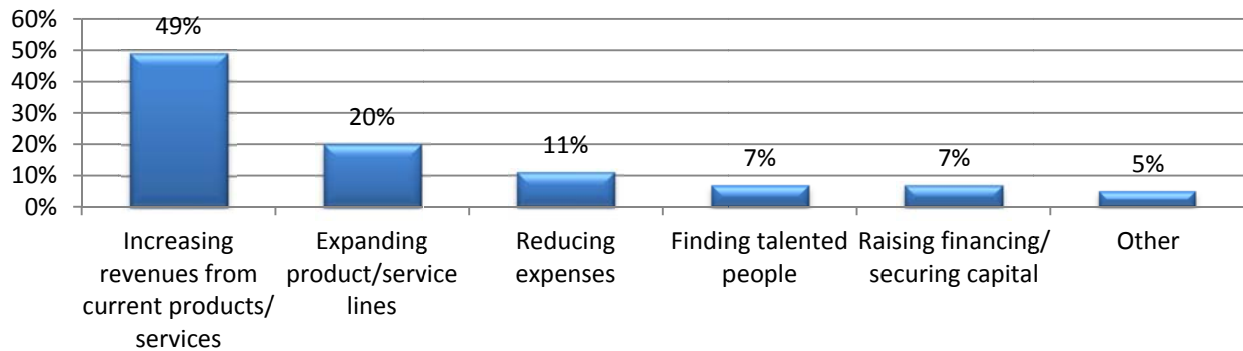


Figure 50. The Most Important Area to Focus On, Revenue Size Less Than \$1 Million

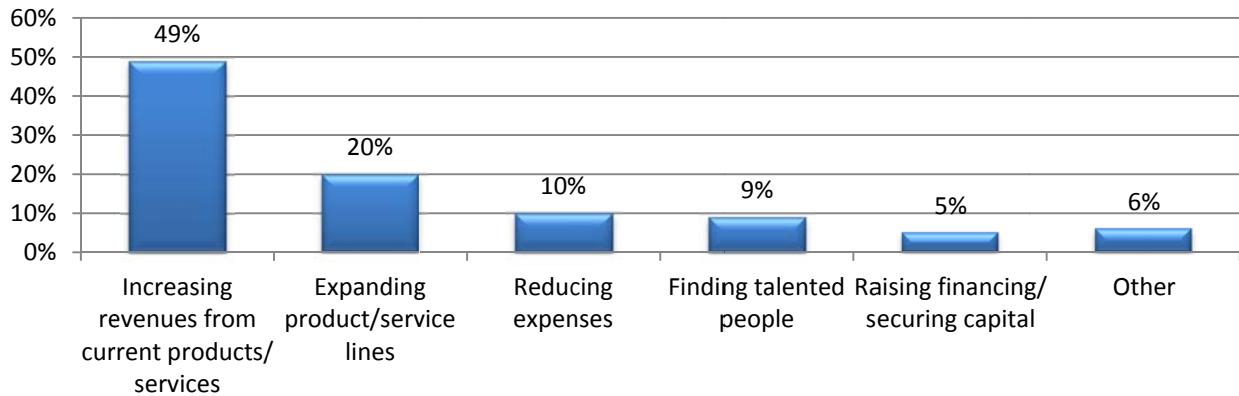


Figure 51. The Most Important Area to Focus On, Revenue Size \$1 Million - \$5 Million

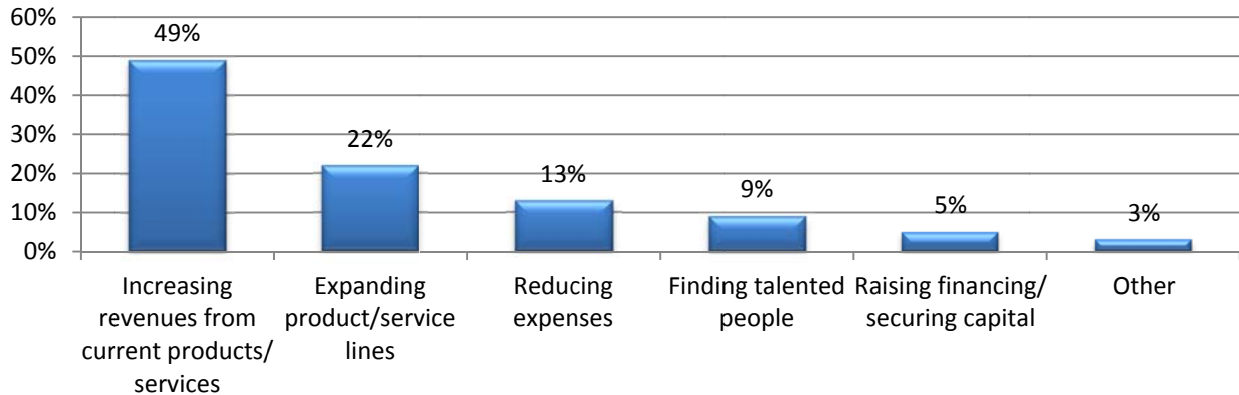


Figure 52. The Most Important Area to Focus On, Revenue Size \$5 Million - \$10 Million

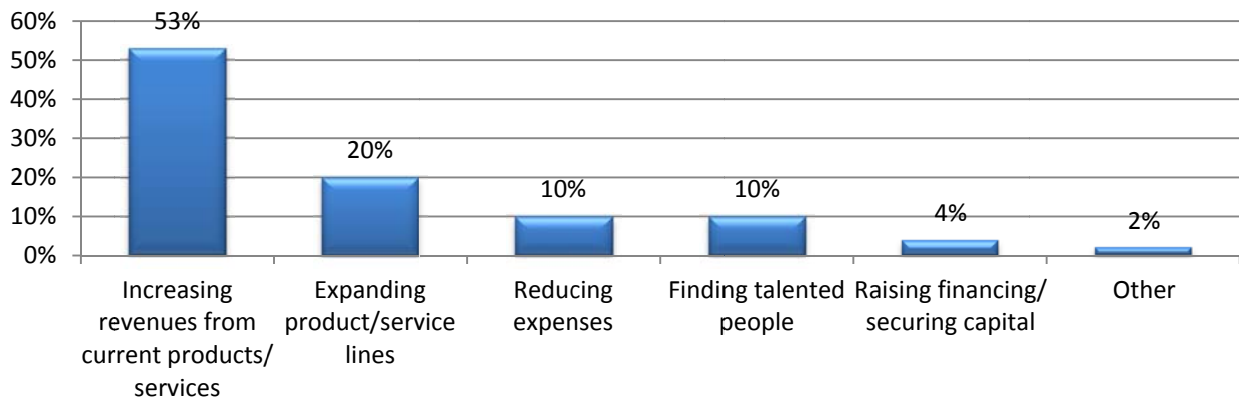


Figure 53. The Most Important Area to Focus On, Revenue Size \$10 Million - \$25 Million

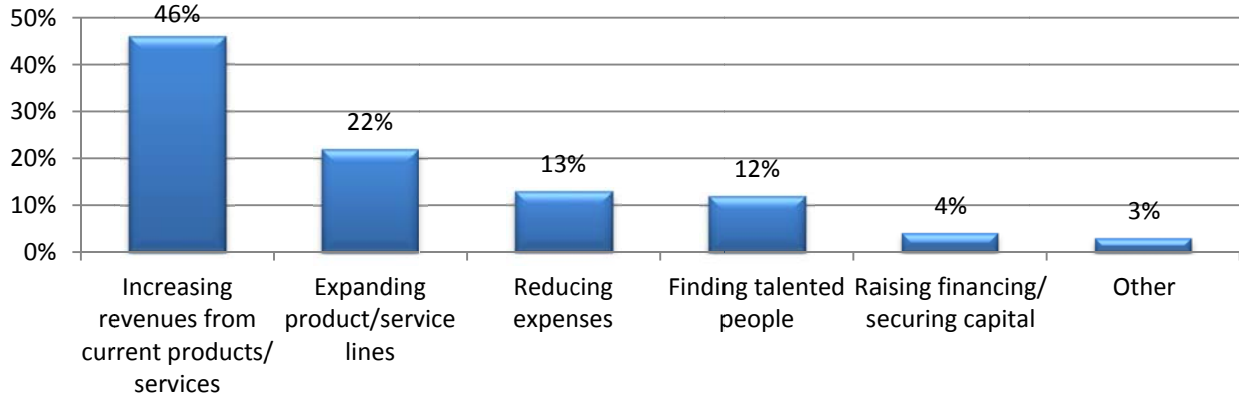


Figure 54. The Most Important Area to Focus On, Revenue Size \$25 Million - \$50 Million

