



2010 Survey of Small Business Owners

ADP RESEARCH INSTITUTE
October 2010

BACKGROUND AND METHODOLOGY



In September 2010, ADP Research Institute surveyed a broad cross-section of the small business sector to assess the views of small business owners on a variety of topics related to the economy, business outlook and opportunities for growth.

Eight online web surveys were conducted between September 21-29, among representative and mutually exclusive samples of U.S. companies with 1-49 employees that have a formal payroll system:

- 308 small business enterprises across industries (referred to as **multi-industry** in this report)
- 119 **retail** sales enterprises
- 116 **construction** enterprises
- 114 **medical** practices
- 111 **financial** services enterprises
- 78 **accounting** practices
- 72 **insurance** enterprises
- 59 **law** firms

Qualified respondents are purchase decision-makers for their establishments' systems/services in payroll, HR and benefits. Specifically, respondents include Presidents/CEOs/Owners/Partners, CFOs/Controllers, EVPs/SVPs/VPs/General Managers and Directors/Managers. Quotas were set by employee size groups to ensure that the sample reflected the profile of all small businesses in the U.S., as reflected in ADP's in-house database, which combines Dun & Bradstreet and the Yellow Pages. Once the data came in, the industry profile of the study sample was compared to ADP's database to ensure that no industry group was over- (or under-) represented.

Small business owners are optimistic about business prospects in the year ahead, but closely link anticipated growth with the implementation of new operational efficiencies.

- A majority of small business executives expect their business to expand moderately to significantly over the next 12 months (slide 8).

Small business owners spend a significant amount of time on administrative tasks (e.g., payroll, HR and benefits administration) – time they believe would be better spent on tasks related to running and/or growing their businesses.

- Participants report that they would devote more time to “running the business,” and “building the business”—revenue-generating activities that may lead to an increase in company revenue—if they did not have to spend as much time on administrative tasks (slide 12).
- More than one-third of those who manage payroll in-house believe that redeploying time spent on this task to other activities would lead to an increase in company revenue (slide 13).

In an effort to maximize time and opportunities for growth, small business executives are spending a significant amount of time outside of the office and, for many, their time spent “on the go” is increasing.

- Small business executives spend approximately nine hours a week on business-related matters, and half of this time is spent on administrative tasks (slide 21).
- Of those executives who spend time outside of the office for business, three out of 10 believe that time is increasing (slide 22).

Smartphones are currently a frequent companion to small business owners nationwide and are looked to for their ability to enhance and ease critical business functions.

- Smartphones are already frequently used among small business executives – more than half own a Smartphone or mobile device (slide 17).
- Most of those who own a Smartphone use it for business purposes (slide 18).
- Most of those who already own and use a Smartphone for business (or plan to do so) also indicate an interest in using the device to aid with administrative tasks (slide 19).



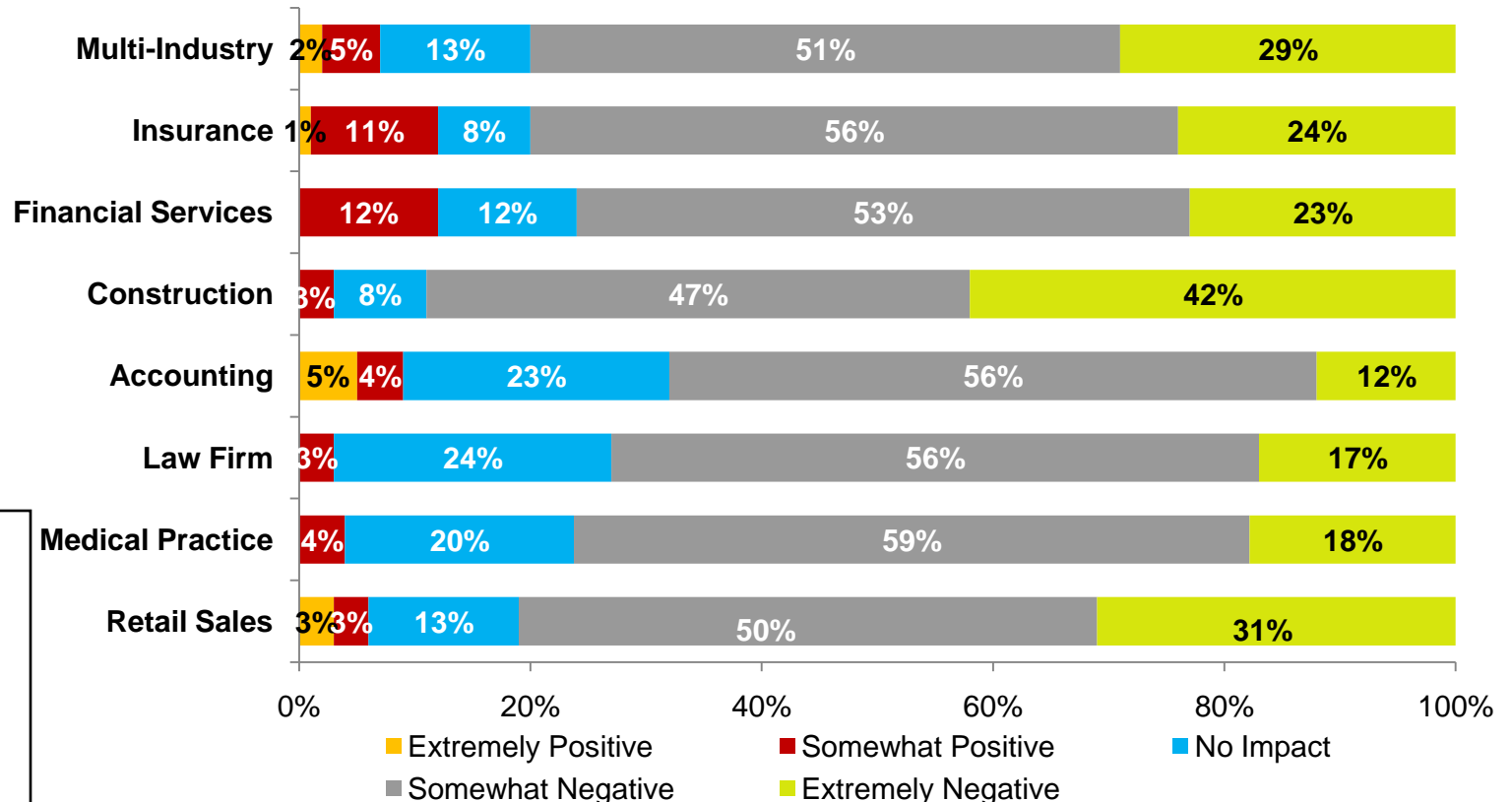
ECONOMIC IMPACT

ECONOMIC IMPACT



Not surprisingly, the 2008-2010 economic climate has negatively impacted the majority of participants' businesses. Only Insurance and Financial Services reported significantly* higher positive results than the other industries.

What impact has the 2008-2010 economic climate had on your business?



Multi-Industry: n=308
 Insurance: n= 72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119

*Insurance and Financial Services participants reported a "somewhat positive" impact significantly (at least 90%) more often than all other industries.



