



BETHPAGE BUSINESS BANKING GROUP
LONG ISLAND
SMALL BUSINESS SURVEY

Report Prepared by
Stony Brook University
Center For Survey Research

December 2013

INTRODUCTION

Bethpage Federal Credit Union, New York State's largest credit union, sponsored the third annual Bethpage Business Banking Group Long Island Small Business Survey of over 600 Long Island small businesses to assess their attitudes to the health of their business, optimism about the future, plans for future expansion, business conditions in the nation and on Long Island as a whole, and confidence in local business leadership.

Both small business executives and owners participated in the survey, which also included a dedicated set of questions posed to business owners exclusively, on the unique challenges and rewards of owning a small business.

In this report, we refer to the survey respondents collectively as business executives, a term that covers a mix of business owners, the company president, CEO, VP, director, manager, and administrator, with the exception of the dedicated "owners" set of questions. The sample includes 604 small businesses with annual revenues up to \$10 million. The survey was conducted in the last quarter of 2013.

EXECUTIVE SUMMARY & NOTEWORTHY YEAR-TO-YEAR COMPARISONS

Long Island small business executives reported that their companies had a good financial year in 2013. More than a third of companies had expanded, 41% had experienced increased sales, 39% had made capital expenditures, and 69% rated their finances as excellent, very good, or good. Overall, in 2013, the health of local small businesses was better than it was last year, and much better than it was in 2011.

There are also signs that small business executives are planning for continued growth in 2014. Thirty-eight percent plan to expand, 35% believe their business will be in better shape by mid-2014, 46% expect their sales of goods and services to increase, and 24% expect the number of employees in their company to increase somewhat or a great deal. These are all positive indications and represent continued growth since the first small business poll was conducted in 2011.

In regards to the economy, an increasing amount of business executives cite improvements in the local economic climate and most are relying on local business leaders to continue to improve conditions. Just 12% of business executives have confidence that D.C. government officials will make progress this year in improving business conditions in the country – that’s a marked decline from last year’s 27%. 62% of executives place the most confidence in local business leaders, an increase from 55% last year. About a half (52%) of small business executives feel optimistic about business conditions over the coming 12 months, the same percentage as last year, but a marked increase from 37% in 2011. Only 21% view the next six months as a good time for small businesses to expand, however, over the next five years, 73% are hopeful for expansion.

Business owners remain positive about owning a small business: 90% are somewhat or very satisfied with their decision and 67% would strongly or somewhat encourage their children or young relatives to start a small business. This situation has changed little over the last several years.

I. Owners

- Small business owners continue to be very positive about the benefits of business ownership. As in previous years, roughly two-thirds of all owners would encourage their children or young family members to start a small business and almost all (90%) are satisfied with the decision to own one.

- Most business owners (29%) spend more than 60 hours per week working and half (50%) spend 51 hours or more working. Yet, stress and financial pressure is now reported as the worst personal aspect of owning a business (51%), replacing long work hours which was cited as the worst in 2011 with 39%, and then then went down to 17% last year.
- A majority (60%) of small business owners said that being one's own boss was the best personal benefit of business ownership which is a decrease from a year ago (65%).
- A near majority of owners said that owning a business has had a positive (48%) or no effect on their marriage (27%). This is similar to 2012, but a decline from the 2011 survey when 58% said it had a positive effect and 21% said it had no impact on their marriage and family life.
- Roughly 20% of business owners said it is somewhat or very likely that they will move their business off Long Island in the next five years; an increase from 2012 (14%).
- The number of owners who planned to downsize increased slightly from 18% in 2012 to 22% in 2013.
- The number of owners who said they were somewhat or very likely to close their business in the next five years remained roughly the same as last year (17% in 2012 and 18% in 2013).

II. Economic & Business Conditions

- 69% of small business executives rate the current financial status of their business positively; an increase from 2012 (64%), and a clear improvement over 2011 (52%). Overall, roughly 24% of all small businesses had expanded in 2013 and expect to expand in 2014, which is an increase from last year (21%).
- 82% of business executives expected their sales to be the same or increase in 2013, which is an increase from last year's survey when 77% said so. There is continued optimism in forecasting 2014 with 89% of businesses expecting sales to stay the same or increase which is slightly up from last year's findings (87%).
- Similar to last year's survey, roughly a quarter of businesses (24%) are planning on adding staff in 2014, an improvement over 2011 when 16% expected to increase the number of their employees. Only 4% are considering staff reductions in 2014.
- Business executives placed personal attributes such as adaptability and flexibility (64%) and effective multi-tasking (55%), as the most important qualities in an employee, followed by excellent computer skills (31%) and good research skills (25%). Knowledge of social media was ranked as the least important personal attribute with only (14%) rating it as the most important quality.

- 40% of business executives said their most valuable employee had a high school diploma or an associate's degree. This was far higher among executives in the retail sector than in the services or finance sector (60% vs. 33%).
- Long Island small businesses continue to invest in their companies by making capital improvements. Similar to 2012, 39% of businesses in 2013 had made capital outlays to improve or purchase equipment, buildings, or land. This is an increase over 2011 when 32% had done so.
- In 2013, 33% of business executives rated the national economy as very or fairly good, whereas 27% rated it positively in 2012. 32% rated the local economy as very or fairly good in 2012; this increased to 36% in 2013.
- A bare majority of small business executives remain very or somewhat optimistic (51%) about national business conditions in the next twelve months but this leaves 46% who remain pessimistic. This is about the same as last year; although a marked shift from 2011 when pessimism held sway over optimism on both local and national business conditions.
- In 2013, 62% of business executives said they have confidence in local business leaders to improve business conditions on Long Island, up from 55% percent last year. Confidence in local government officials remained at roughly the same level as last year (39% in 2013 vs. 41% in 2012) and confidence in government officials in Washington to improve national business conditions is low (12%), a decline from 27% in 2012.
- Many small businesses on Long Island continue to cite access to credit as a challenge. Similar to last year, 24% of small businesses have difficulty gaining sufficient financing.
- 16% of small business executives said they were not able to borrow sufficient funds to meet their credit needs in 2013. This is almost unchanged from 2011 where 18% cited the same problem, but a slight decrease from last year when 20% cited the problem.
- The failure to secure financing caused 12% of small businesses to miss out on a business opportunity in 2013, a decline from 2012 (17%) and 2011 (22%).
- There was a slight decrease in borrowing money among small businesses from last year. 50% borrowed funds in 2013 compared to 55% in 2012. 47% of businesses found it difficult to borrow this year; 45% last year.