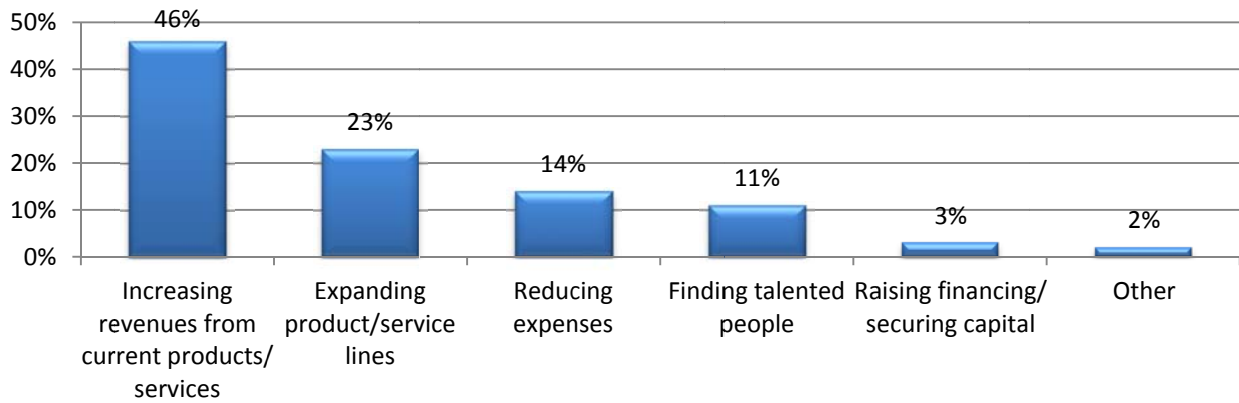


Figure 55. The Most Important Area to Focus On, Revenue Size \$50 Million - \$100 Million

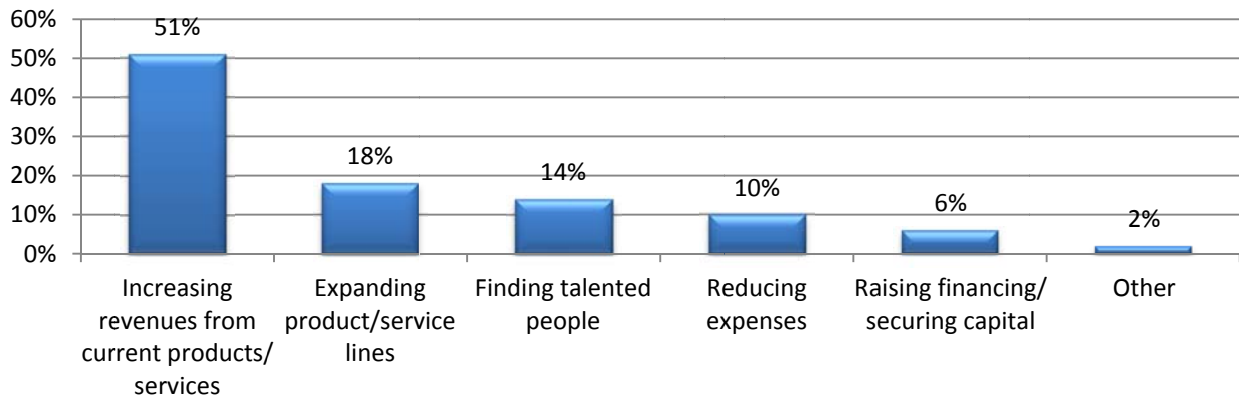


Figure 56. The Most Important Area to Focus On, Revenue Size \$100 Million - \$500 Million

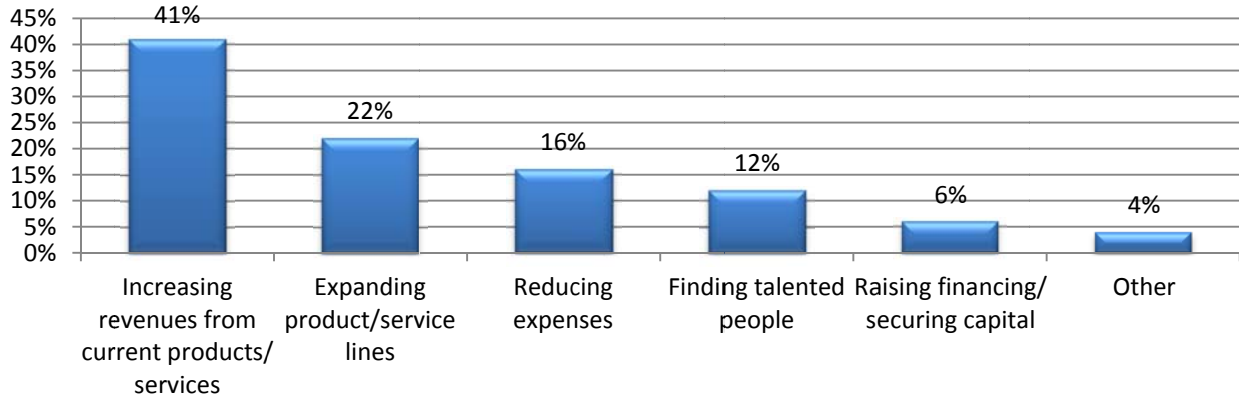
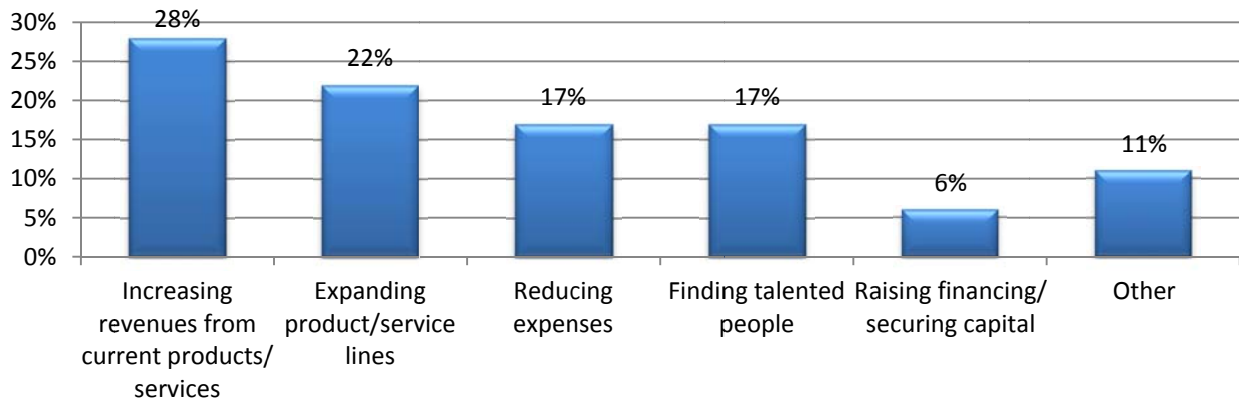
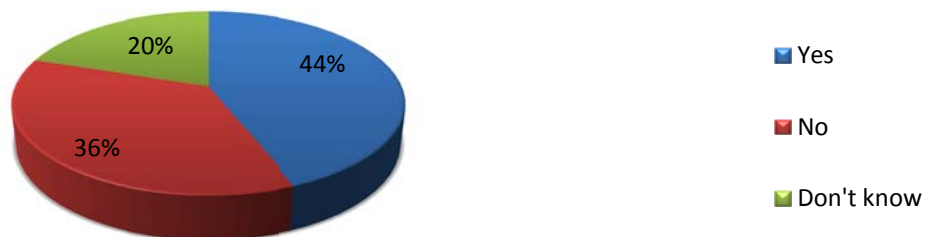


Figure 57. The Most Important Area to Focus On, Revenue Size Greater Than \$500 Million



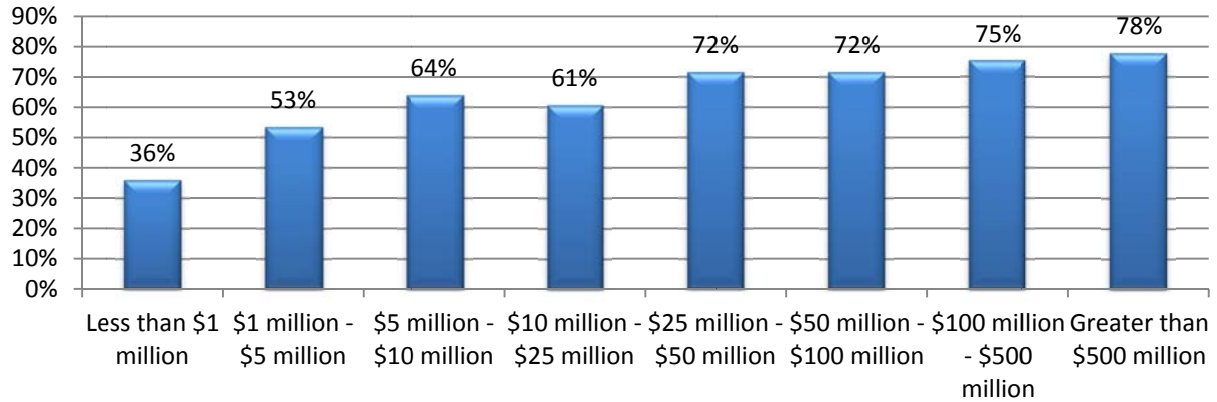
Approximately 44% of respondents are planning to hire additional workers in the next six months.