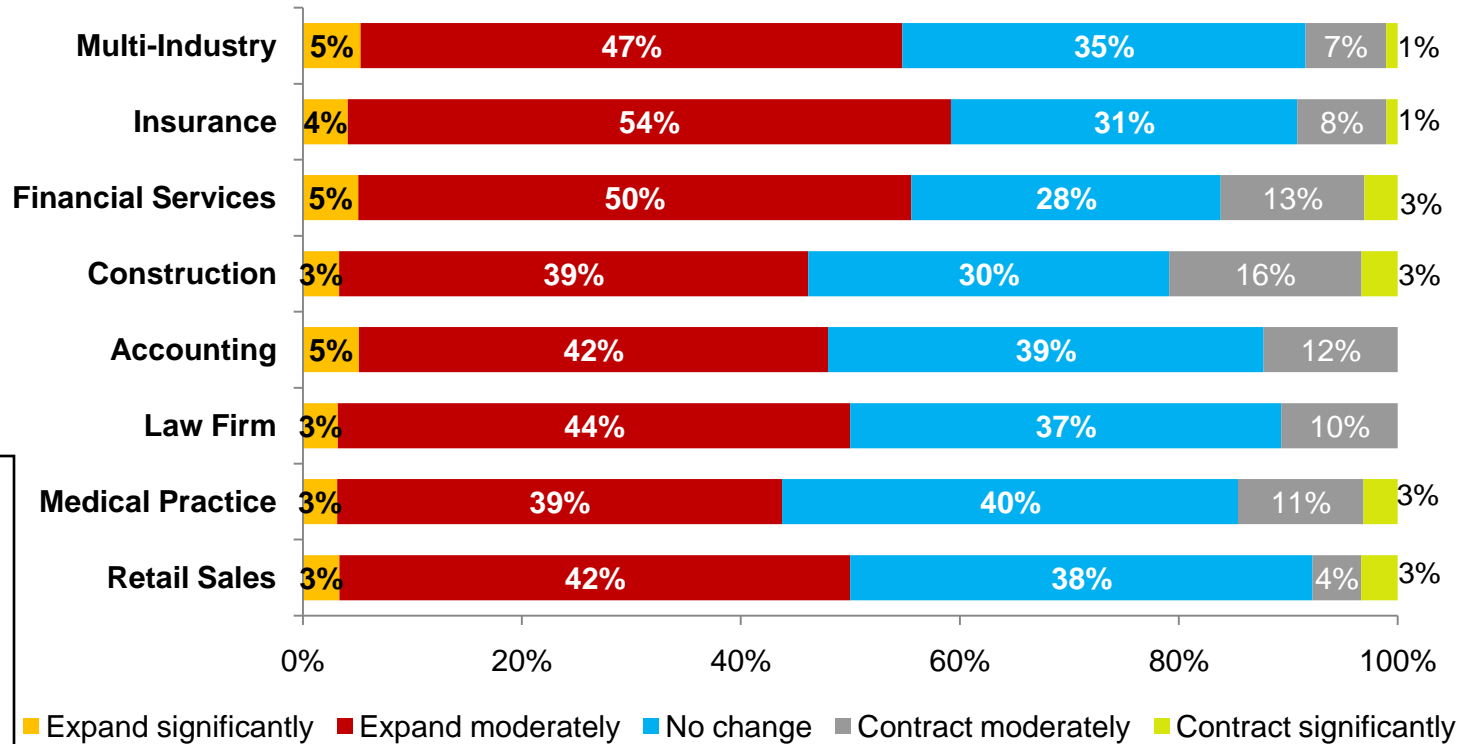
FUTURE OUTLOOK

FUTURE OUTLOOK



A near or clear majority of small business owners across many industries expect their business to expand at least moderately, if not significantly, during the next 12 months.

Over the next 12 months, do you expect your business to...



Multi-Industry: n=308
 Insurance: n= 72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119



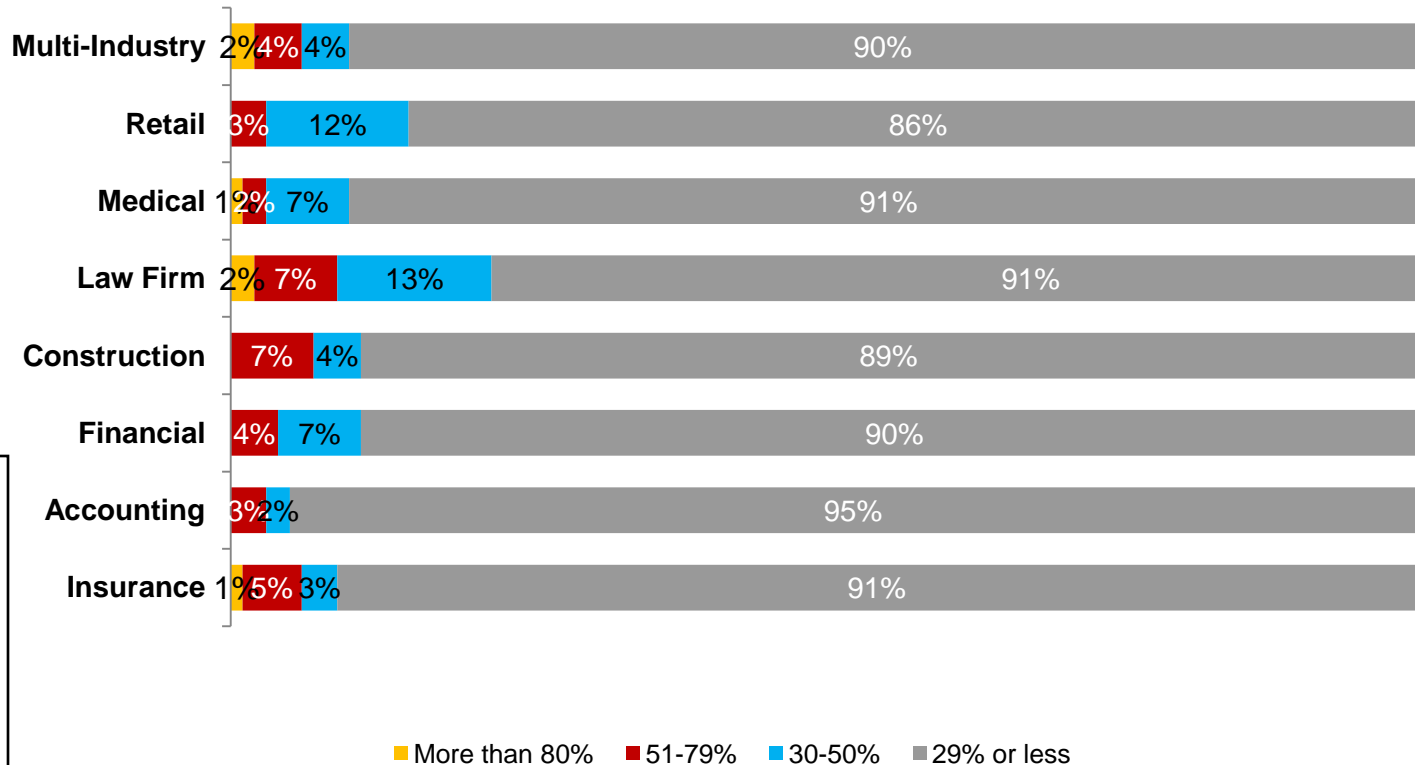
PAYROLL MANAGEMENT

PAYROLL MANAGEMENT



The vast majority of participants spend 29% or less of their work time on payroll, HR and benefit administration.