III. Gender Differences

- Male and female business owners differed to some extent in what were the best and worst personal aspects of owning a business; men were somewhat more likely to say that being one's own boss was the best thing (63% of men vs. 50% of women); women were more likely to site flexible working hours (29% of women vs. 19% of men). More women (65%) than men (47%) names stress and financial pressure as the worst personal aspects of ownership.
- Men and women owners reported fewer differences in the best and worst professional aspects of business ownership; the most common professional benefit was personal satisfaction (42% of women vs. 37% of men). The financial stress is the worst professional aspect of ownership for 47% of women and 43% of men.
- Female owners were more likely than male owners to say that owning a business has had a positive effect on their marriage and family life (58% vs. 45%).
- Approximately 23% of all owners were women, a decline from 2012 when they represented 28% of all owners. Male and female owners share similar overall levels of satisfaction with the decision to own a business, although a slightly higher number of women (78%) than men (64%) would encourage a young family member to start a small business.
- Both genders also share similar views on key aspects of running a business, such as whether to expand or close the business, and in their overall levels of optimism about the future of their business. However, women owners were more likely than men to say they would downsize (35% vs. 19%) in the next five years.

IV. Other Highlights

- A majority (56%) of small business owners have changed the way they communicate with clients and customers in the last five years. Social media such as Twitter, Facebook or blogs is now used by more than a third (35%) of small businesses, unchanged from 2012, and slightly up from 2011 (32%). 58% of business owners say they are spending more time doing on-line networking today, than last year (49%). A majority (64%) of social media users feel it has helped to increase their sales volume; a decrease from last year (70%).
- In 2014, 31% of business executives are planning to make major changes to their business strategy and goals. 28% plan to increase their focus on advertising and marketing, and 23% plan to expand their services; similar to last year. However, there has been a decline in the last year in the number who plan to make financial changes (26% in 2012 to 16% in 2013).

BETHPAGE BUSINESS BANKING GROUP

SMALL BUSINESS SURVEY REPORT

I. OWNERS

One of the unique features of the Bethpage Business Banking Group Small Business Survey is a set of questions devoted to business owners who completed the survey.

A. Working Conditions

Business owners made up 59% of all executives in businesses with revenues under \$500,000 who participated in the survey and 28% of executives in businesses with revenues between \$500,000 and \$10 million. Business owners reported putting in roughly the same amount of time on their business in 2013 as in 2012. When asked about time spent on their business, 30% of owners worked 40 hours or less per week, 41% of owners worked between 41-60 hours a week, and 29% of owners worked more than 60 hours per week.

There is some variation in the hours worked by business owners. Forty-two percent of owners with sales volume of \$500,000 or more in 2013 put in more than 60 hours a week compared to 28% of those with revenues under \$500,000. Owners also take few vacation days with 37% taking a week or less of vacation each year, indicating a slight decrease over the last year.

Roughly, how many hours a week do you spend working on your business?

Hours Worked Per Week	2011	2012	2013
1 to 30 hours	23%	16%	14%
31 to 40 hours	13%	15%	16%
41 to 50 hours	19%	17%	20%
51 to 60 hours	20%	21%	21%
More than 60 hours	20%	29%	29%
Don't Know/Refused	5%	2%	-

Forty-five percent of all owners said they work more hours than they did five years ago and 36% said they worked the same hours. This meant that only 18% of owners work fewer hours than five years ago, a slight decrease from last year when 23% said this. When broken down further, 58% said they spent more time on on-line networking, an increase from last year (49%), seeking new business (42%), and personal networking (42%).

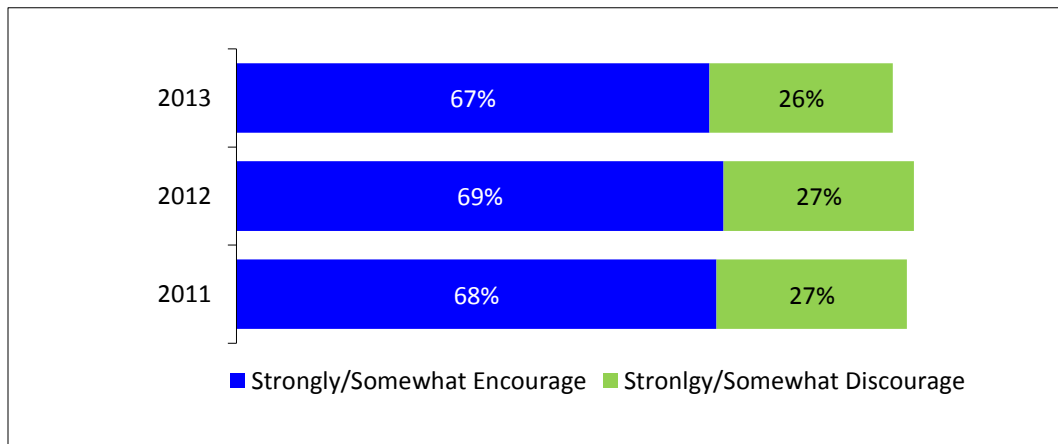
B. Future Business Location: Long Island Vs. Off Long Island

Even with slow improvements in the economy over the last few years, roughly 20% of business owners said it is somewhat or very likely that they will move their business off Long Island in the next five years; this is an increase from last year when 14% said they would be likely to move. When asked why, the economy (30%) and costs (22%) were the most common reasons followed by personal factors (21%). There were few differences by industry sector or size of company in the desire to leave Long Island.

C. Family Involvement

There has been little change over the last several years in owner’s enthusiasm for running a business. As in previous years, roughly two-thirds of owners would encourage their children or young family members to start a small business, whereas 26% would discourage them. As in past surveys, almost all owners (90%) are satisfied with the decision to own a business and 54% are very satisfied. Enthusiasm varied by industry sector: 56% of retail owners, 64% of owners in transportation or construction, and 73% of those in services or finance would encourage their children or young relatives to start a small business. Just under 4 in 10 (39%) had a family member in their business. This was even more common in businesses with revenues of \$500,000 or more; 46% of owners of these more successful small businesses worked with a family member. Overall, Long Island small businesses have a strong family foundation.

To what extent would you encourage or discourage one of your children or young relatives from starting a small business?