Figure 58. Plans to Hire Additional Workers in the Next Six Months



Only 36% of privately-held businesses whose annual revenues are less than \$1 million are planning to hire additional workers in the next six months.

Figure 59. Plans to Hire Additional Workers by Annual Revenues Sizes



Approximately 33% of respondents believe economic uncertainty in the U.S. market is the number one reason preventing them from hiring, followed by government regulation and taxes (20%).

Figure 60. The Number One Reason Preventing Privately-Held Businesses from Hiring, All Revenue Sizes

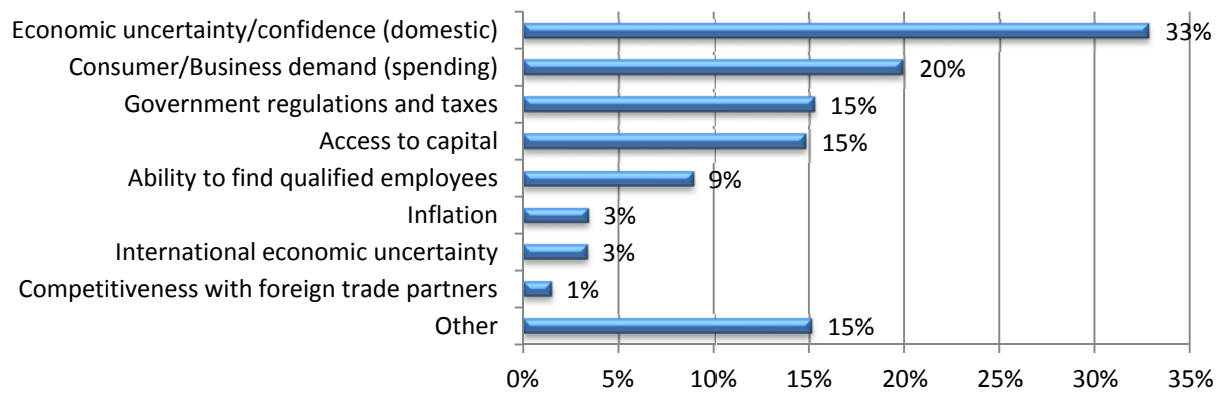


Figure 61. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size Less Than \$1 Million

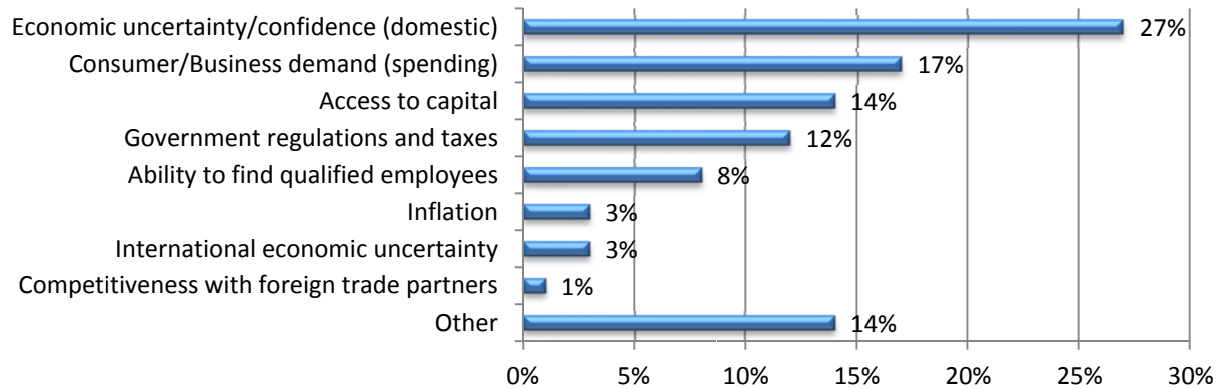


Figure 62. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$1 Million - \$5 Million

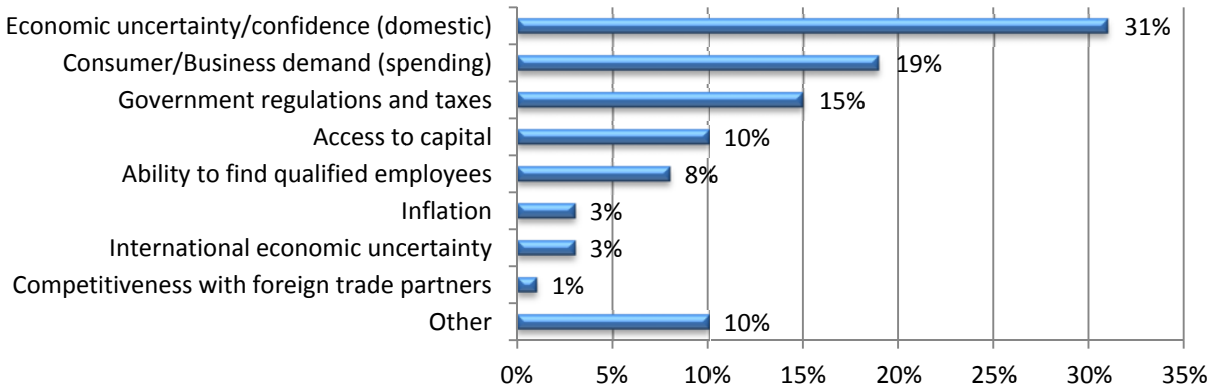


Figure 63. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$5 Million - \$10 Million

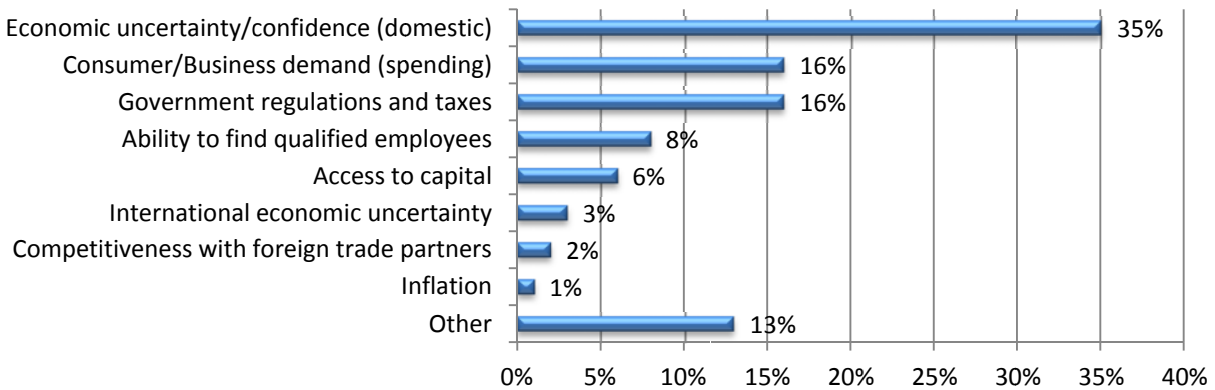


Figure 64. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$10 Million - \$25 Million

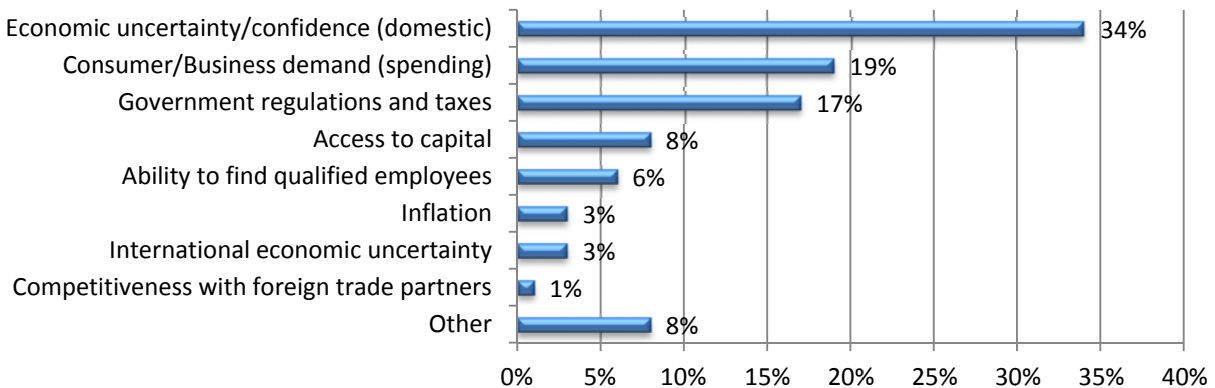


Figure 65. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$25 Million - \$50 Million