What percent of your total working time do you spend on payroll, human resources and employee benefits administration?



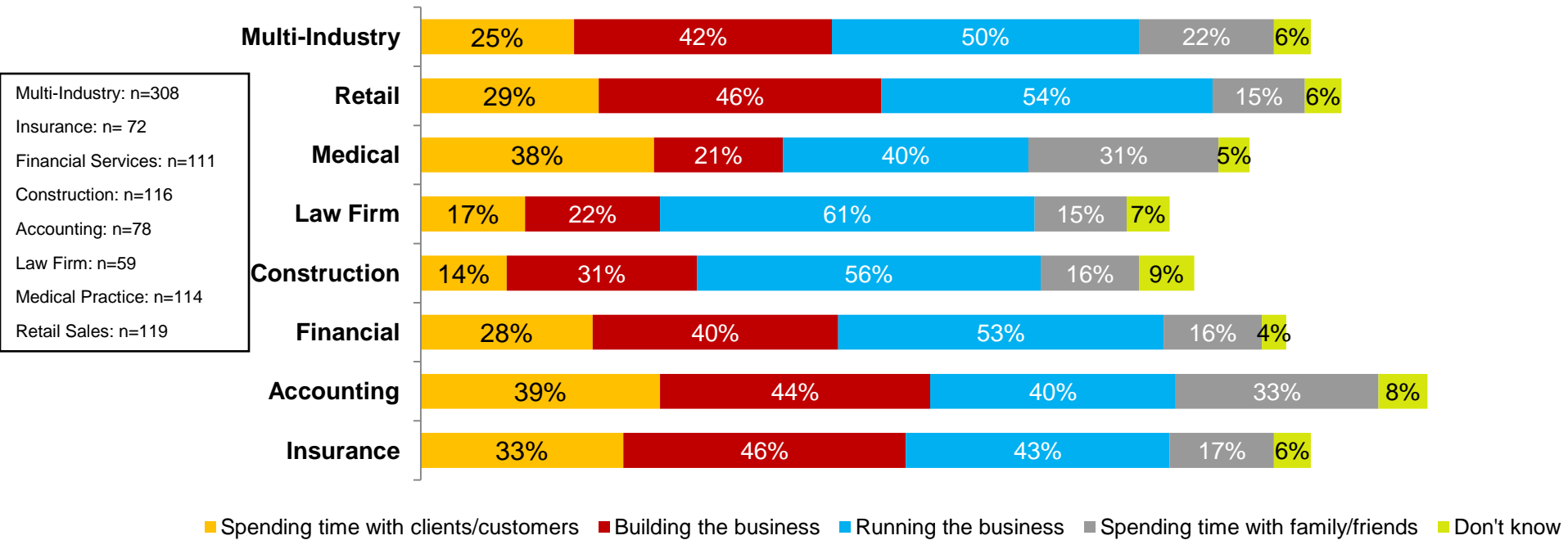
Multi-Industry: n=308
 Insurance: n= 72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119

PAYROLL MANAGEMENT



If participants did not have to devote as much time performing administrative functions, they would devote most of their extra time to running or building the business.

Which one of these activities would you spend the most time on?

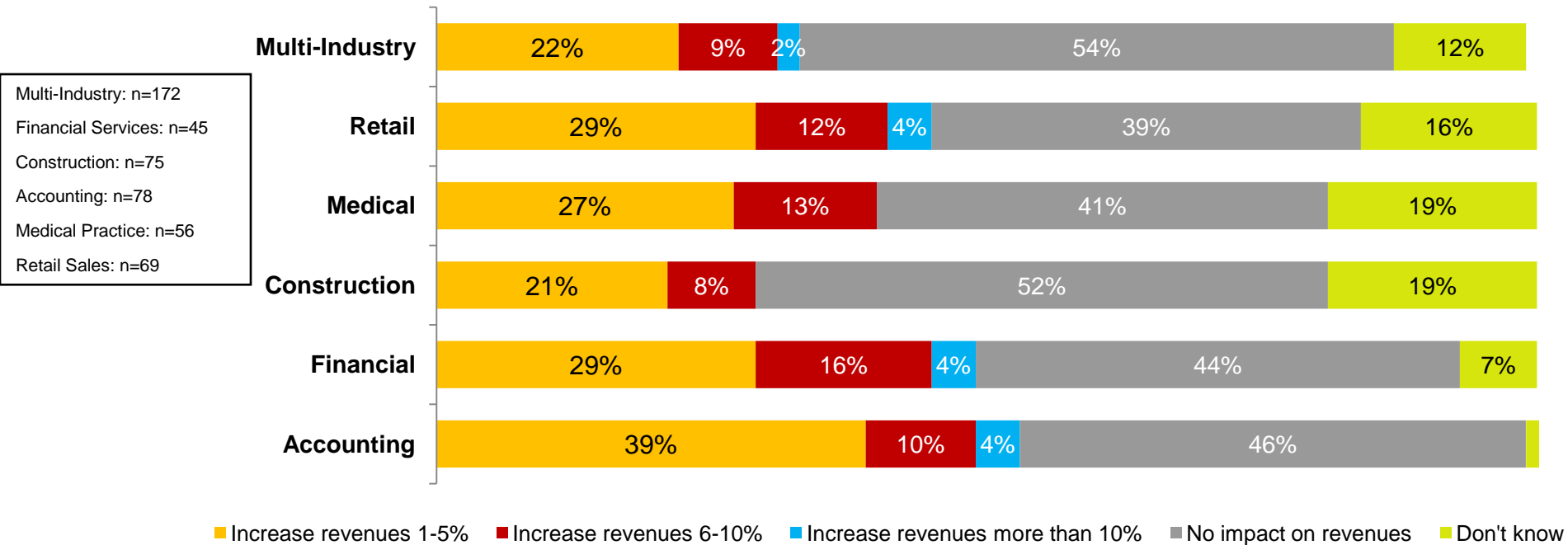


PAYROLL MANAGEMENT



More than one-third of those who manage payroll in-house believe that redeploying time spent on this task to other activities would lead to an increase in company revenue.

If you could re-deploy the time that you and your staff spend on payroll toward revenue-generating activities, what would be the impact on our company revenues?