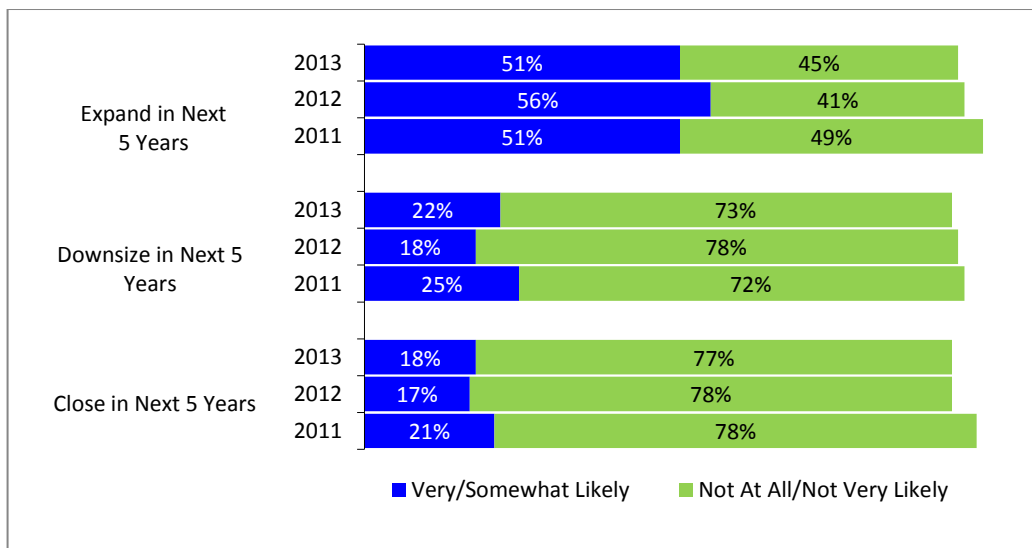


In order to join their business, owners would encourage their children to get a Bachelor’s degree (22%), a business degree (20%), or a Master’s or Doctoral degree (19%). Owners of retail companies are most likely to encourage their children to get a Business degree (35%) whereas owners of construction and manufacturing companies favor a Master’s or doctoral degree (36%).

D. Expansion Vs. Downsizing

A majority of business owners (51%) planned to expand their business in the next five years, a slight decline from 2012 (when 56% planned to expand). Almost a quarter (23%) said it was very likely that they would expand, roughly the same as in 2012. The number of owners who planned to downsize increased slightly from 18% in 2012 to 22% in 2013. Personal reasons (38%) and the economy (31%) are the most frequent reasons given for downsizing. The number of owners who said they were somewhat or very likely to close their business in the next five years remained roughly the same as last year (17% in 2012 and 18% in 2013). Most owners cited personal reasons (50%) for closing a business.

How likely is it that you will (EXPAND/DOWNSIZE/CLOSE) your business in the next five years?



E. Owners Expansion Plans

The 2013 poll included a number of new questions for those owners who planned to expand over the next five years. All told, there were 165 owners (50%) in this category. Almost all of them (95%) planned to expand their customer and client base, and 40% planned to expand this by 50% or more. Almost two-thirds said they would increase their workforce over the next five years with most (69%) planning to hire somewhere between 1 and 5 workers. Fifty-eight percent of owners planned to increase their inventory and offer a wider range of products and services in the next five years. Just over a third (34%) planned to purchase major equipment, including a majority (54%) in the construction and transportation sector and in companies with five or more employees (63%). Over a quarter of owners (26%) plan to acquire another company in the next five years, 25% plan to move to a larger location, including 51% of owners in the retail sector.

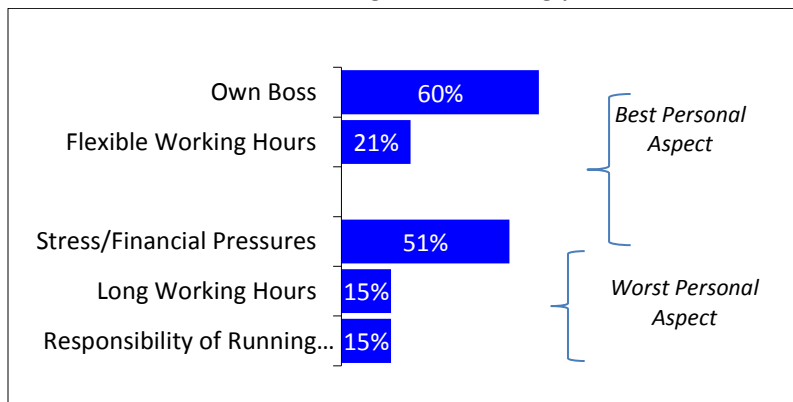
Type of Expansion in 2013

Type of Expansion	2013
Increase client base	95%
Expand workforce	73%
Increase inventory	58%
Purchase major equipment	34%
Acquire another company	26%
Move to larger location	25%

F. Personal Aspects of Business Ownership

Business owners said being one’s own boss (60%) and having flexible working hours (21%) are the best personal aspects of business ownership. The worst things are the stress caused by financial pressures (51%), working long hours (15%), and the responsibility of running a business (15%).

Think of the PERSONAL aspects of owning your business, what is the BEST/WORST thing about owning your own business?



Think of the *PERSONAL* aspects of owning your business,
 what is the *BEST/WORST* thing about owning your own business?

	<i>Male Owners</i>	<i>Female Owners</i>
<i>Best Personal Aspect</i>		
Own Boss	63%	50%
Flexible Working Hours	19%	29%
<i>Worst Personal Aspect</i>		
Stress/Financial Pressures	47%	65%
Long Working Hours	18%	5%
Responsibility of Running a Business	15%	13%

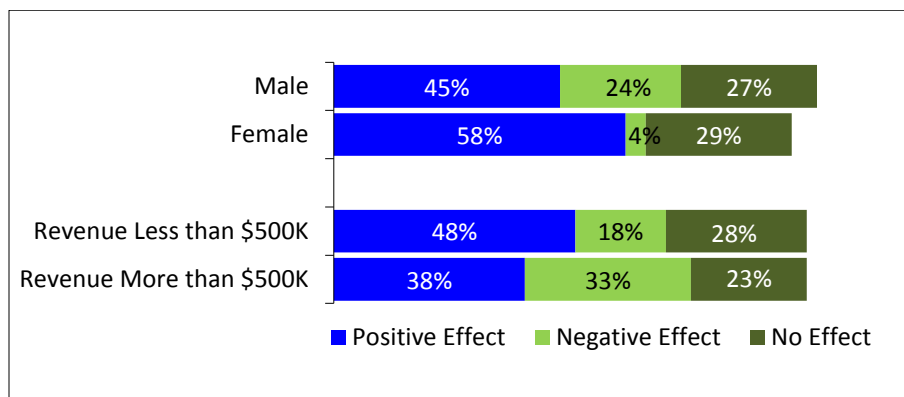
Male and female owners feel the best professional aspects of business ownership are personal satisfaction (38%), being able to make one’s own decisions (23%), challenging oneself (10%), and reaping financial rewards (15%). Financial stress (44%) and having to take on all or most of the risk associated with a business (24%) are cited as the worst professional aspects of owning a business.