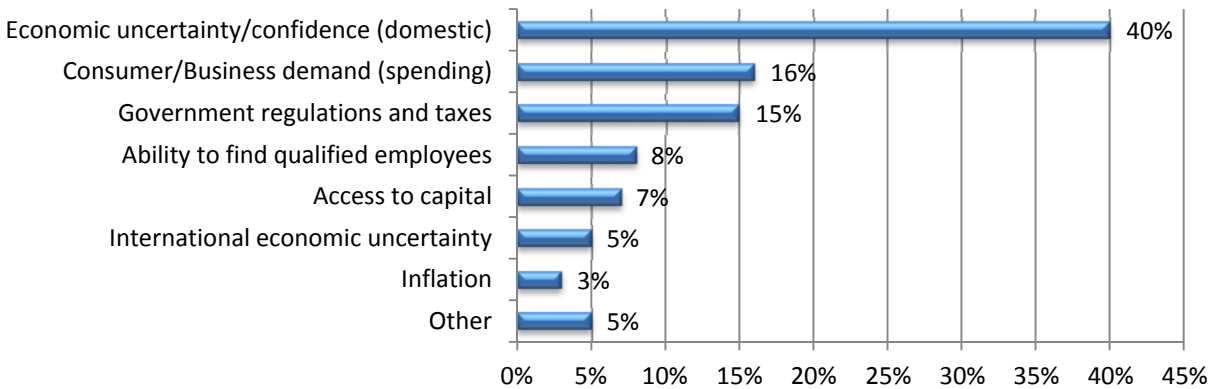


Figure 66. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$50 Million - \$100 Million

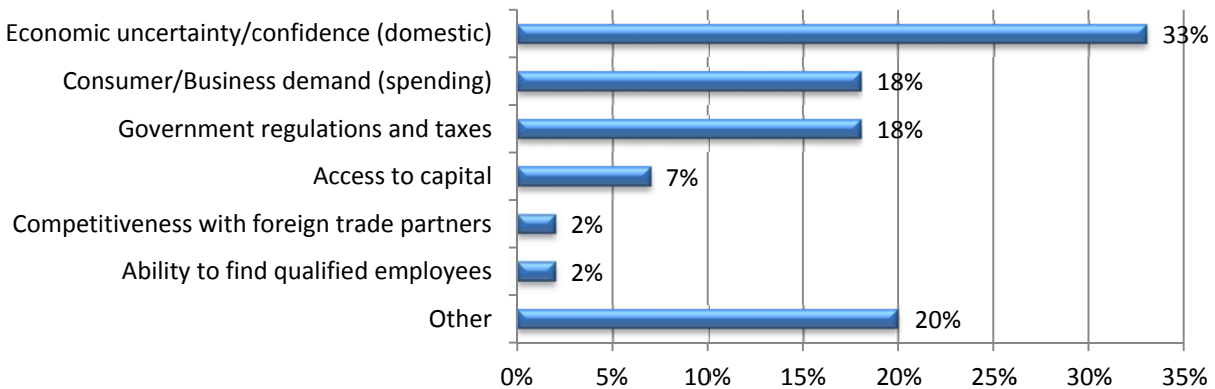
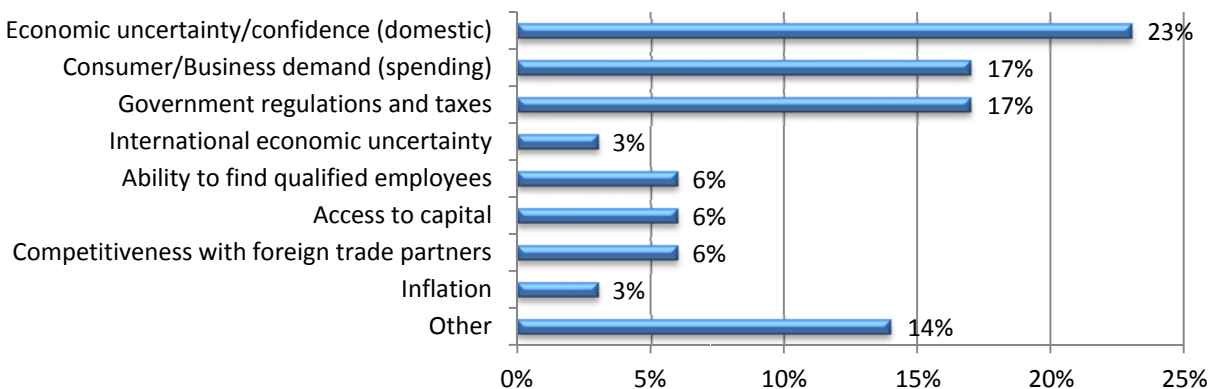
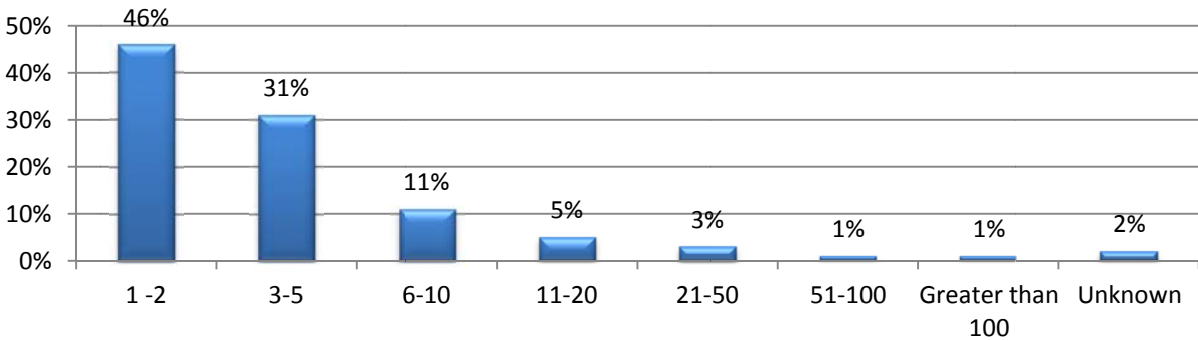


Figure 67. The Number One Reason Preventing Privately-Held Businesses from Hiring, Revenue Size \$100 Million - \$500 Million



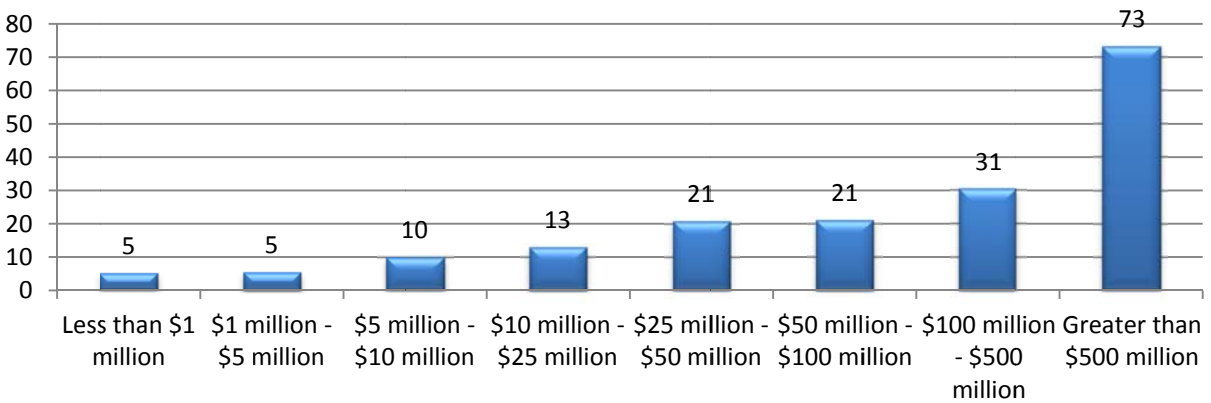
Among those respondents who do expect to hire, 46% are planning to hire one or two additional employees in the next six months.

Figure 68. Amount of Employees Planned to be Hired



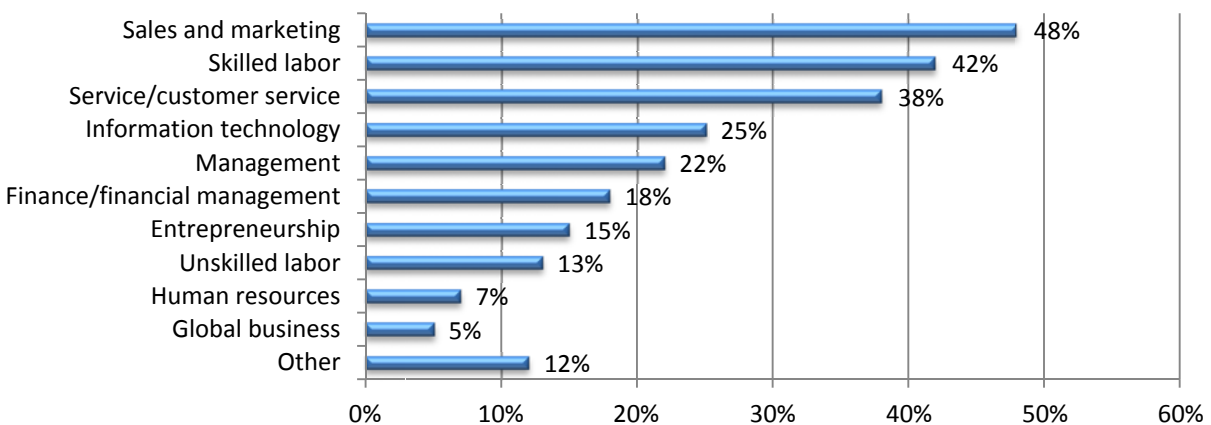
Privately-held businesses with annual revenues less than \$1 million on average are planning to hire five additional employees in the next six months, whereas privately-held businesses whose revenues are higher than \$500 million are planning to hire 73 additional employees on average.