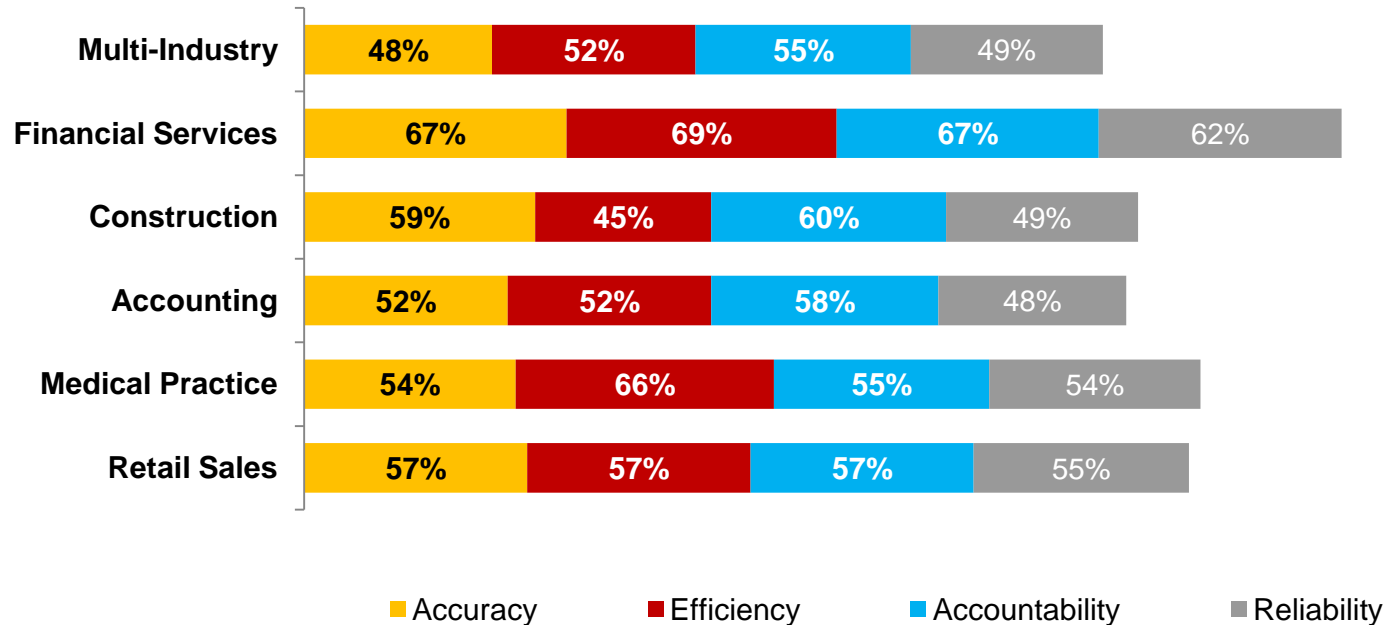
• There is no data to report for Law Firms or Insurance groups due to the limited sample size.

PAYROLL MANAGEMENT



At least half of participants across industries who process payroll in-house (using a PC or by hand) are at least moderately concerned about payroll efficiency, accuracy, reliability and accountability.

When you think about managing payroll in-house, how concerned are you about each of the following aspects?



Multi-Industry: n=172
 Financial Services: n=45
 Construction: n=75
 Accounting: n=52
 Medical Practice: n=54
 Retail Sales: n=69

- Reflects the combined total percentage of participants who answered that they were moderately, very or extremely concerned with each attribute.
- There is no data to report for Law Firms or Insurance groups due to the limited sample size.

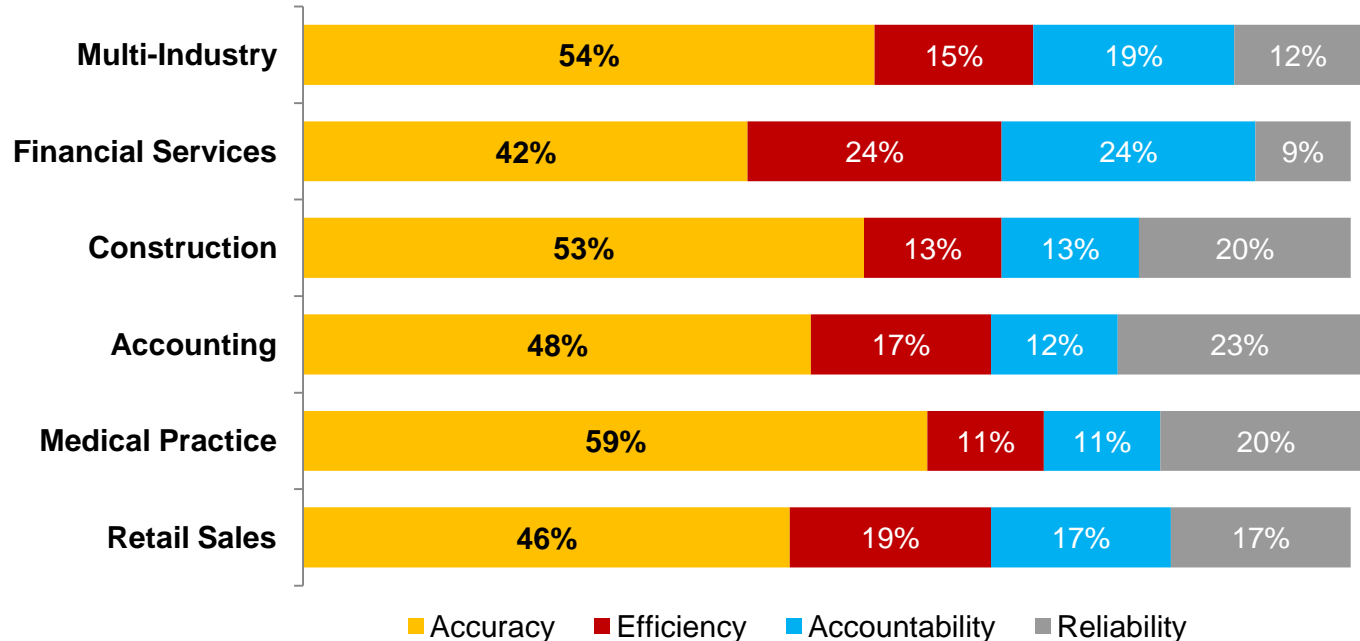
PAYROLL MANAGEMENT



When asked about their most important concern, accuracy was most frequently ranked number one.

Now please rank the items below, using 1 through 4, where 1 = most important concern and 4 = least important concern.

Multi-Industry: n=172
 Financial Services: n=45
 Construction: n=75
 Accounting: n=52
 Medical Practice: n=54
 Retail Sales: n=69



- Reflects the percentage of participants who answered number one.
- There is no data to report for Law Firms or Insurance groups due to the limited sample size.