Think of the *PROFESSIONAL* aspects of owning your business,
 what is the *BEST/WORST* thing about owning your own business?



Most owners say that owning a business has had a positive (48%) or no effect (28%) on their marriage or family life. Ownership has a more positive than negative effects on family life for owners of small businesses with revenues less than \$500,000 (48% report positive effects and 19% report negative) but has more mixed effects on the family life of those who own larger business with revenues in excess of \$500,000 (38% report positive and 33% report negative effects).

Overall, would you say that owning a business has had a positive, negative, or no effect on your marriage or family life?

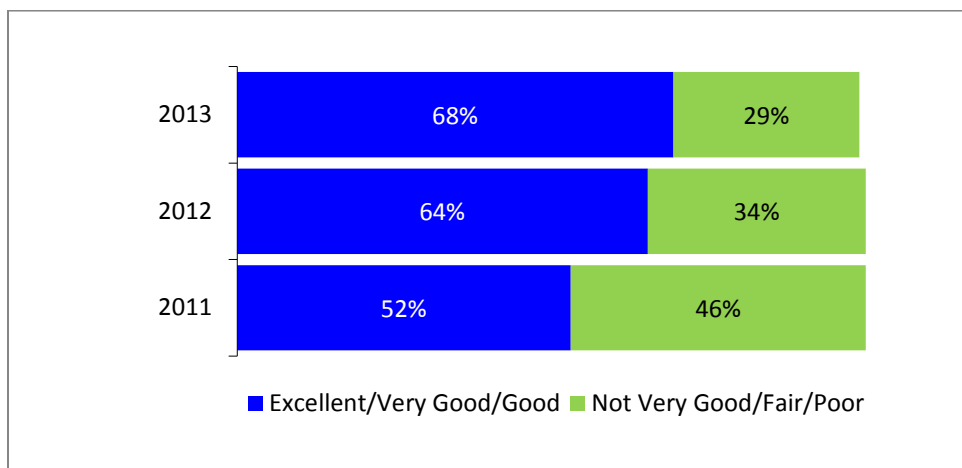


II. ECONOMIC & BUSINESS CONDITIONS

A. Financial Health of Their Business

Small businesses on Long Island reported improved finances and growth in 2013. More executives (68%) rated their financial status as excellent, very good, or good compared to 64% in 2012 and 52% in 2011. 35% believe their business will be in better financial shape in six months, a slight increase from last year when 32% said this and a marked increase over 2011 (20%). 54% believe it will be in roughly the same shape, and relatively few (8%) think it will be in worse shape.

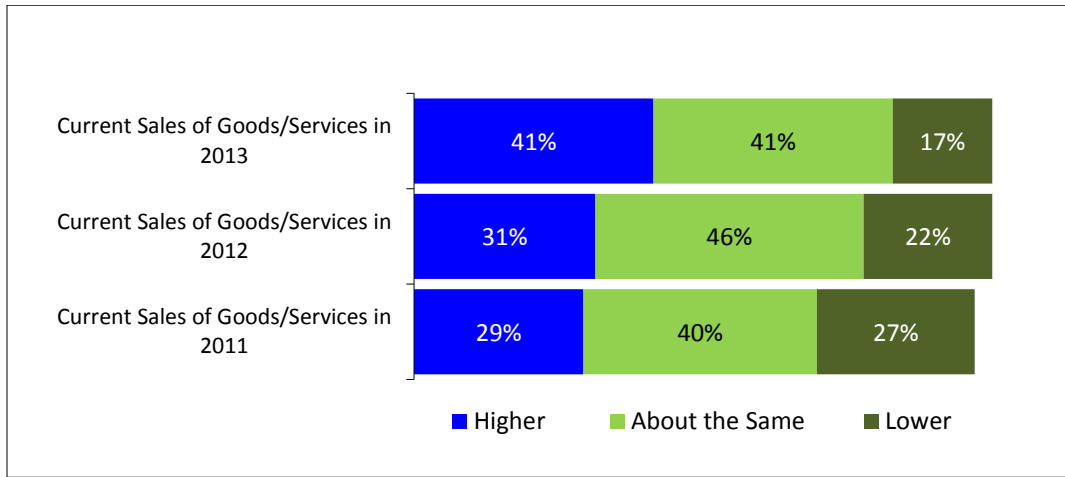
How would you rate the current financial situation of your business? Is it...



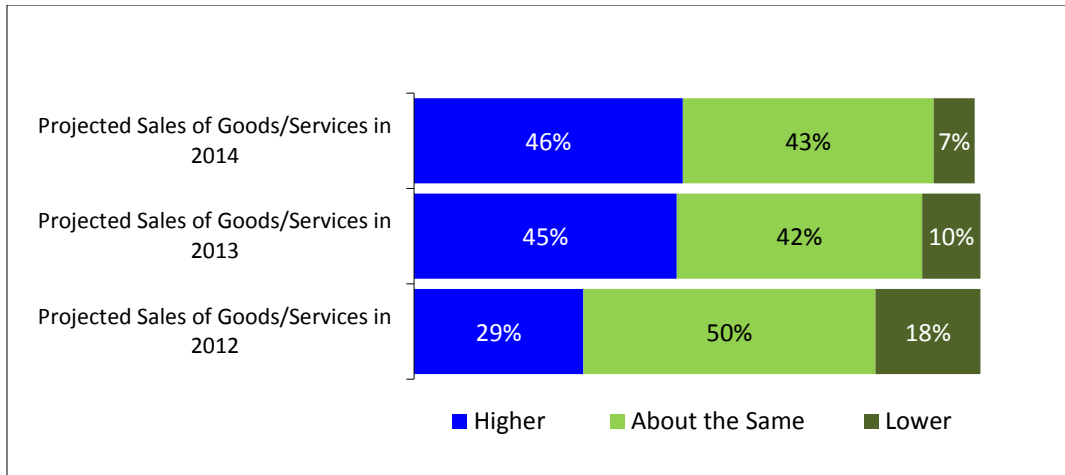
Overall, business executives reported growth in many different areas in 2013, indicating a clear if slow improvement, in the health of local businesses. Over a third of businesses had expanded in 2013, a marked increase over 2012 when 26% had expanded. When asked about business expansion in the coming year, a majority of executives (58%) do not expect their business to expand but there is a sizable minority (38%) who do. Overall, roughly 24% of all small businesses had expanded in 2013 *and* expected to expand in 2014, which is up from a year ago (21% in 2012, 18% in 2011).