Figure 69. Amount of Employees Planned to be Hired by Annual Revenues Sizes



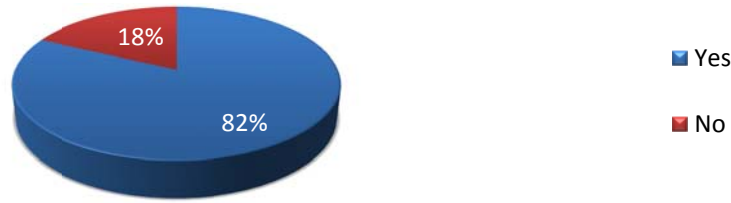
For those businesses who do plan to hire, sales and marketing skills are in greatest demand (48%) followed by skilled labor (42%) and service/customer service (38%).

Figure 70. The Skills in Demand for New Hires



82.0% of business planning to hire indicate they would need to train those they hire.

Figure 71. Need for Training of New Hires



According to respondents of those policies most likely to lead to job creation in 2012, “increased access to capital” emerged as number one (34%) followed by tax incentives (24%), and regulatory reform (19%).

Figure 72. Government Policies to Lead to Job Creation

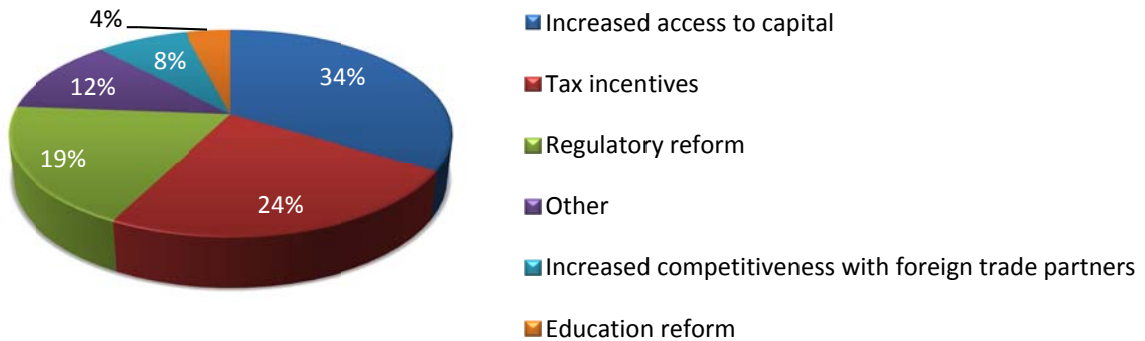


Figure 73. “Increased Access to Capital” Policy to Lead to Job Creation, Opinions by Annual Revenue Sizes

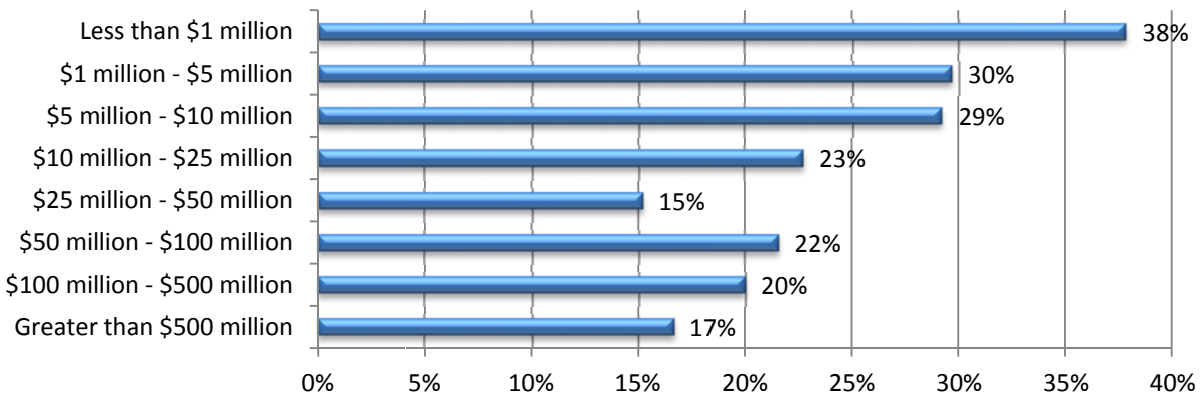


Figure 74. “Tax Incentives” Policy to Lead to Job Creation, Opinions by Annual Revenue Sizes

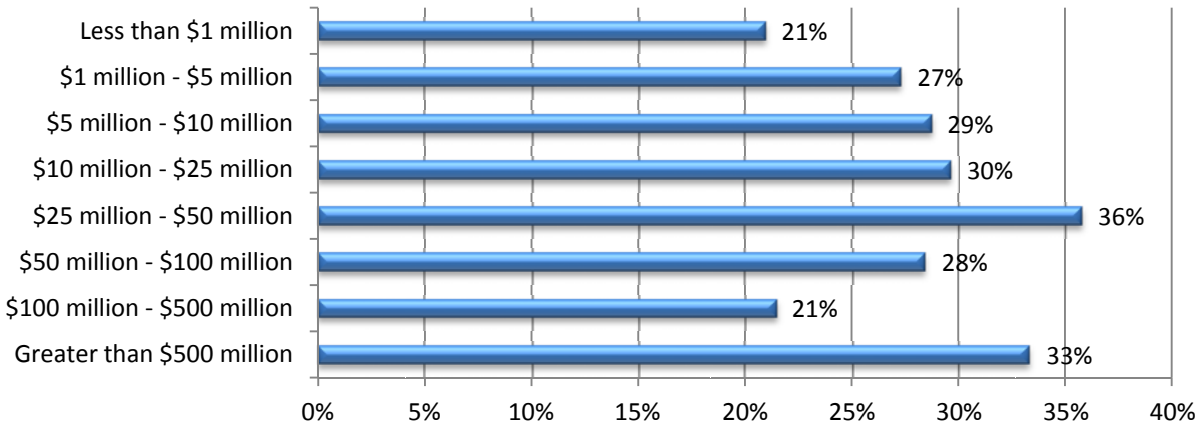


Figure 75. “Regulatory Reform” to Lead to Job Creation, Opinions by Annual Revenue Sizes

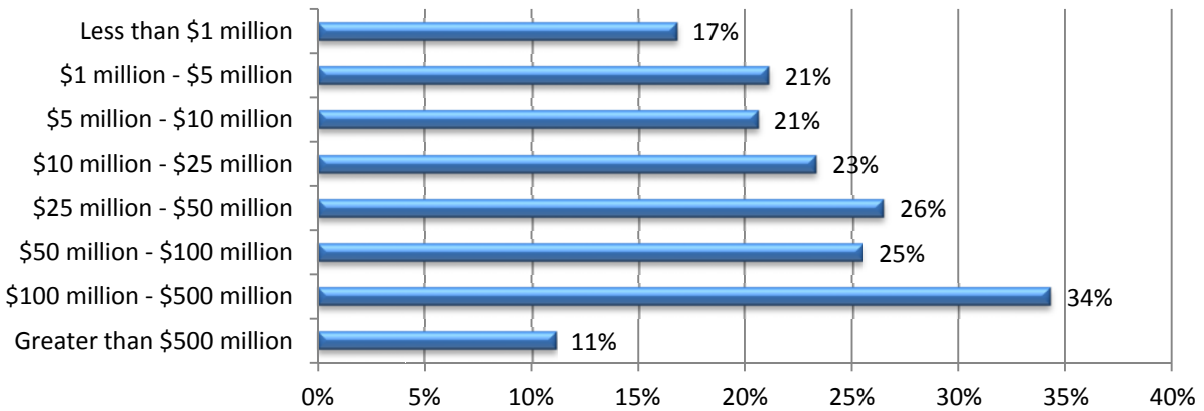


Figure 76. “Increased Competitiveness with Foreign Trade Partners” Policy to Lead to Job Creation, Opinions by Annual Revenue Sizes