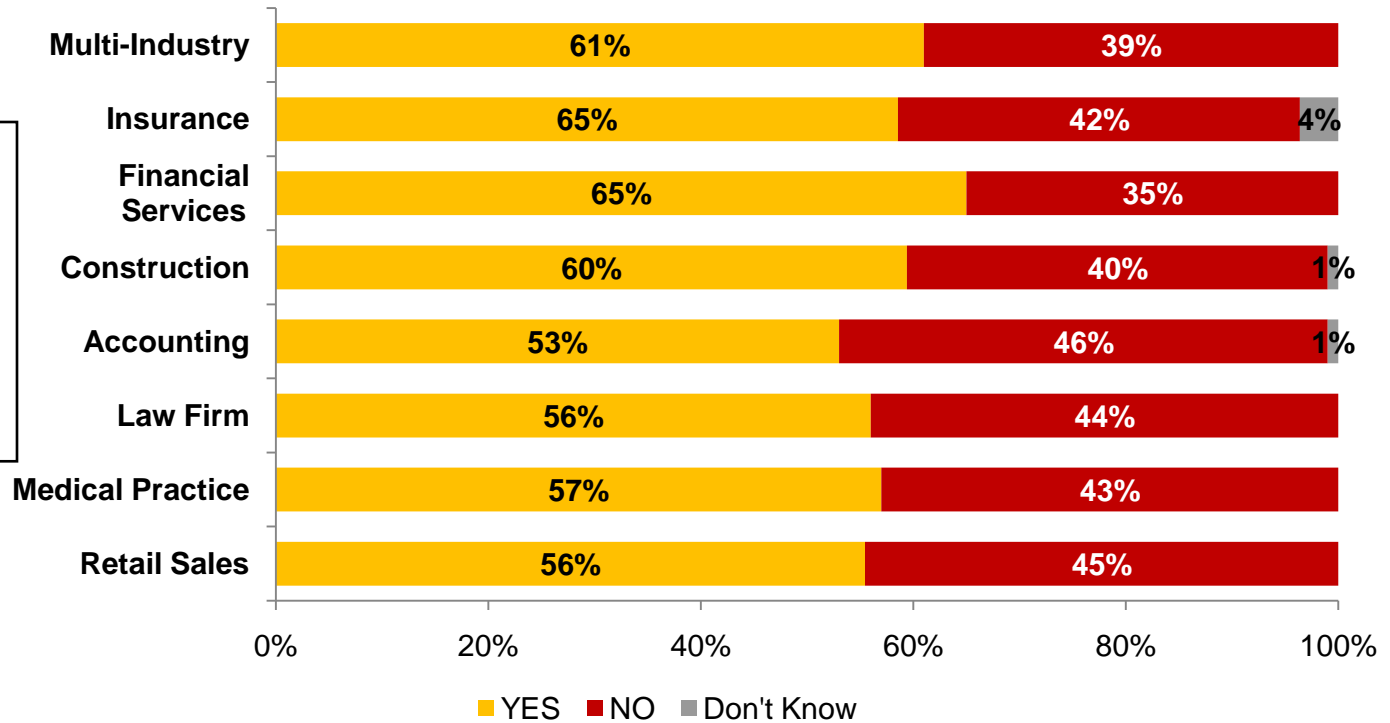
MOBILE DEVICES

MOBILE DEVICES



More than half small business executives own a Smartphone or mobile device.

Do you currently use a Smartphone/mobile device?



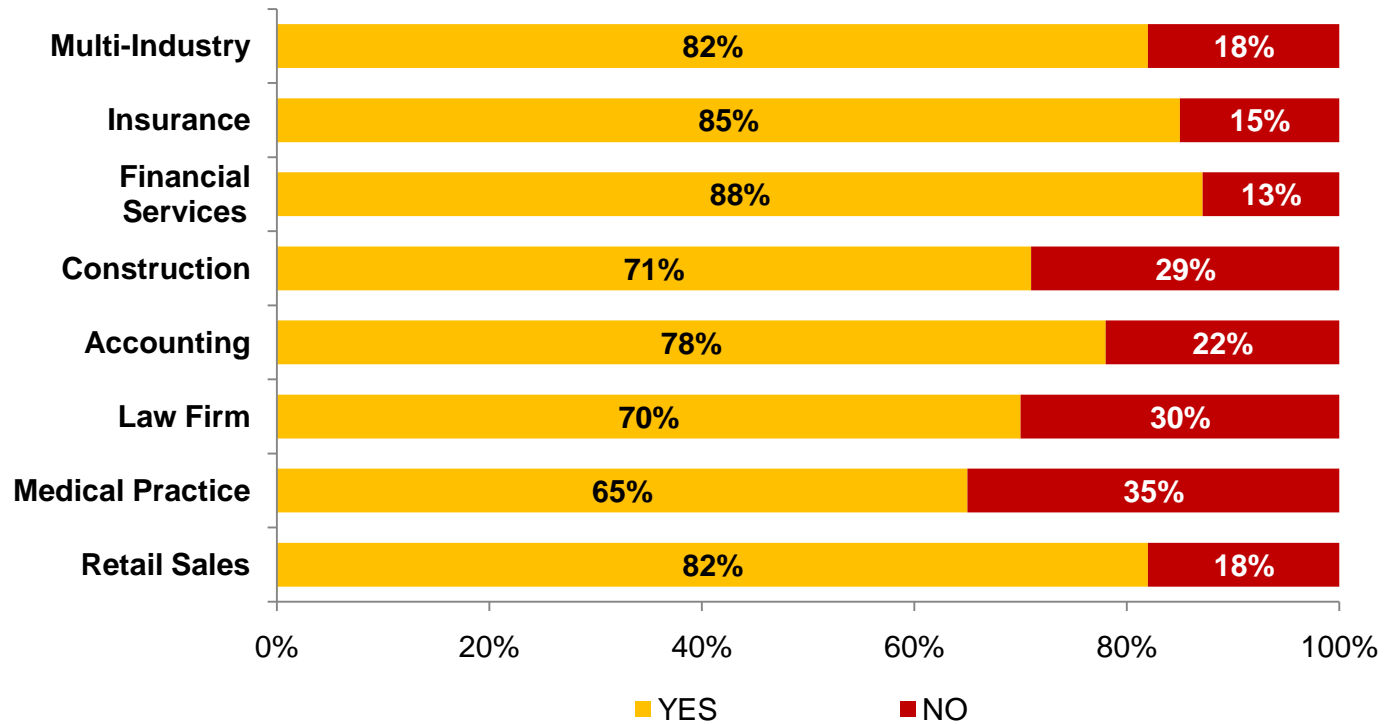
Multi-Industry: n=308
 Insurance: n= 39
 Financial Services: n=72
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=66

MOBILE DEVICES



Of those with a Smartphone, the vast majority of participants use their Smartphone/mobile device for business.

Do you currently use a Smartphone/mobile device for business?