Sales of goods and services continues its steady increase; 82% of business executives estimated that their sales would be the same or higher in 2013 versus 2012, and this is on top of 77% of executives who reported increased sales in 2012 over 2011. Only 17% expected their sales to decline this year. There is continued optimism about sales in 2014; 46% of business executives expect sales to be higher in 2014 than in 2013. This is similar to 2012 when 45% of executives expected higher sales in the coming year. 33% of executives reported an increase in the price of their goods and services in 2013 and another 24% expected them to increase in 2014, although a majority (51%) of companies kept prices at the same level as in 2012.

Do you expect sales of your goods/ services this year (2013) to be higher than in 2012, lower, or about the same? Current year vs. a Year Ago



In 2014, do you expect sales of your goods/services to be higher than in 2013, lower, or about the same? Future Year vs. Current Year

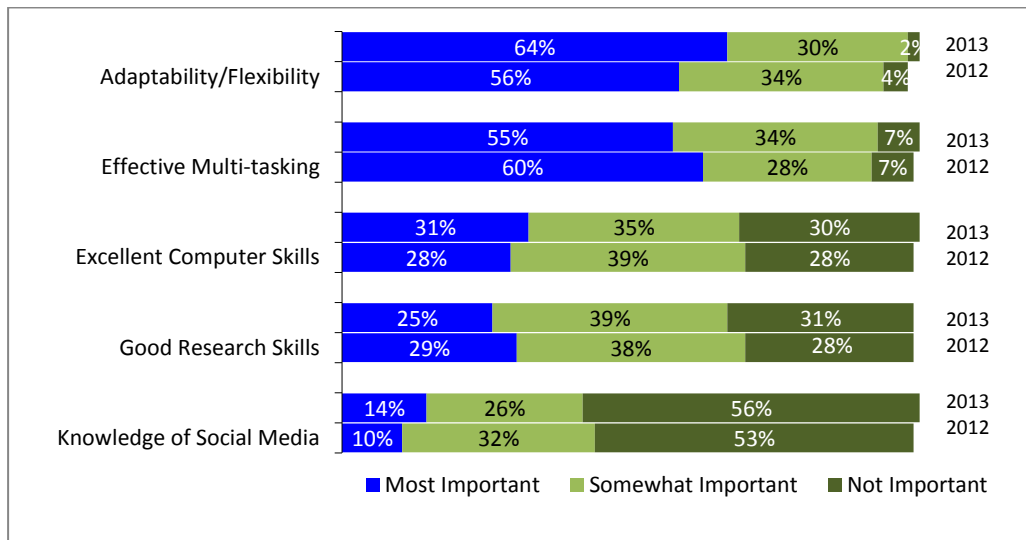


As the economic outlook improves, there are signs of improved job growth in small businesses. When asked about hiring plans for 2014, 24% expect to increase, 4% plan to decrease, while a majority (71%) expect to maintain their current number of employees. Among businesses planning to add staff, a majority (82%) plan to hire between 1 and 5 employees on average. When asked about 2013 staffing, 16% of executives said their workforce increased and 12% said they decreased their workforce, representing a slight improvement over 2012 (when 14% increased and 13% decreased). Among small businesses expecting to reduce staff in 2014, 26% mentioned declining sales and revenues and 26% mentioned that the business was closing as the main reason.

When asked what they most value in an employee, results were very similar to last year. Results show that business executives place greatest importance on a prospective employee's personal attributes such as adaptability and flexibility (64% rated it as the most important quality), and effective multi-tasking (55%), followed by excellent computer skills (31%), and good research skills (25%). Knowledge of social media was rated as less important: a majority (56%) rated it as unimportant and only 14% said it was one of the most important qualities they valued in an employee. There are some differences in what executives in different industry sectors value: executives in the services and finance sector place greater value than retail or transportation/construction on computer and research skills.

Business executives value employees with differing educational qualifications. More than a third (40%) said their most valuable employee had a high school diploma or an associate's degree, and this was far higher among executives in retail than in services or finance (60% in retail vs. 33% in services/finance). In contrast, just under half (45%) of service or finance executives said their most valuable employee had a Bachelor's or higher degree, although few executives in retail valued this highly (only 18%).

Qualities Employers Value in Their Employees

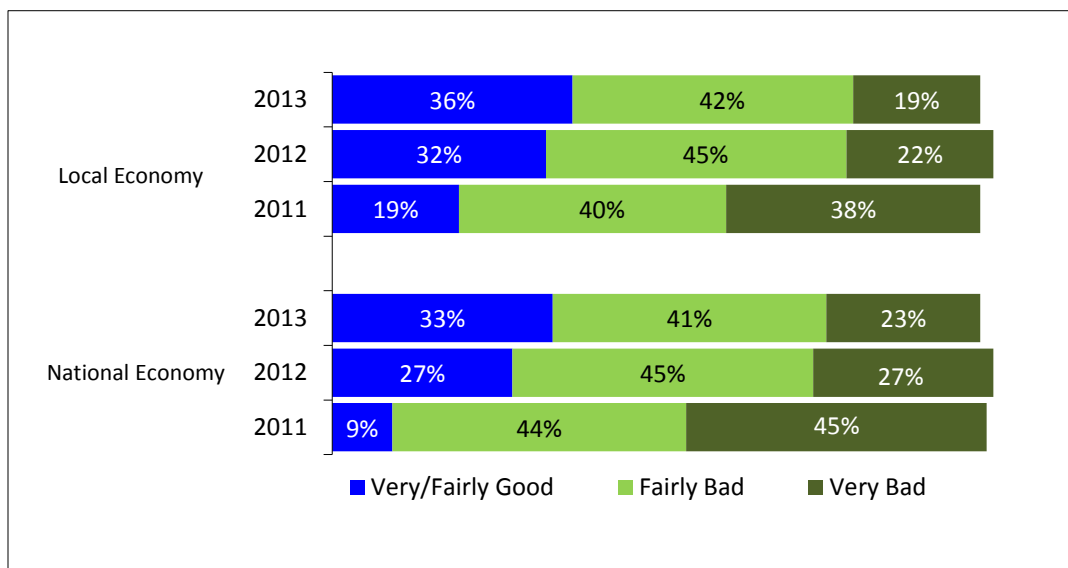


Long Island businesses continue to invest in their companies by making capital improvements. In 2013, more than a third of businesses (39%) made capital outlays to improve or purchase equipment, buildings, or land; this is roughly the same number as last year.