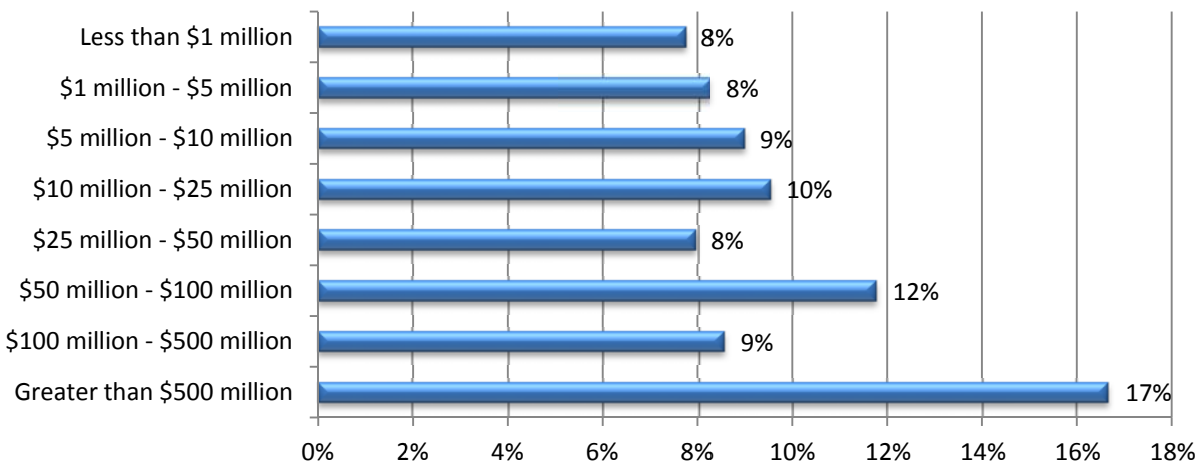
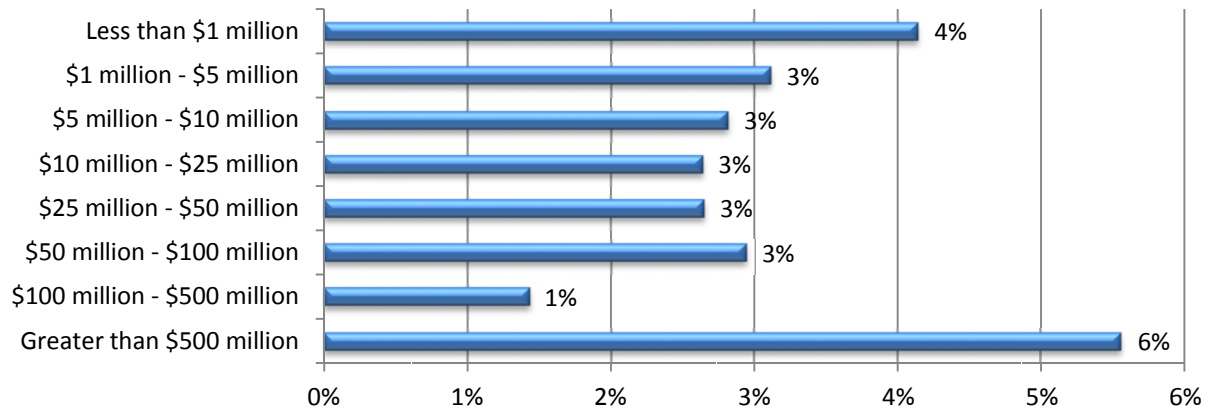
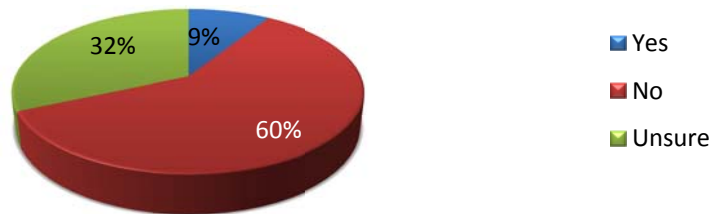


Figure 77. “Education Reform” to Lead to Job Creation, Opinions by Annual Revenue Sizes



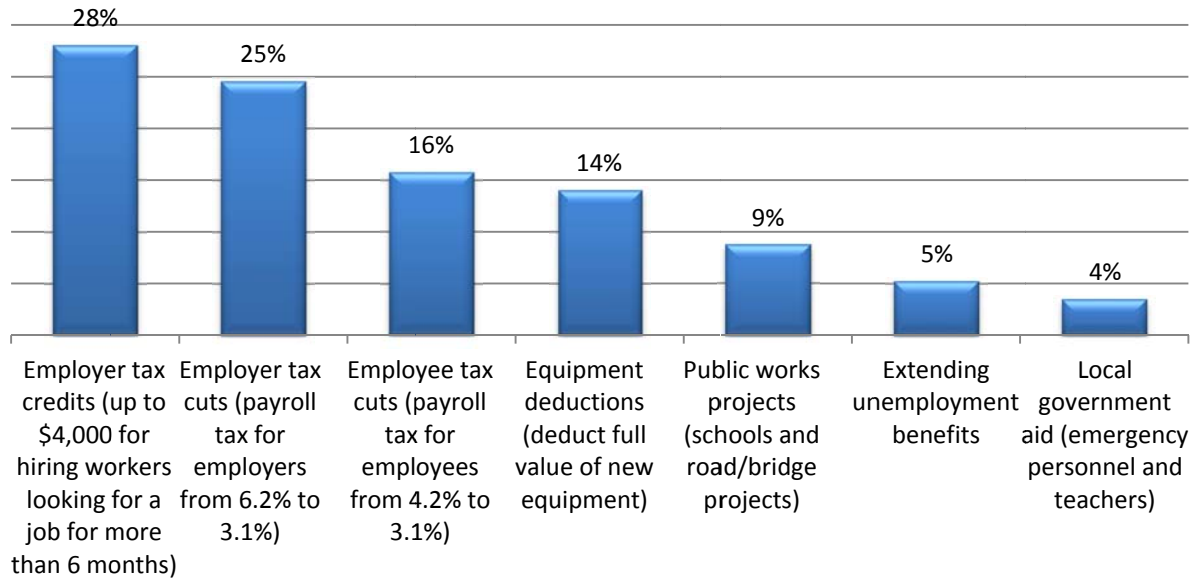
Approximately 60% of respondents indicated the American Jobs Act will not change their hiring plans for the next 12 months.

Figure 78. Would the American Jobs Act Change Hiring Plans for the Next 12 Months?



According to respondents, employer tax credits and cuts are the most likely provisions of the American Jobs act to have influence on plans to hire in the next twelve months.

Figure 79. Provisions of the American Jobs Act That Are Likely to Have Influence on Plans to Hire in the Next 12 Months



Approximately 18% of respondents indicated their business cost of equity capital is in the range of 8% - 12%.

Figure 80. Cost of Equity Capital

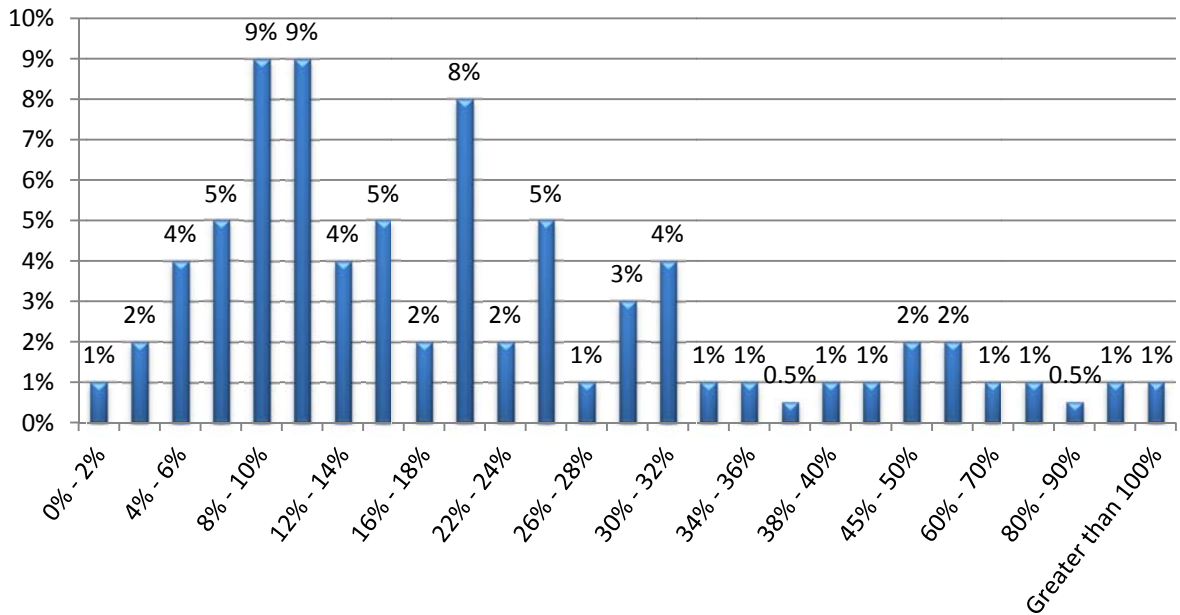
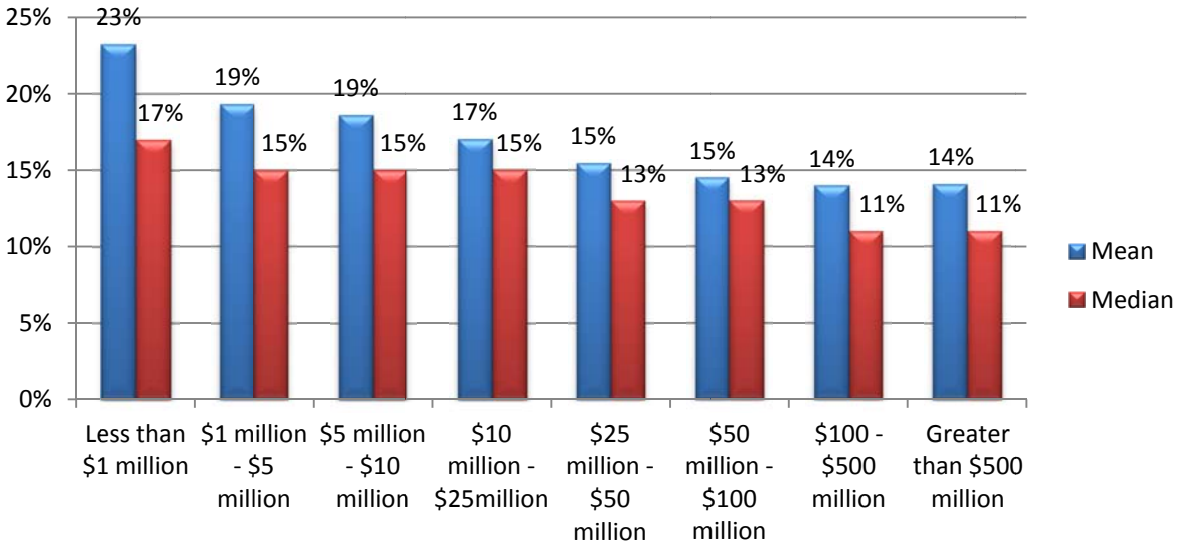