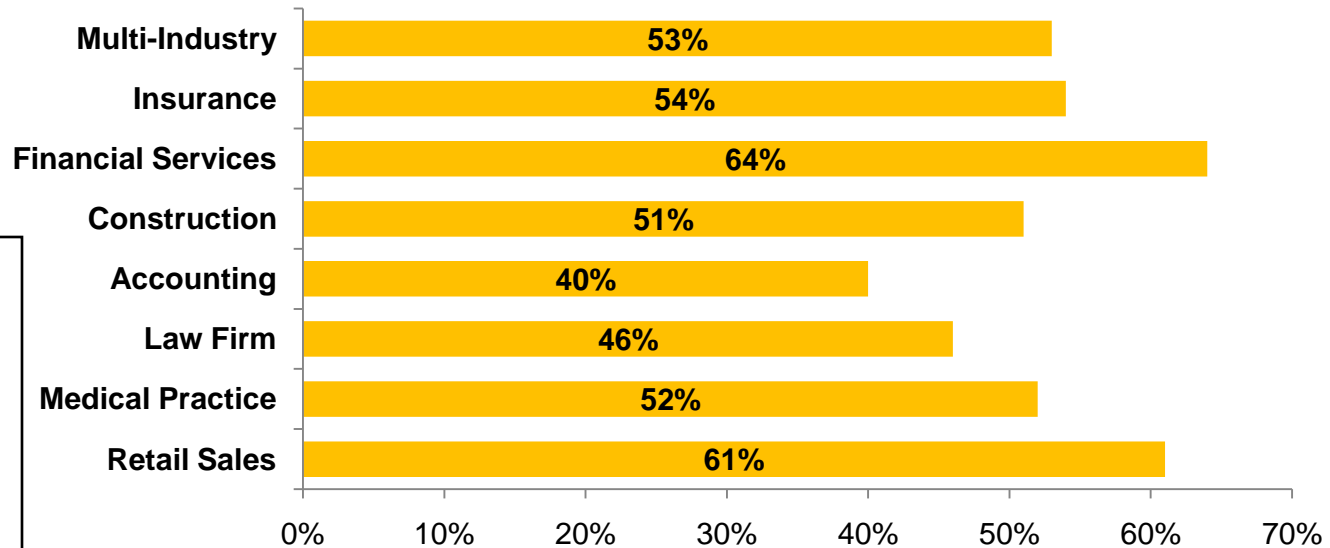
Multi-Industry: n=189
Insurance: n= 39
Financial Services: n=72
Construction: n=69
Accounting: n=41
Law Firm: n=33
Medical Practice: n=65
Retail Sales: n=66

MOBILE DEVICES



Approximately one-half of participants across industries express an interest in accessing their payroll system via Smartphone.

Suppose that you could access your payroll system/vendor using a Smartphone/mobile device. Instead of having to be in the office, you could input your payroll data and make changes through the device from any location, at any time. How interested would you be in having this type of remote access to your payroll system?



Multi-Industry: n=308
Insurance: n= 72
Financial Services: n=111
Construction: n=115
Accounting: n=78
Law Firm: n=59
Medical Practice: n=114
Retail Sales: n=119

** Reflects the total percentage of the top-three boxes (extreme, moderate and slight interest).*



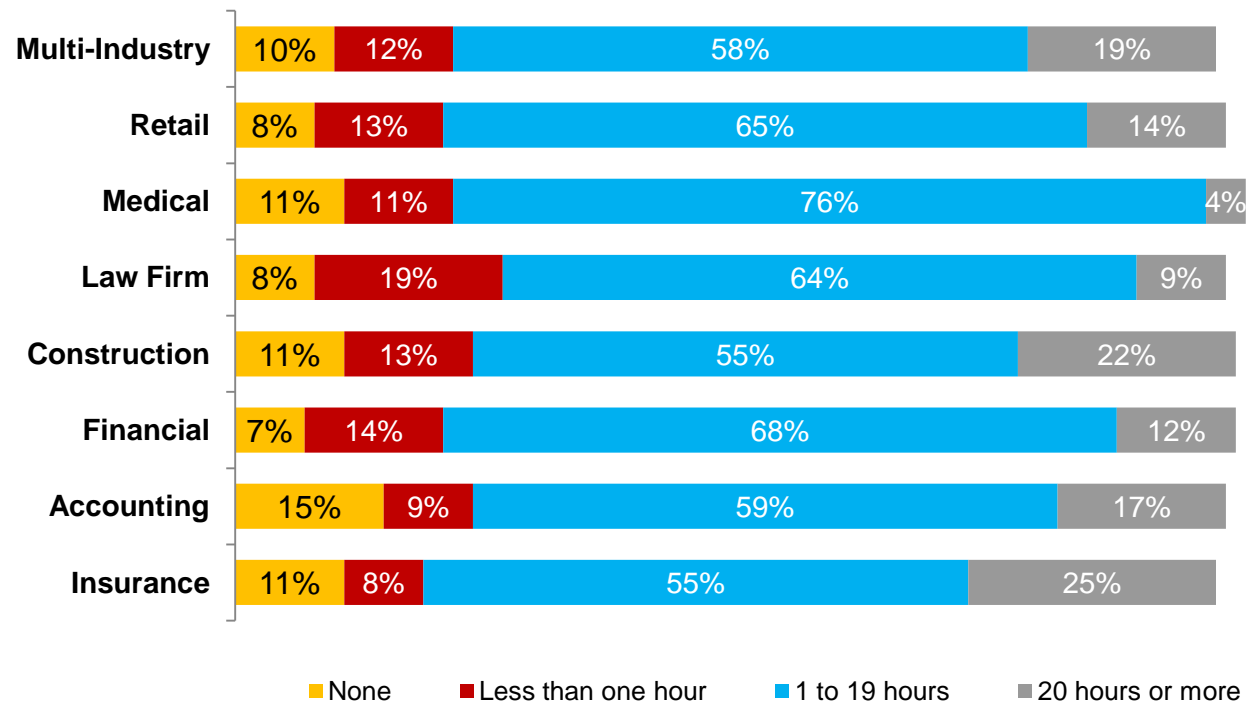
WORK OUTSIDE THE OFFICE



WORK OUTSIDE THE OFFICE

On average, the multi-industry sample of small business owners spends approximately nine hours outside of the office on business-related matters.

In an average work week, how much time do you spend outside the office on business-related matters?