B. Local Vs. National Economy

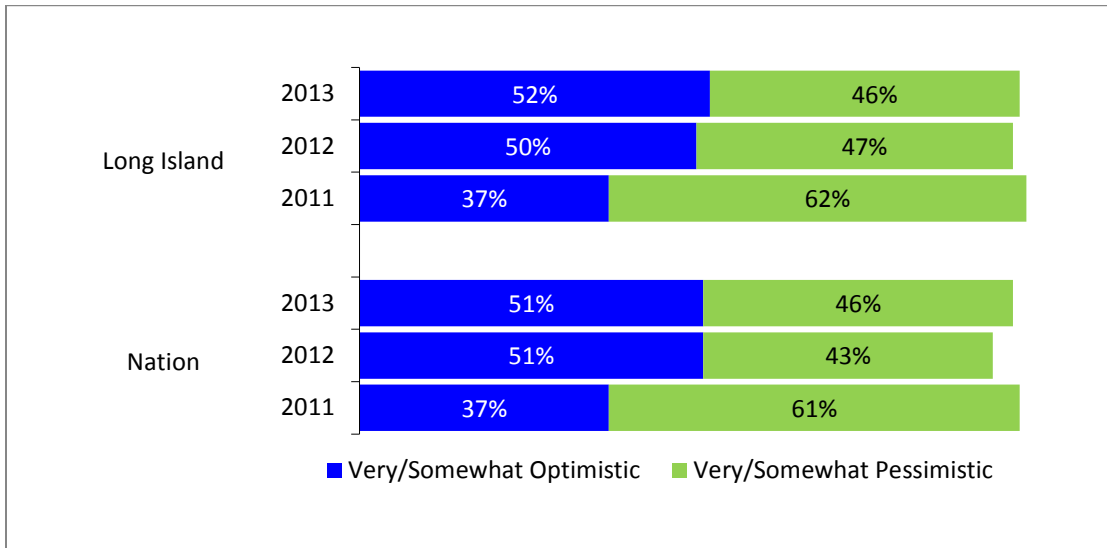
Despite the improving health of local small businesses, there was only a very slight increase in 2013 in the number of business executives who think the national and local economic climate is improving from a year ago. In 2012, 27% of executives rated the national economy as very or fairly good whereas 33% rated it positively in 2013. Thirty-two percent rated the Long Island economy as very or fairly good in 2012; this increased to 36% in 2013. But this leaves 64% who rate the national economy as very or fairly bad and 61% who rate the Long Island economy similarly.

How would you rate the condition of (the national/Long Island) economy these days?



There was also little change in optimism about business conditions from a year ago. A bare majority of small business executives remain very or somewhat optimistic (51%) about national business conditions in the next twelve months, but this leaves 46% who remain pessimistic. This is about the same as last year. Similar numbers of executives are optimistic and pessimistic about Long Island business conditions (52% vs. 46%). This is a marked shift from 2011 when pessimism held sway over optimism on both the local and national business conditions.

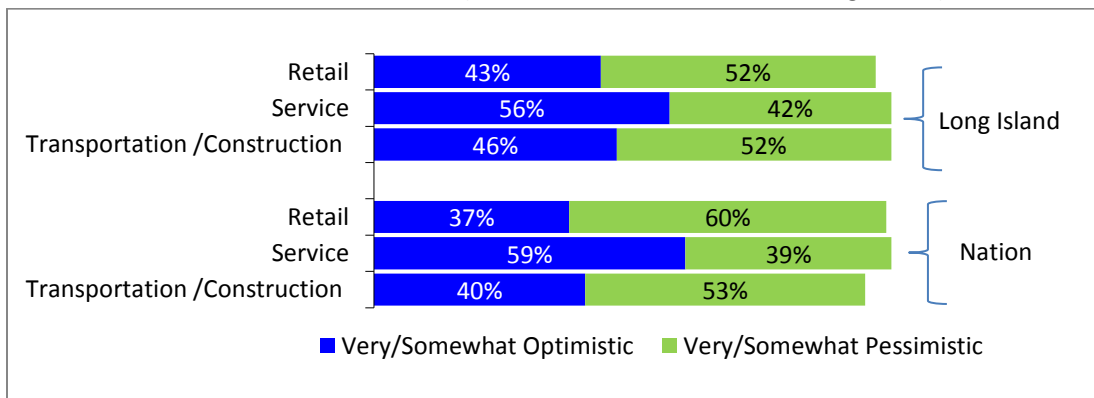
Thinking about the next 12 months, how optimistic or pessimistic are you about business conditions (in the nation as a whole/on Long Island)?



Under a quarter of small business executives (21%) think the next 6 months would be a good time for small businesses on Long Island to expand substantially, a slight decrease from 2012 when 25% of executives felt that way.

Pessimism about business conditions is especially marked among executives in the retail and transportation /construction sectors where pessimism dominated optimism; optimism dominated pessimism in the services and financial sector. 60% of retail and 53% of transportation /construction executives were pessimistic about national business conditions compared to 39% of executives in the services and finance sector. Similar differences across sectors are observed in ratings of local business conditions.