Figure 81. Cost of Equity Capital by Revenue Sizes



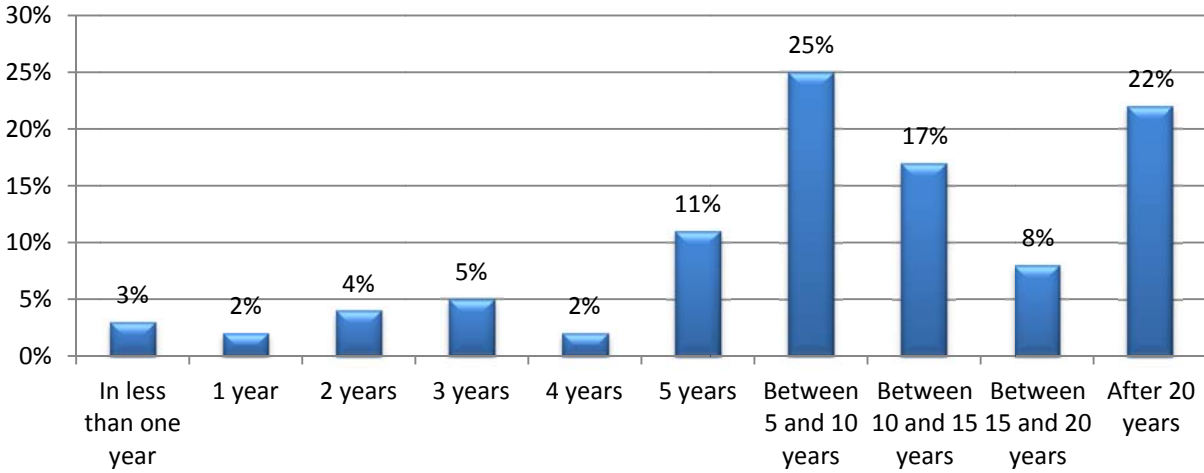
Privately-held businesses with revenues less than \$5 million on average have almost the same desire to execute growth strategies (91%) as privately-held businesses with revenues greater than \$5 million. However, privately-held businesses with smaller revenues report lower levels of necessary resources (people, money, etc.) to grow (45%) as compared to privately-held businesses with higher revenues (72%).

Figure 82. Usage of Financial Analysis by Revenue Sizes



Most of the respondents are planning to transfer their ownership interest in more than five years from now while only 3% plan to at the first available opportunity.

Figure 83. Anticipation of the Ownership Transfer



Privately-held businesses with annual revenues less than \$5 million are much more concerned about access to capital than those with revenues greater than \$5 million. Larger privately-held businesses are more concerned about government regulations and taxes.

Figure 84. The Number One Issue Facing Privately-Held Businesses Today by Revenue Sizes

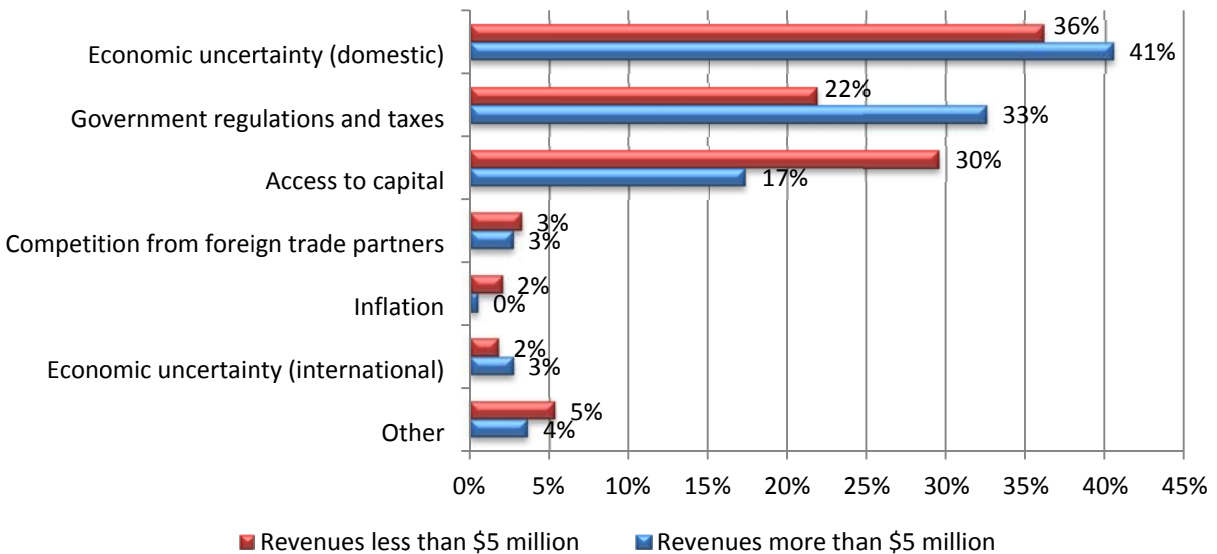
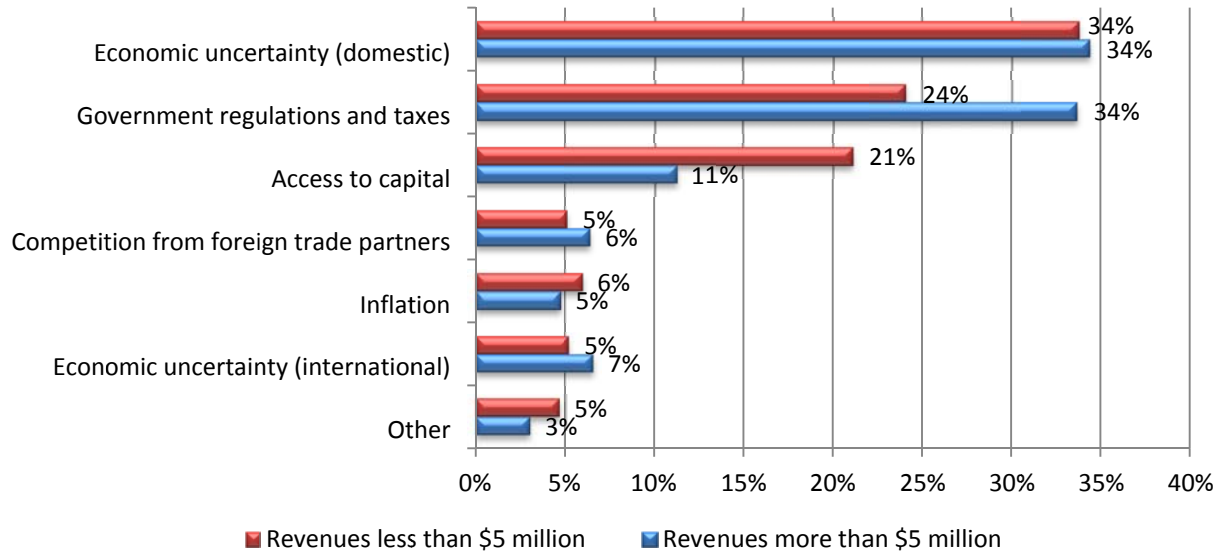


Figure 85. The Number One Emerging Issue Facing Privately-Held Businesses by Revenue Sizes



Most of respondents indicated slightly increased unit sales, decreased access to capital, decreased appetite for risk, and worsened general business conditions.