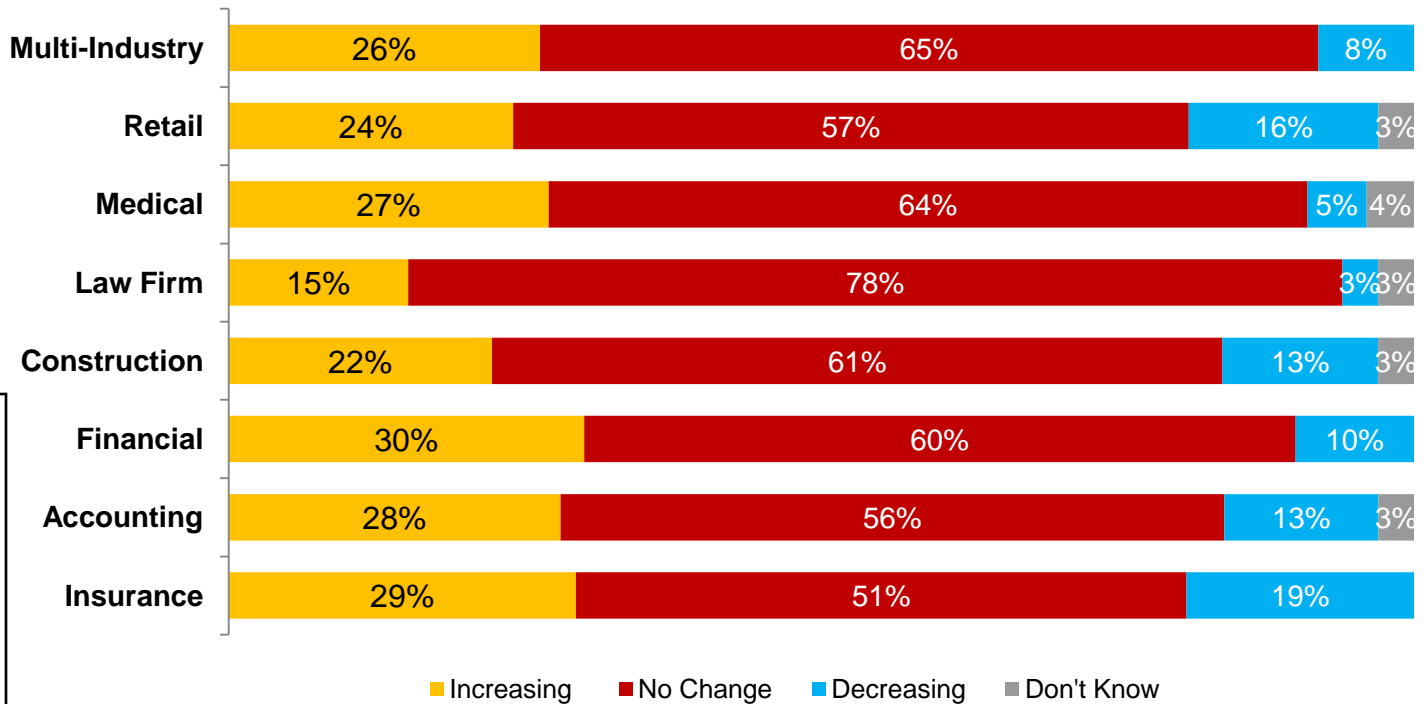
Multi-Industry: n=308
Insurance: n= 72
Financial Services: n=111
Construction: n=116
Accounting: n=78
Law Firm: n=59
Medical Practice: n=114
Retail Sales: n=119

WORK OUTSIDE THE OFFICE



Approximately one-fourth of participants indicate that their time spent outside of the office on business-related matters is increasing.

Would you say that the time you spend outside the office on business-related matters is...



Multi-Industry: n=308
 Insurance: n= 72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119

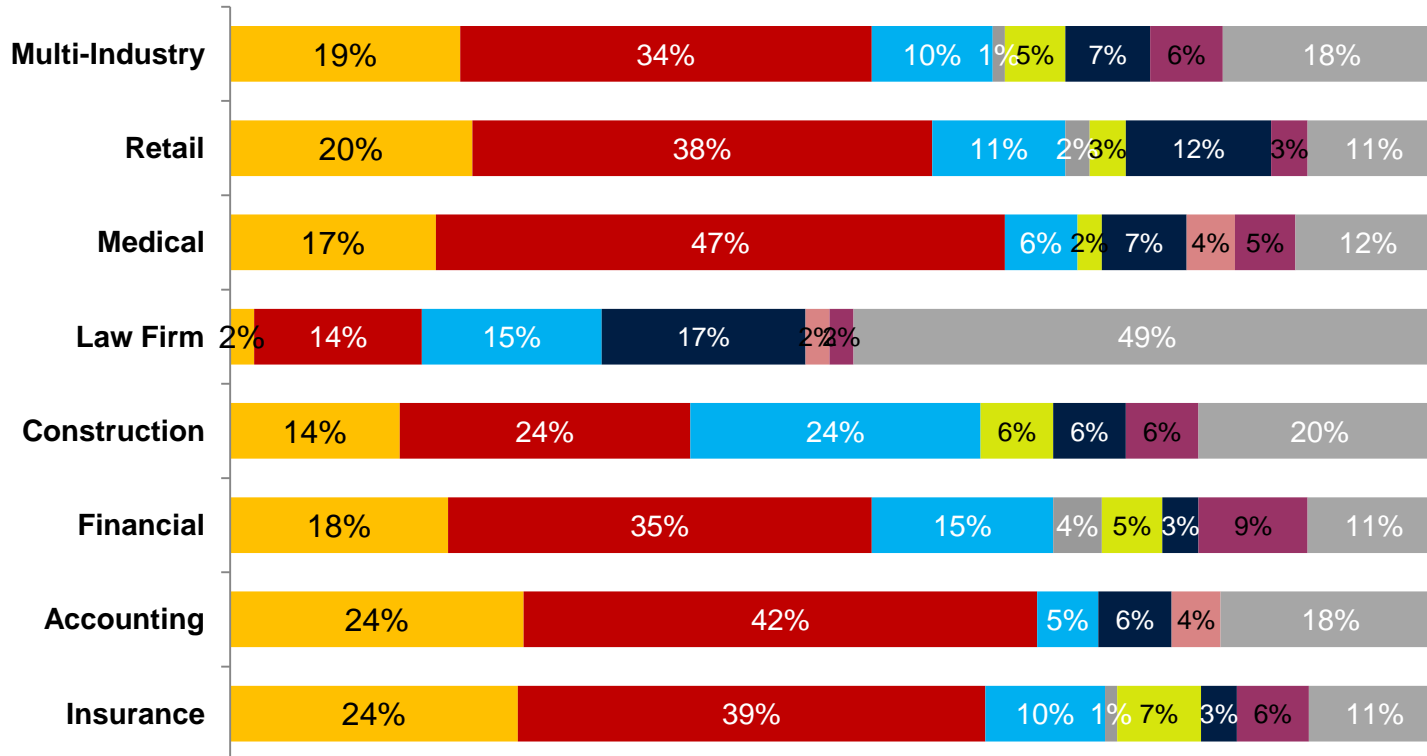


PARTICIPANT PROFILE

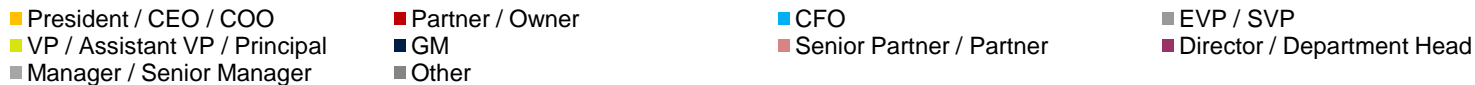
PARTICIPANT PROFILE



What is your current title?