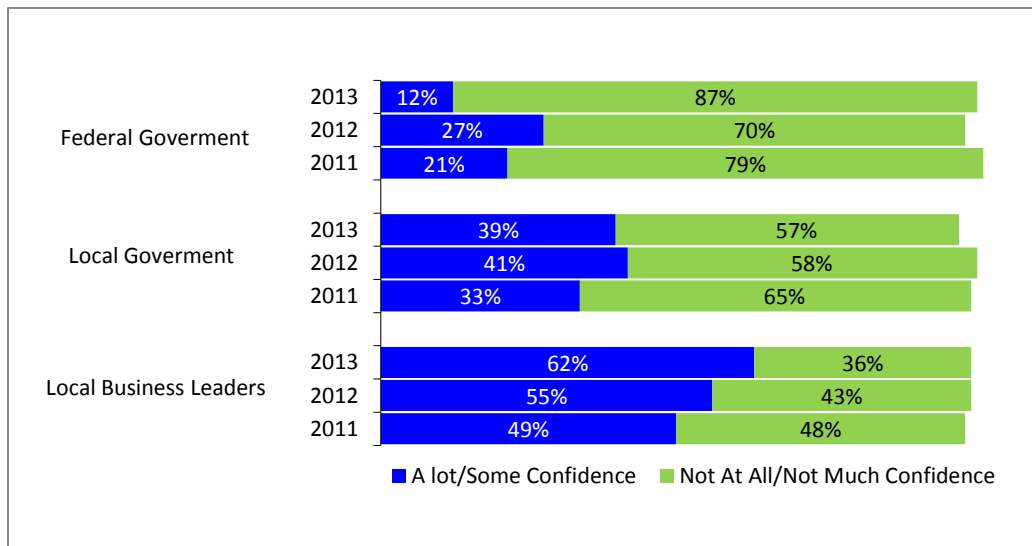
Thinking about the next 12 months, how optimistic or pessimistic are you about business conditions (in the nation as a whole/on Long Island)?



C. Local Vs. National Leadership

There was a marked deterioration in confidence in national political leaders in 2013. When asked about the next 12 months, business executives expressed far more confidence in local business leaders than political leaders in improving business conditions. A majority of small business executives (62%) said they have confidence in local business leaders to improve business conditions on Long Island, up from 55% percent who said so last year. Confidence in local government officials remained at roughly the same level as last year (39% in 2013 vs. 41% in 2012) but there is almost no confidence in government officials in Washington to improve the national business conditions (12%), a decline from 27% in 2012.

How much confidence do you have that (government officials in Washington/local government/local business leaders) will make progress in the next 12 months in improving business conditions in the nation as a whole/on Long Island?



D. Small Business Credit

Many small businesses on Long Island continue to cite access to credit as a challenge, and the situation did not clearly improve over the last year. A half of small businesses have a line of credit, a slight decrease from 2012, and 24% have difficulty gaining sufficient financing. 16% of small businesses surveyed said they were not able to borrow sufficient funds to meet their credit needs in 2013. This is almost unchanged from 2011 where 18% cited the same problem. The failure to secure financing caused 12% of businesses to miss out on a business opportunity in 2013, which was a decline from 2012 when 17% reported this and a further decline over 2011 when this was reported by 22%. There was a slight decrease in borrowing money among small businesses from last year. 50% borrowed funds this year compared to 55% in 2012; as for last year, just under half (45%) found it somewhat or very difficult to borrow compared to 47% in 2013.

E. Business with Credit Unions

Similar to last year, 9% of small businesses have used a credit union as a source of finance for their business, and another 16% had considered doing so. However, 41% said they would likely borrow money from a credit union if congress were to raise the amount that credit unions can lend to small businesses.

III. GENDER DIFFERENCES AMONG OWNERS

Some interesting differences between male and female business owners were uncovered in the survey. Approximately 23% of all owners are women, a decrease from 2012 when they represented 28% of all owners. Over a third of women (38%) and an even greater percentage of men (43%) own businesses with revenues less than \$100,000 and 80% of women and 74% of men own businesses with revenues of \$200,000 or less. This is consistent with the large number of very small businesses on Long Island.

A. Personal and Professional Aspects of Business Ownership

Male and female owners differed to some extent in what were the best and worst personal aspects of owning a business; men were somewhat more likely to say that being one's own boss was the best thing (63% of men vs. 50% of women), whereas women were more likely to list flexible working hours (29% of women vs. 19% of men). A greater number of women than men named stress and financial pressure as the worst thing about ownership (65% of women vs. 47% of men).

Men and women owners reported fewer differences in the best and worst professional aspects of ownership: the most common professional benefit was personal satisfaction (42% of women and 37% of men) followed by being able to make one's own business decisions (28% of women and 22% of men). The worst professional aspect of ownership is the financial stress noted by 47% of women and 43% of men

Now I would like you to think of the PROFESSIONAL aspects of owning your business, what is the BEST/WORST thing about owning your own business? By Gender

<i>Best Professional Aspect</i>	<i>Male Owners</i>	<i>Female Owners</i>
Personal Satisfaction	37%	42%
Make your own business decisions	22%	28%
<i>Worst Professional Aspect</i>	<i>Male Owners</i>	<i>Female Owners</i>
Financial Stress	43%	47%

Women run companies of roughly the same size as men but work fewer hours. 22% of male business owners reported working 40 hours or less a week compared to a majority (55%) of female business owners. Almost 50% of male business owners said they put in more hours than five years ago compared to just under a third of women owners. There were other indications that women spent less time than men on their business; just over a quarter of women (28%) but almost a half of men (46%) said they spent more time pursuing new business than five years ago. Women spent more time than men on social networking, however. All owners said they were spending more time on on-line networking than five years ago but this was even higher among women than men (66% vs. 55%). A somewhat higher number of women than men also said they were spending more time on personal networking than five years ago (47% of women vs. 41% of men).

A near majority of all owners say that owning a business has had a positive (48%) or no effect (27%) on their marriage or family life. However these results mask a difference between female and male owners. Women are more likely than men to experience the positive effects of ownership on marriage and family life (58% of women vs. 45% of men) whereas ownership has more negative effects for men (24% of men vs. 4% of women). This gender difference is most pronounced among owners of businesses with higher revenues of between \$500,000 and \$10 million. In this group, women are far more positive (50%) than men (35%) about the effects of ownership on their marriage and family life. Owning a business with revenues under \$500,000 also has a beneficial effect for both women and men owners although it is slightly greater for women (59% of women are positive compared to 45% of men). More male owners pronounced negative effect than female owners (22% vs. 1%).

Overall, would you say that owning a business has had a positive, negative, or no effect on your marriage or family life?

	Male Owners	Female Owners
<i>Businesses under \$500,000</i>		
Positive effect	45%	59%
Negative effect	22%	1%
No effect	27%	29%
<i>Businesses Between \$500,000 and \$10 million</i>		
Positive effect	35%	50%
Negative effect	35%	33%
No effect	20%	17%

Male and female owners shared similar overall levels of satisfaction with the decision to own a business, although a slightly higher number of women than men would encourage a young family member to start a small business (78% of women vs. 64% of men).