Table 1. General Business and Industry Assessment: Today Versus Six Months Ago

Characteristics	Decreased significantly	Decreased slightly	Stayed about the same	Increased slightly	Increased significantly	% increase	% decrease	Net increase/decrease
Unit sales	13%	16%	26%	28%	16%	44%	29%	15%
Prices of labor and materials	1%	4%	31%	43%	21%	64%	4%	60%
Net income	13%	22%	27%	28%	10%	38%	35%	3%
Inventory levels	8%	20%	50%	17%	5%	22%	27%	-5%
Capital expenditures	12%	12%	45%	22%	9%	31%	24%	7%
Opportunities for growth	11%	16%	28%	30%	15%	45%	27%	18%
Access to bank loans	28%	16%	44%	10%	3%	12%	44%	-31%
Access to equity capital	29%	17%	45%	7%	2%	10%	46%	-36%
Prices of your products or services	3%	11%	46%	34%	6%	40%	14%	27%
Time to collect receivables	3%	7%	50%	27%	13%	40%	10%	30%
Number of employees	5%	12%	60%	21%	3%	24%	16%	8%
Competition	2%	12%	52%	23%	11%	34%	14%	20%
General business conditions	14%	28%	39%	16%	3%	19%	43%	-24%
Appetite for risk	12%	20%	45%	18%	5%	23%	33%	-10%
Probability of business closure	15%	16%	48%	14%	7%	21%	31%	-9%
Time worrying about economy	4%	6%	32%	26%	31%	57%	11%	46%

Participants of the survey believe almost all general business characteristics will increase slightly in the next 12 months. However, most of the respondents expect decreases in access to capital.

Table 2. General Business and Industry Assessment Expectations Over the Next 12 Months

Characteristics	Decreased significantly	Decreased slightly	Stayed about the same	Increased slightly	Increased significantly	% increase	% decrease	Net increase/decrease
Unit sales	3%	7%	23%	45%	21%	66%	10%	56%
Prices of labor and materials	1%	2%	32%	54%	11%	65%	3%	62%
Net income	4%	11%	24%	44%	17%	61%	15%	46%
Inventory levels	3%	11%	53%	25%	7%	33%	14%	18%
Capital expenditures	6%	9%	45%	31%	9%	39%	15%	24%
Opportunities for growth	5%	10%	27%	39%	20%	59%	14%	45%
Access to bank loans	13%	10%	52%	20%	5%	25%	23%	2%
Access to equity capital	13%	11%	53%	17%	6%	23%	24%	-1%
Prices of your products or services	1%	5%	44%	44%	5%	49%	7%	42%
Time to collect receivables	2%	7%	63%	22%	7%	28%	9%	20%
Number of employees	2%	4%	49%	39%	6%	45%	6%	39%
Competition	1%	8%	58%	25%	8%	32%	10%	22%
General business conditions	7%	19%	45%	25%	4%	29%	25%	4%
Appetite for risk	8%	13%	52%	22%	6%	28%	21%	7%
Probability of business closure	15%	17%	53%	9%	5%	15%	32%	-18%
Time worrying about economy	6%	11%	47%	20%	16%	37%	17%	20%

State-by-State Survey Findings

Among the states with 100 or more respondents the state of Wisconsin has the highest revenue growth in the last 12 months (4.35%), whereas the state of Alabama has the highest negative change to revenues (-11.31%). The state of Kansas has the highest revenue growth expectation for the next 12 months (12.33%), whereas the state of Alabama has the least revenue growth expectation (2.65%). The state of Louisiana has the highest bank-loan success rate (75%), whereas Nevada has the lowest rate of only 27%. 53% of respondents from Utah are planning to hire additional workers in the next six months, whereas only 35% of respondents from South Carolina are expecting to expand amount of employees in the next six months.

Table 3. States Ranked by Revenue Growth for 12 Months Ended Sept. 16, 2011

State	Revenue growth for the year ended Sept. 16, 2011		Revenue growth expectation for the next 12 months		Bank-loan success		Plan to hire	
	Rate	Rank	Rate	Rank	Rate	Rank	Rate	Rank
Wisconsin	4.35%	1	7.23%	22	70%	2	43%	19
Ohio	3.02%	2	7.38%	20	54%	10	52%	2
Kansas	2.16%	3	12.33%	1	66%	3	41%	22
Oregon	1.47%	4	8.75%	7	44%	22	36%	28
Massachusetts	1.24%	5	6.50%	27	54%	11	45%	11
Indiana	1.02%	6	6.48%	28	60%	5	46%	7
Minnesota	0.90%	7	7.95%	11	47%	19	42%	20
Washington	0.73%	8	7.78%	14	38%	26	45%	13
Michigan	0.71%	9	6.58%	26	63%	4	43%	17
Louisiana	0.43%	10	6.87%	24	75%	1	41%	23
Missouri	0.20%	11	11.68%	2	58%	7	37%	27
Virginia	0.09%	12	7.76%	15	48%	17	49%	3
Texas	-0.99%	13	7.93%	12	52%	13	48%	5
California	-1.01%	14	6.69%	25	41%	23	45%	12
Pennsylvania	-1.04%	15	7.44%	19	56%	9	39%	25
North Carolina	-1.37%	16	8.54%	9	39%	25	39%	24
New York	-1.60%	17	9.18%	5	47%	20	48%	4
Colorado	-1.72%	18	7.11%	23	48%	18	45%	8
Illinois	-1.94%	19	7.34%	21	58%	8	43%	18
Florida	-3.06%	20	7.80%	13	44%	21	43%	16
Tennessee	-3.29%	21	7.53%	18	58%	6	45%	10
Utah	-3.56%	22	9.23%	4	36%	28	53%	1
Arizona	-3.92%	23	8.68%	8	37%	27	45%	9
New Jersey	-4.25%	24	10.33%	3	51%	14	42%	21
Maryland	-4.43%	25	8.14%	10	53%	12	43%	15
Georgia	-4.70%	26	7.63%	17	40%	24	46%	6
South Carolina	-5.68%	27	9.15%	6	48%	15	35%	29
Nevada	-6.06%	28	7.72%	16	27%	29	45%	14
Alabama	-11.31%	29	2.65%	29	48%	15	39%	26
Average	-1.5%		7.9%		50.3%		43.5%	

Among the states with fewer than 100 of respondents the state of North Dakota has the highest revenue growth in the last 12 months (11.79%), whereas the state of Montana has the highest negative change to revenues (-8.58%). The commonwealth of Puerto Rico has the highest revenue growth expectation for the next 12 months (15.50%), whereas the state of Wyoming has the least revenue growth expectation for the next 12 months (2.48%). The states of Maine and South Dakota have the highest bank-loan success rates (90%), whereas District of Columbia has the lowest rate of only 22%. Approximately 62% of respondents from Puerto Rico are planning to hire additional workers in the next six months, whereas only 8% of respondents from Wyoming are expecting to expand amount of employees in the next six months.

Table 4. Revenue Growth Change and Expectation, Loan Success Rates, and Hiring Percentages by States with Fewer Than 100 Responses

State	Revenue growth for the year ended Sept. 16, 2011	Revenue growth expectation for the next 12 months	Bank-loan success	Plan to hire
Alaska	-3.98%	6.93%	67%	21%
Arkansas	8.11%	8.54%	56%	45%
Connecticut	1.51%	11.10%	52%	42%
Delaware	-6.28%	9.24%	88%	45%
District of Columbia	-2.55%	12.91%	22%	49%
Hawaii	-4.27%	5.57%	40%	43%
Idaho	-2.38%	4.68%	38%	48%
Iowa	2.20%	6.66%	79%	40%
Kentucky	1.38%	13.05%	71%	44%
Maine	-2.72%	2.87%	90%	38%
Mississippi	-8.52%	10.43%	50%	32%
Montana	-8.58%	7.89%	65%	33%
Nebraska	-6.27%	3.21%	70%	44%
New Hampshire	6.28%	14.95%	55%	38%
New Mexico	-5.98%	6.10%	45%	45%
North Dakota	11.79%	5.79%	60%	50%
Oklahoma	3.30%	4.78%	62%	54%
Puerto Rico	-7.91%	15.50%	50%	62%
Rhode Island	-0.18%	13.60%	50%	24%
South Dakota	-3.25%	9.29%	90%	37%
Vermont	8.33%	11.19%	75%	53%
West Virginia	-5.96%	4.09%	50%	50%
Wyoming	-2.46%	2.48%	75%	8%
Average	-1.23%	8.30%	60.89%	41.03%

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