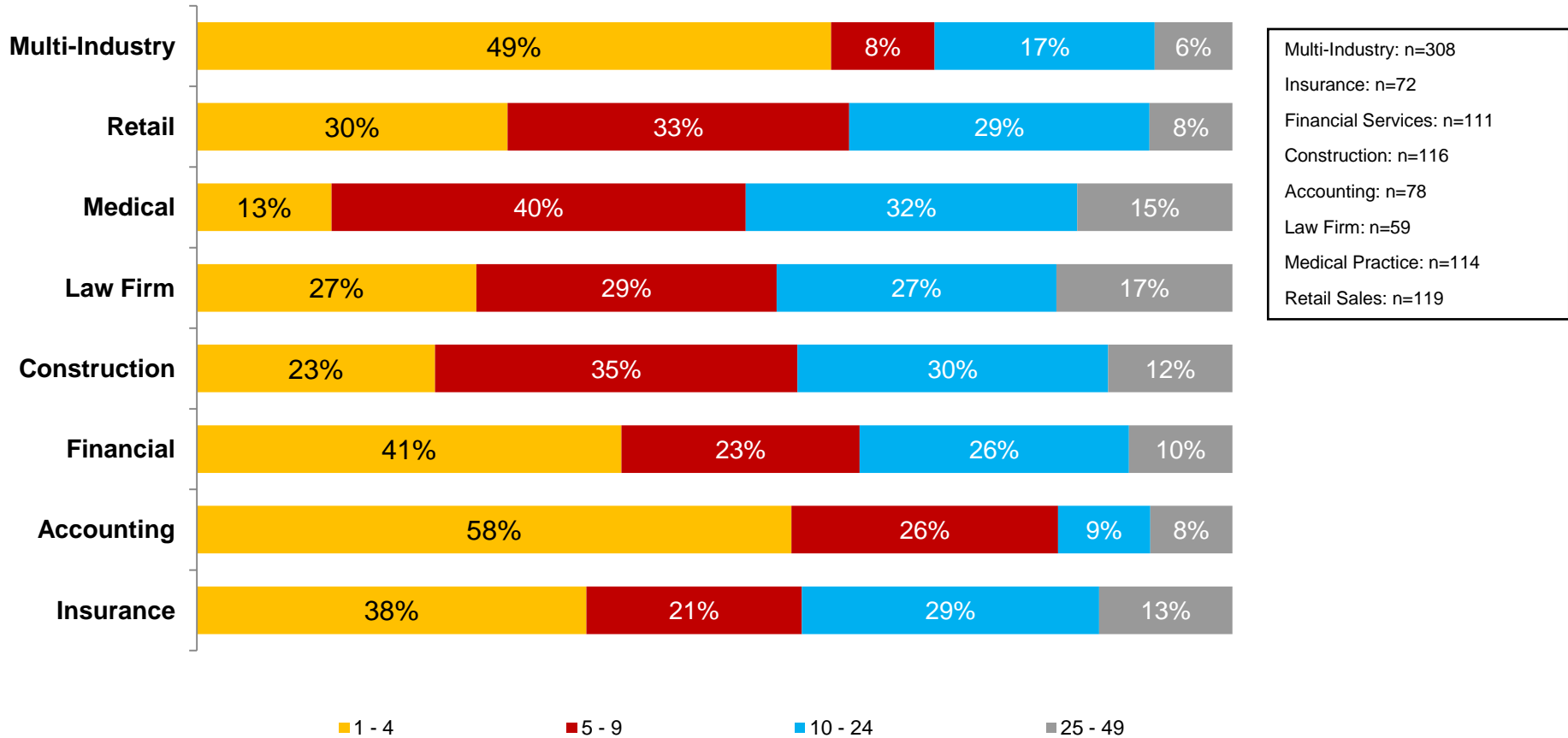
Multi-Industry: n=308
 Insurance: n=72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119



PARTICIPANT PROFILE



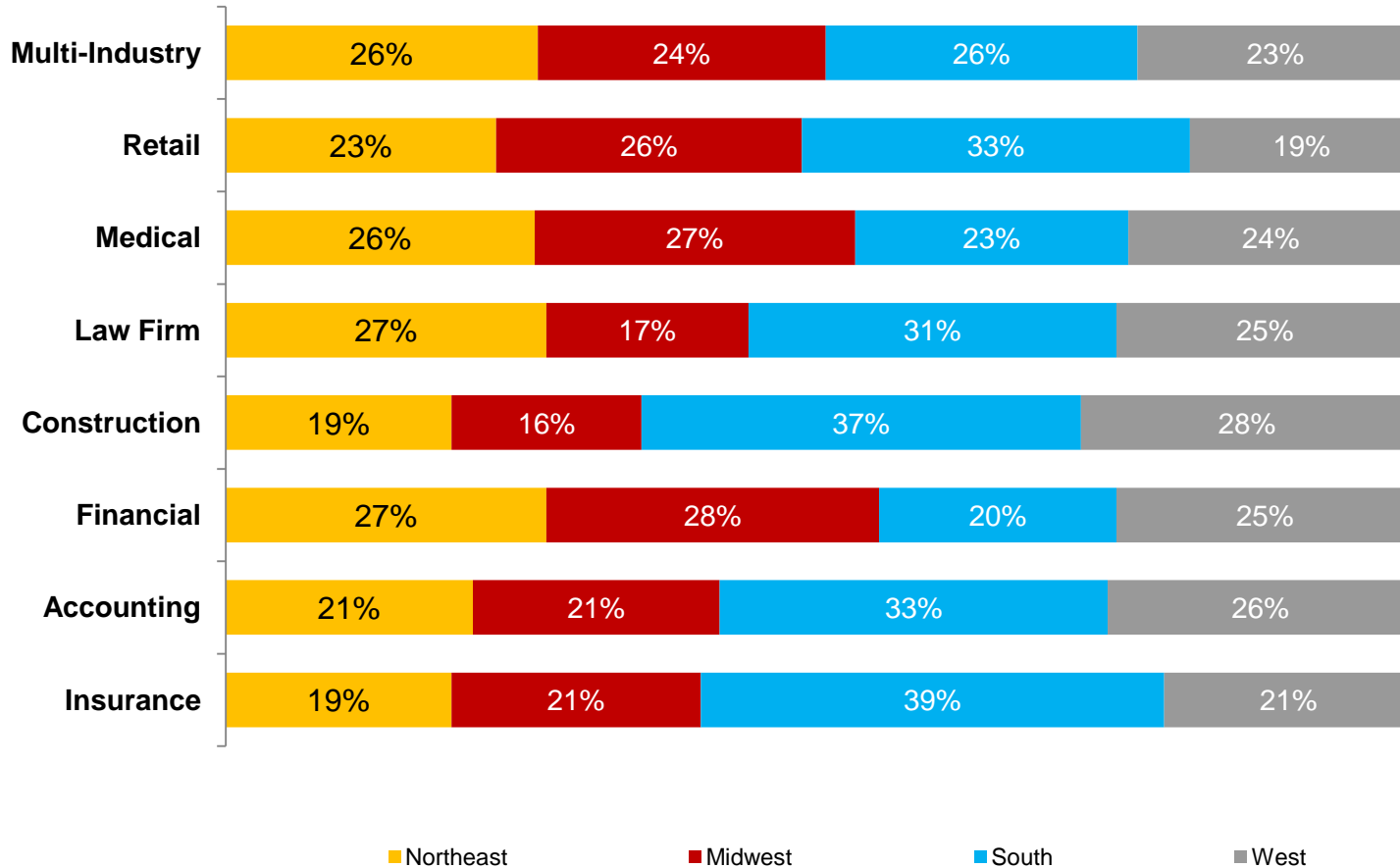
How many employees are there in your company, both full-time or part-time?



PARTICIPANT PROFILE



In what region is your company headquarters located?



Multi-Industry: n=308
 Insurance: n=72
 Financial Services: n=111
 Construction: n=116
 Accounting: n=78
 Law Firm: n=59
 Medical Practice: n=114
 Retail Sales: n=119