Both genders also share similar views on key aspects of running a business, such as whether to expand the business, and in their overall levels of optimism about the future of their business. There were some differences in specifics, however. Men were more likely than women to say they planned to acquire another company in the next five years (28% of men vs. 17% of women), expand their workforce (75% of men vs. 68% of women), and expand their customer and client base (98% of men vs. 84% of women). Men and women planned equally to expand inventory and products, purchase large equipment, or move to a larger location in the next five years.

Similar numbers of women (45%) and men (44%) were likely to have hired outside companies to handle specific business functions in the last year. Both genders said they mostly hired outside professionals in the accounting and financial fields, although a greater number of women than men had hired advertising or marketing specialists (25% of women vs. 8% of men). The need for added expertise was the most common reason cited by men and women owners for hiring outside specialists.

Overall, more male than female owners (73% vs. 52%) rated the current financial status of their business as excellent, very good, or good. Women owners were somewhat more likely than men to say they would downsize (35% vs. 19%) in the next five years, although approximately the same number (18%) of men and women planned to close their business, with the majority citing personal reasons such as retirement.

IV. OTHER HIGHLIGHTS

A. Client and Customer Communication

A majority (56%) of small businesses had changed the way they communicate with clients and customers in the last 5 years. Social media such as Twitter, Facebook or blogs is now used by more than third (35%) of small businesses, up from 32% in 2011. A majority (64%) of social media users feel their use of this tool has helped them to increase their sales volume, a slight decrease from last year (70%).

When asked about the most irritating thing their clients do, 28% of business executives said that bounced checks and dishonesty were the single most irritating things about their customers or clients, followed by a variety of difficult and demanding behaviors that included arguing over prices and making unrealistic demands (20%) and being unreliable (19%).

B. New Ideas

When asked where they turn to for direction on how to grow their business, and provide leadership to employees and clients, small business executives consult a variety of sources including news sources or magazines (23%), networking groups or associations (22%), or other business leaders or associations (12%). Among all business executives, 16% say they do not turn to anyone else for new ideas. These numbers have changed little over the last year. In 2014, 31% of executives are planning to make major changes to their business strategy and goals, roughly the same number of executives as last year. 28% are planning to increase their focus on advertising and marketing and 22% plan to expand their services. Executives had planned to make similar changes last year. There has been a decline in the last year, however, in the number who plan to make financial changes (from 26% in 2012 to 16% in 2013).

APPENDIX

Methodology

The Stony Brook University Center for Survey Research conducted this survey by telephone between October 9 and November 27, 2013. A targeted sample from the Dun & Bradstreet Business Database (D&B Business Database) was used to obtain phone numbers of small businesses on Long Island with sales volumes of \$10 million or less.

The sample includes 203 small businesses with annual revenues just under \$500,000 and 401 medium-sized small businesses with revenues between \$500,000 and \$10 million. As businesses with revenues between \$500,000 and \$10 million make up only a small component of the Long Island business community, this segment was oversampled to allow for a more accurate measurement of this group than an ordinary sample alone. Findings from both the small and medium-sized businesses were then combined and weighted to accurately depict the Long Island “small” business community as a whole.

In addition, in total, 6500 numbers were attempted [2700 smaller businesses (less than \$500,000), and 3800 larger businesses (\$500,000 to \$10 million)]. 155 numbers were not eligible since they were no longer in business or numbers were not business numbers and 1502 numbers were identified as non-working numbers. This left us with 4843 available numbers. Selected small businesses were screened for a person of the appropriate title (e.g. owner, CEO, president, etc.). Up to 8 contact attempts at various times of the day and week were made at each small business phone number. In order to assure a representative sample, all contacts at small businesses that were not initially willing to participate in the survey were contacted again, and an attempt was made to persuade them to participate. Interviews were completed with 604 eligible small business respondents (203 smaller businesses and 401 larger businesses).

Weights were created for this sample in order for the distribution of businesses in the sample to represent the actual composition of small businesses on Long Island. Population estimates of number of employees, sales volume, and type of industry were obtained from Marketing Systems Group. Within each sub-sample of smaller and larger businesses, observations were weighted on the basis of these three factors. Weighting was done using an iterative process that has been developed to estimate joint weights for any number of demographic variables for which population percentages are known only individually, not jointly. Additionally, all observations in the full sample were weighted by sub-sample type (i.e. smaller and larger businesses) in order to correct for the oversampling.

Business owners who responded to the survey were asked an additional set of questions. Owners made up 54% of all business executives who participated in the survey, 77% of which were male 23% of which were female.

Sample Distribution

<u>Type of Industry</u>	<u>% of Respondents</u>
<i>Retail</i>	18%
Retail	14%
Wholesale	4%
<i>Services/Finance</i>	61%
Services	54%
Finance	7%
<i>Transportation/Construction/Manufacturing</i>	20%
Construction	11%
Manufacturing	3%
Transportation	2%
Agriculture	4%
<u>Number of Employees</u>	
0-1	27%
2	35%
3-5	21%
More than 5	16%
<i>Mean</i>	5
<u>Sales Volume</u>	
Less than \$100,000	29%
\$100,000 to less than \$200,000	36%
\$200,000 to less than \$500,000	19%
\$500k to less than \$1 Million	8%
\$1 Million or more	8%
<i>Median</i>	\$150,000
<u>Years of Operation</u>	
Before 1950	3%
1951-1975	10%
1976-1990	29%
1991-2000	24%
2001-Present	32%
<u>Owners</u>	
Total Owners in the sample	54%
Males Owners	77%
Females Owners	23%



The Bethpage Business Banking Group

Bethpage Federal Credit Union is an ardent supporter of Long Island’s small business community and is committed to addressing the concerns of small businesses, helping them reach their financial goals.

The Bethpage Business Banking Group, comprised of specialized teams of business banking experts, works closely with Nassau and Suffolk small businesses to address their business lending and banking needs. The group includes three divisions of business specialists and business relationship managers with broad experience in commercial lending and business relationships.

Whether it’s to provide capital to small businesses, fund loans, aid in expansion, or provide the only business free checking account that pays interest on every balance, the Bethpage Business Banking Group will deliver the same business banking expertise and products as the large banks, but without the big fees.